RED HERRING PROSPECTUS
Dated April 12, 2012
Please read Section 60B of the Companies Act, 1956
Book Building Issue

Tribhovandas Bhimji Zaveri Limited

(The Company was incorporated on July 24, 2007 at Mumbai as a private limited company under the Companies Act, 1956. For details of changes in the name and registered office of the Company, see section titled "History and Certain Corporate Matters" on page 126.)

Registered Office: 241/43, Zaveri Bazar, Mumbai 400 002
Tel: +91 22 3956 5001; **Fax:** +91 22 3956 5056
Corporate Office: 228, Ground Floor, Mittal Chambers, Nariman Point, Mumbai 400 021
Tel: +91 22 3073 5000; **Fax:** +91 22 3073 5088
Contact Person: Niraj Oza, Company Secretary and Compliance Officer
Email: investors@tbzoriginal.com; **Website:** www.tbztheoriginal.com

PROMOTERS OF THE COMPANY: SHRIKANT ZAVERI, BINAISHA ZAVERI AND RAASHI ZAVERI

PUBLIC ISSUE OF 16,666,667 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF TRIBHOVANDAS BHIMJI ZAVERI LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 25% OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of any revision in the Price Band, the Bid/Issue Period will be extended by three additional Working Days after revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate Members.

This is an issue for 25% of the post-Issue capital. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIB"). Provided that the Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis out of which one-third shall be reserved for domestic Mutual Funds. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. All potential investors (except the Anchor Investors) may participate in this Issue through the Application Supported by Blocked Amount ("ASBA") process, providing details of the bank account which will be blocked by the Self Certified Syndicate Bank ("SCSB") to the extent of the Bid Amount for the same. QIBs and Non-Institutional Bidders are mandatorily required to utilise the ASBA process to participate in this Isssue. For details, see section titled "Issue Procedure" on page 297.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as has been determined and justified by the Company and the BRLMs as stated in the section titled "Basis for Issue Price" on page 80) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

IPO GRADING

This Issue has been graded by CRISIL Limited as IPO Grade 3, indicating average fundamentals. The IPO grade is assigned on a five -point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For details, see sections titled "General Information" and "Material Contracts and Documents for Inspection" on page 53 and 344, respectively.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 11.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on BSE and NSE. We have received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated March 11, 2011 and February 25, 2011, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
IDFC CAPITAL LIMITED Naman Chambers C-32, G-Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: +91 22 6622 2600 Fax: +91 22 6622 2501 Email: tbz.ipo@idfc.com Investor grievance email: complaints@idfc.com Website: www.idfccapital.com Contact Person: Saranya Chunduri SEBI Registration No.: INM000011336	**AVENDUS CAPITAL PRIVATE LIMITED** 5th Floor, B Quadrant IL&FS Financial Centre Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: +91 22 6648 0050 Fax: +91 22 6648 0040 Email: tbz.ipo@avendus.com Investor grievance email: investorgrievance@avendus.com Website: www.avendus.com Contact Person: Amit Kadoo SEBI Registration No.: INM000011021	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot No. 17-24 Vithal Rao Nagar Madhapur Hyderabad 500 081 Tel: +91 40 4465 5000 Fax: +91 40 2343 1551 Email:tbz.ipo@karvy.com Website: http:\\karisma.karvy.com Contact Person: M Murali Krishna SEBI Registration No.: INR000000221

BID/ISSUE PROGRAMME*

BID/ISSUE OPENS ON	BID/ISSUE CLOSES ON
April 24, 2012	April 26, 2012

** The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"The Issuer", "the Company", "our Company"	Unless the context otherwise requires, refers to Tribhovandas Bhimji Zaveri Limited, a company incorporated under the Companies Act with its registered office at 241/43, Zaveri Bazar, Mumbai 400 002
"We", "us", "our"	Unless the context otherwise requires, refers to Tribhovandas Bhimji Zaveri Limited and its Subsidiaries on a consolidated basis, as described herein

Company Related Terms

Term	Description
Articles / Articles of Association	The articles of association of the Company
Auditors	The statutory auditors of the Company, namely, B S R and Co, Chartered Accountants
Board/ Board of Directors	The board of directors of the Company or a duly constituted committee thereof
Director(s)	The director(s) of the Company, unless otherwise specified
Equity Shares	The equity shares of the Company of face value of ₹ 10 each, unless otherwise specified
Group Companies	Companies, firms, ventures promoted by the Promoters, irrespective of whether such entities are covered under Section 370(1B) of the Companies Act or not. For details of Group Companies of the Company, see section titled "Group Companies" on page 148
Memorandum/ Memorandum of Association /MoA	The memorandum of association of the Company
Promoters	Shrikant Zaveri, Binaisha Zaveri and Raashi Zaveri
Promoter Group	Unless the context otherwise requires, refers to such persons and entities which constitute the Promoter Group of the Company in terms of Regulation 2(1)(zb) of the SEBI Regulations, a list of which is provided in the section titled "Promoters and Promoter Group" on page 145
Registered Office	The registered office of the Company located at 241/43, Zaveri Bazar, Mumbai 400 002
Subsidiaries	The subsidiaries of the Company, namely, Tribhovandas Bhimji Zaveri (Bombay) Limited and Konfiaance Jewellery Private Limited

Issue Related Terms

Term	Description
Allotment/Allot/Allotted	Unless the context otherwise requires, means the issue and allotment of Equity Shares pursuant to this Issue to the successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation sent to the Bidders who are to be Allotted Equity Shares after the Basis of Allotment has been approved by Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of ₹ 100 million
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price

Term	Description
	may be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by the Company, in consultation with the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion which may be allocated by the Company to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by Bidders to make a Bid authorising a SCSB to block the Bid Amount in the specified bank account maintained with the SCSB
ASBA Account	An account maintained by the ASBA Bidder with the SCSBs, which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder
ASBA Bidder	Any Bidder intending to apply through the ASBA process. All QIBs (except Anchor Investors) and Non-Institutional Bidders shall mandatorily participate in the Issue through the ASBA
Avendus	Avendus Capital Private Limited
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened and in this case being HDFC Bank Limited, State Bank of India, Axis Bank and Standard Chartered Bank
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the section titled “Issue Procedure – Basis of Allotment” on page 324
Bid	An indication to make an offer during the Bid Period by a Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Issue Period by the Anchor Investors in the Anchor Investor Bid cum Application Form, to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid cum Application Form	The form used by a Bidder (including ASBA Bidders) to make a Bid and which will be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus
Bid /Issue Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids for this Issue, which shall be notified in all editions of Financial Express in the English language, all editions of Janasatta in the Hindi language and Mumbai editions of Navshakti in Marathi language
Bid /Issue Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be the date notified in all editions of Financial Express in the English language, all editions of Janasatta in the Hindi language and Mumbai editions of Navshakti in Marathi language
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders (except Anchor Investors) and the ASBA Bidders can submit their Bids. The Company may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI Regulations
Book Building Process/Method	The book building process as provided under Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
BRLMs/Book Running Lead Managers	The Book Running Lead Managers to the Issue, in this case being IDFC Capital and Avendus
Business Day	Any day on which commercial banks in Mumbai are open for business except Saturdays and Sundays

Term	Description
CAN/Confirmation of Allocation Note	Notice or advice of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	The Issue Price, finalised by the Company, in consultation with the BRLMs. Only Retail Individual Bidders whose Bid Amount does not exceed ₹ 200,000 are entitled to Bid at the Cut-off Price. No other category of Bidders are entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders and a list of which is available on the website of SEBI
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, or the amount blocked by the SCSBs is transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	BSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated January 22, 2011 issued in accordance with the SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by the Company, the Registrar, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and Refund Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
IDFC Capital	IDFC Capital Limited
Issue	Public issue of 16,666,667 Equity Shares for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] million
Issue Agreement	The agreement entered into on January 22, 2011 between the Company and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and Allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by the Company, in consultation with the BRLMs, on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or 291,667 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion (excluding the Anchor Investor Portion)
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see section titled "Objects of the Issue" on page 74

Term	Description
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 2,500,001 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Price Band	Price Band of a minimum price of ₹ [●] (Floor Price) and the maximum price of ₹ [●] (Cap Price) and include revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs, and advertised, at least two Working Days prior to the Bid/ Issue Opening Date, in all editions of Financial Express in the English language, all editions of Janasatta in the Hindi language and Mumbai edition of Navshakti in the regional language
Pricing Date	The date on which the Company, in consultation with the BRLMs, finalises the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	An account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Qualified Foreign Investors or QFIs	Non-resident investors other than SEBI registered FIIs, sub-accounts or SEBI registered FVCIs and NRIs who meet 'know your client' requirements prescribed by SEBI, from such jurisdictions outside India (i) which are compliant with Financial Action Task Force standards and are signatories to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding; and (ii) who have opened demat accounts with SEBI registered qualified depositary participants. QFIs are not permitted to invest in this Issue.
Qualified Institutional Buyers or QIBs	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations, provided that, with respect to this Issue, this term shall not include FVCIs and multilateral and bilateral development financial institutions
QIB Portion	The portion of the Issue being not more than 8,333,332 Equity Shares to be allocated to QIBs
Red Herring Prospectus or RHP	This red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. This Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Escrow Collection Bank(s), from which refunds (excluding the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made
Refund Bank(s)	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT or the ASBA process, as applicable
Registrar /Registrar to the Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs applying through their *karta* and Eligible NRIs) who have not Bid for Equity Shares for an amount of more than ₹ 200,000 in any of the Bidding options in the Issue
Retail Portion	The portion of the Issue being not less than 5,833,334 Equity Shares available for allocation to Retail Individual Bidder(s)

Term	Description
Revision Forms	The forms used by the Bidders, including ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
SEBI FII Regulations	Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA, and a list of which is available on the website of SEBI
Specified Cities	Cities as specified in the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
Stock Exchanges	BSE and the NSE
Syndicate	BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and the Company in relation to the collection of Bids in this Issue
Syndicate Members	Avendus Securities Private Limited, Reliance Securities Limited and Sharekhan Limited
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSBs (only on request), as the case may be, to the Bidder as the proof of registration of the Bid
Underwriters	BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Industry Related Terms

Term	Description
GDP	Gross Domestic Product
CAGR	Compounded Annual Growth Rate
Footfalls	The number of people who visit the venue/shop in a period of time
FMCG	Fast Moving Consumer Goods
ORP	Organised Retail Penetration
WGC	World Gold Council

Conventional and General Terms/ Abbreviations

Term	Description
Act or Companies Act	Companies Act, 1956, as amended
AGM	Annual General Meeting
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Civil Code	Code of Civil Procedure, 1908, as amended
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996, as amended
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository participant identity
ECS	Electronic Clearing Service

Term	Description
EGM	Extraordinary General Meeting
EPS	Earnings Per Share *i.e.*, profit after tax for a Fiscal Year divided by the weighted average outstanding number of equity shares at the end of that Fiscal Year
FCNR Account	Foreign Currency Non-Resident Account established in accordance with the FEMA
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with the rules and regulations thereunder and amendments thereto
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 and registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
Fiscal Year/ FY/ Fiscal	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FVCI	Foreign Venture Capital Investor registered under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
GoI/Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Indian Partnership Act	Indian Partnership Act 1932, as amended
IPO	Initial Public Offering
IT	Information Technology
LIBOR	London Inter-Bank Offer Rate
MAT	Minimum Alternate Tax
Mn / mn	Million
MOU	Memorandum of Understanding
NA/ n.a.	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NRE Account	Non Resident External Account
NRI	Non Resident Indian, being a person resident outside India, as defined under FEMA and the FEMA Regulations.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit after tax
PBT	Profit before tax
PIO	Person of Indian Origin
PLR	Prime Lending Rate
RBI	Reserve Bank of India

Term	Description
RoC	Registrar of Companies, Maharashtra situated at Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002
RoNW	Return on Net Worth
₹/Rs./INR	Indian Rupees
RTGS	Real Time Gross Settlement
SBAR	SBI prime lending rate
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended
SICA	Sick Industries Companies (Special Provisions) Act, 1985
State Government	The government of a state of the Union of India
UNDP	United National Development Programme
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996
w.e.f.	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” contained in this Red Herring Prospectus are to the Republic of India and all references to the “US” are to the United States of America.

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated audited standalone financial statements of the Company as of and for the nine months ended December 31, 2011 and for the past five Fiscals and restated audited consolidated financial statements as of and for the nine months ended December 31, 2011, Fiscal 2011 and Fiscal 2010, prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations, and included in this Red Herring Prospectus. As the Company was a partnership firm up to and including July 23, 2007, we have recast the financial statements of the partnership accounts to proforma accounts in the form required under schedule VI of the Companies Act for the purpose of Red Herring Prospectus. Further, for the purpose of this Red Herring Prospectus, we have prepared proforma accounts for the year ended March 31, 2008 by combining the financial statements of the erstwhile partnership firm for the period from April 1, 2007 to July 23, 2007 and the financial statements of the Company for the period from July 24, 2007 to March 31, 2008.

The fiscal year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular fiscal year, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

All numbers in this Red Herring Prospectus have been represented in million or in whole numbers, where the numbers have been too small to present in million. In this Red Herring Prospectus any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, US GAAP and IFRS. We do not provide reconciliation of the financial statements of the Company to IFRS or US GAAP financial statements. The Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on the financial data of the Company. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections titled “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 11, 111 and 240 respectively and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of the restated audited consolidated and standalone summary financial statements of the Company prepared in accordance with Indian GAAP.

Currency and Units of Presentation

All references to “Rupees” or “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America.

Exchange Rates

This Red Herring Prospectus contains conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Definitions

For definitions, see section titled “Definitions and Abbreviations” on page 1. In the section titled “Main Provisionsof the Articles of Association" on page 331, defined terms have the meaning given to such terms in the Articles.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources. The price of gold stated in this Red Herring Prospectus is based on the data provided by the National Commodity and Derivative Exchange Limited ("NCDEX"). Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although industry data used in this Red Herring Prospectus is reliable, it has not been independently verified by the Company or the BRLMs. Similarly, internal Company reports, which we believe to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute “forward-looking statements.” All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our expected revenue and profitability, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Whether we are able to expand the number of our showrooms as per our current business plan and the location and size of our showrooms;
- Our ability to identify and respond to consumer demands and preferences;
- Whether we are able to benefit from the economies of scale;
- Seasonality;
- Competition;
- Factors affecting discretionary consumer spending in India;
- Cost and availability of materials;
- Changes in Government duties and other taxes;
- Value of inventory; and
- Interest costs on working capital borrowings.

For further discussion of factors that could cause the actual results to differ from the expectations, see sections titled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 11, 111 and 240, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated. The Company, its Directors, the Syndicate and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations and financial condition could be materially and adversely affected and the price of our Equity Shares could decline, causing you to lose part or all of the value of your investment in our Equity Shares.

The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and, therefore, cannot be disclosed in such risk factors.

Internal Risk Factors

1. **There are criminal proceedings pending against two of our independent Directors.**

   The following are the pending litigation against Ajay Mehta:

   - The Central Bureau of Investigation has filed a criminal case against Deepak Nitrate Limited, its managing director, Ajay Mehta and others before the Special Court.5, Ahmedabad, in relation to obtaining ammonia at a discount from Krishak Bharati Cooperative Limited. Deepak Nitrate Limited and the others have filed an application for quashing the complaint before the Gujarat High Court.

   - The assistant commissioner of income tax, Mumbai, has, pursuant to a search action conducted under section 132, passed orders dated December 29, 2011, against Ajay Mehta. He has filed for an appeal, rectification petition and stay of the orders before the Commissioner of Income Tax (Appeals), Mumbai. The matter is pending.

   Any adverse order in these matters may have an impact on the Company and its future business.

2. **There are outstanding legal proceedings involving the Company, Subsidiary, Directors and the Group Company.**

   There are outstanding legal proceedings involving the Company, Subsidiary, Directors and the Group Company. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, appellate tribunals and arbitrators. For further details, see the section titled "Outstanding Litigation and Material Developments" on page 268. In addition, further liability may arise out of these claims. Brief details of such outstanding litigation as at the date of the Red Herring Prospectus are as follows:

Litigation against the Company

Sr. No.	Nature of cases*	No. of outstanding cases	Amount Involved (in ₹ million)
1.	Property Proceedings	1	Not ascertainable
2.	Labour Proceeding	1	Not ascertainable
3.	Tax Proceeding	4	4.98

** The Company receives notices from various government authorities in the course of its business. As of the date of the Red Herring Prospectus, the Company has 24 outstanding notices issued on its name.*

Litigation against our Subsidiaries

Sr. No.	Nature of cases*	No. of outstanding cases	Amount involved (in ₹ million)
1.	Tax Proceedings	1	0.19

** The Subsidiaries receive notices from various government authorities in the course of their business. As of the date of the Red Herring Prospectus, the Tribhovandas Bhimji Zaveri (Bombay) Limited has four outstanding notices issued on its name and Konfiaance Jewellery Private Limited has one outstanding notice issued on its name.*

Litigation against our Promoters

Sr. No.	Nature of cases*	No. of outstanding cases	Amount involved (in ₹ million)
1.	*Nil*	*Nil*	*Nil*

**There are two outstanding notices against Shrikant Zaveri issued by income tax department.*

Litigation against our Directors

In addition to the disclosures provided in relation to our Promoters, who are also our Directors, the following is the summary for the Directors of the Company:

Sr. No.	Name of the Director	No. of outstanding cases	Amount involved (in ₹ million)
1.	Ajay Mehta	2	Not ascertainable

Litigation against our Group Companies

Sr. No.	Nature of cases*	No. of outstanding cases	Amount involved (in ₹ million)
1.	*Nil*	*Nil*	*Nil*

**The Group Companies receive notices from various government authorities in the course of their business. As of the date of the Red Herring Prospectus, there are three outstanding notices against Tribhovandas Bhimji Zaveri Trading Company and one outstanding notice against Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited.*

An adverse outcome in any of these proceedings may affect our reputation and standing and could have an adverse effect on our business, financial condition and results of operations. For further details of outstanding litigation, see the section titled “Outstanding Litigation and Material Developments” on page 268.

3. The use of the words “Tribhovandas Bhimji Zaveri” in the corporate and trading names by certain third parties who have the right to use those words in their names may lead consumers to confuse them with our Company and if they experience any negative publicity, it could have an adverse effect on our business, results of operations and financial condition. This confusion might also lead to our Company losing business to such competitors and might adversely affect our goodwill.

We believe that primary factors in determining customer buying decisions in India’s jewellery sector include price, confidence in the merchandise sold, and the level and quality of customer service. The ability to differentiate our products from competitors by our brand-based marketing strategies is a key factor in attracting consumers.

We have registered the trade mark “Tribhovandas Bhimji Zaveri” and have the right to use the same as part of our trading or company name. Our business was carried on as a partnership firm from 1949 and remained a partnership firm until July 2007, when our Company was incorporated. During this period, the partnership firm has been reconstituted several times owing to the retirement of partners. By the deeds of retirement, certain of these retiring partners have the right to use the brand name “Tribhovandas Bhimji Zaveri” with the modifications through prefixes and suffixes specified in the respective deeds. Two of the retiring partners have the right to use the brand name “Tribhovandas Bhimji Zaveri” with or without such modifications. In addition, one retiring partner has such right only outside India. Consequently, these retiring partners and their heirs use the name “Tribhovandas Bhimji Zaveri” with prefix or suffix as a part of their trade name or corporate name.

To our knowledge, there are five other entities using similar names in a total of four cities: Mumbai, New Delhi, Bengaluru and Nagpur. The use of the words “Tribhovandas Bhimji Zaveri” in the corporate and trading names of these third parties may lead consumers to confuse them with our Company and if they experience any negative publicity, it could have an adverse effect on our business, results of operations and financial condition. This confusion might also lead to our Company losing business to such competitors and might adversely affect our goodwill.

4. **We have not identified the exact locations where we propose to establish new large format high street showrooms and have not entered into any definitive agreements to utilise the Issue proceeds.**

The objects of the Issue include the financing of the establishment of nine new large format high street showrooms in eight cities. Within the cities identified by us, the exact location of where these showrooms would be located has not yet been finalised. Further, we have not entered into any definitive agreements in terms of the property to utilise the Issue proceeds. We cannot assure you that we would be able to identify suitable premises, or be able to enter into lease or leave and license agreements for any such identified premises at a competitive cost, or at all. If we are unable to identify suitable premises, it may lead to delays in the establishment of such showrooms or we may be required to change part of our business plans. Further, we may incur substantial cost overruns if we are required to pay rent which is higher than our expectations, which may adversely affect the profitability of such showrooms. Any such delay or cost overruns could have a material adverse effect on our expansion plans and consequently on our business, results of operations and financial condition.

5. **Negative publicity could adversely affect our reputation and results of operations.**

Our business is dependent on the trust our customers have in the quality of our merchandise and the "Tribhovandas Bhimji Zaveri" brand. Any negative publicity regarding the Company, the "Tribhovandas Bhimji Zaveri" brand or our products could adversely affect our reputation and our results of operations.

6. **The Promoter Group of our Company does not include Nirmal Zaveri, (a brother of Shrikant Zaveri, our Promoter), or any entity in which Nirmal Zaveri may have an interest.**

The business of the Company was carried on as a partnership firm under the name Tribhovandas Bhimji Zaveri from January 3, 1949 until July 24, 2007. Nirmal Zaveri, a brother of Shrikant Zaveri, was a partner in the partnership firm until his retirement from the partnership and disassociation from the business of the firm pursuant to a deed of retirement dated December 11, 2000. Further to this disassociation, neither the Promoters nor the Company have information in relation to Nirmal Zaveri or any entity in which he may have an interest. Accordingly, Nirmal Zaveri and such entities are not included in the Promoter Group of the Company.

7. **No independent valuation was conducted for the acquisition of 100% of the share capital of Tribhovandas Bhimji Zaveri (Bombay) Limited, a company which was owned and controlled by our Promoters.**

We acquired 99.98% of the equity share capital of Tribhovandas Bhimji Zaveri (Bombay) Limited in October 2010 for a consideration of ₹ 20.23 million (at an acquisition price of ₹ 4,030 per equity share). Prior to its acquisition, Tribhovandas Bhimji Zaveri (Bombay) Limited was owned and controlled by our Promoters. This acquisition was made for the purpose of integrating the manufacturing processes of the business under the Company and to ensure greater efficiency in business operations. No independent valuation was undertaken for this acquisition and the valuation for this acquisition was on basis of book value of the equity shares of Tribhovandas Bhimji Zaveri (Bombay) Limited, based on its unaudited financial statements as at and for the six months ended September 30, 2010. On November 22, 2010, we sold five equity shares of this company at the acquisition price. On June 13, 2011, we bought six equity shares of this company on the basis of the book value based on audited financial statements as at and for the year ended March 31, 2011, which gave us a 100% ownership interest in this company and resulted in Tribhovandas Bhimji Zaveri (Bombay) Limited being a wholly owned subsidiary of our Company.

8. **Decreases in the value of gold and diamonds would reduce the value of our inventory, which could have a material adverse effect on our results of operations and financial condition.**

We record the value of our inventory at the lower of cost, which in the case of gold and diamonds is the annual weighted average cost, and net realizable value. As at December 31, 2011, our inventory of gold was ₹ 2,547.74 million and our inventory of diamonds was ₹ 1,387.51 million. In Fiscal 2011, the average turnover of our gold inventory was 96 days and the average turnover of our diamond inventory was 205 days. Our policy is to endeavour to buy the same Rupee value of gold at the end of each day that we sold across all of our showrooms that day. Although this reduces our exposure to volatility in the price of gold, it does not eliminate it. A pro-longed decline in the price of gold and diamonds would have an adverse effect on the value of our gold and diamond inventory, which would have an adverse effect on our results of operations and financial condition.

9. Our Subsidiaries and some of the Promoter Group Companies have incurred losses during the last three financial years.

Our Subsidiary and some of the Promoter Group companies have incurred losses during the last three Fiscal Years (as per their respective audited standalone financial statements), as set forth below:

Sr. No.	Name of the Subsidiary	Profit/(Loss) After Tax (in ₹)		
		Fiscal 2011	Fiscal 2010	Fiscal 2009
1.	Konfiaance Jewellery Private Limited	278,777	(201,548)	N.A.
2.	Tribhovandas Bhimji Zaveri (Bombay) Limited[(1)]	2,879,086	1,559,258	(5,951,373)

[(1)] Became a subsidiary company w.e.f. October 4, 2010. Changed its name from Tribhovandas Bhimji Zaveri (Bombay) Private Limited and converted to a public limited company from a private limited company on December 27, 2010.

Sr. No.	Name of the Promoter Group company	Profit/(Loss) After Tax (in ₹)		
		Fiscal 2011	Fiscal 2010	Fiscal 2009
1.	Cupid Annibis Jewellery Private Limited	(743,769)	316,864	(1,929,668)
2.	Super Traditional Metal Crafts (Bombay) Private Limited	24,974,262	(100,776)	(141,485)
3.	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	(92,607)	(96,355)	(107,102)
4.	Tribhovandas Bhimji Zaveri (TBZ) Private Limited	(92,593)	(95,641)	(107,102)

10. Two of the companies promoted by our Promoters have ceased to exist in accordance with Section 560 of the Companies Act through the Easy Exit Scheme of 2010.

New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited, two companies which had been promoted by our Promoters, have ceased to exist from January 26, 2011 and January 24, 2011, respectively, in accordance with Section 560 of the Companies Act through the Easy Exit Scheme of 2010.

New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited have been struck off the Register of Companies and have dissolved.

11. If we fail to anticipate, identify or react appropriately or in a timely manner to trends in the jewellery industry, we could experience reduced consumer acceptance of our products, a diminished brand image, higher markdowns and costs to recast overstocked jewellery.

Although our in-house design team has helped us to maintain a portfolio of designs, we cannot assure you that we will always be able to consistently keep up with industry trends. If we fail to anticipate, identify or react appropriately or in a timely manner to customer buying decisions, we could experience reduced consumer acceptance of our products, a diminished brand image, higher markdowns and costs to recast overstocked jewellery. These factors could result in lower selling prices and sales volumes for our products, which could adversely affect our financial condition and results of operations.

12. **If we are unable to deliver as per our business plan, it could have an adverse impact on our business and growth prospects.**

We currently have 14 showrooms. Our business plan includes the opening of 43 new showrooms by the end of Fiscal 2015. Our success in achieving future growth is dependent upon our ability to enter into leases for suitable showroom sites on commercially reasonable terms, setting up our new showrooms and hiring new staff for these showrooms. As the success of any retail business is significantly dependent upon identifying the best possible locations for stores at a competitive cost, we have a team that is responsible for finding locations to lease for the purposes of opening new stores. We must compete with other retailers to lock in locations for new stores. We cannot assure you that we will be able to expand and grow at the rate at which we plan to, as we may not be able to find suitable properties for lease for new stores at prices that are viable for our business. If we are not able to lease the locations at the time, place and cost that we desire, the same may have a material adverse impact on our growth prospects.

13. **If we fail to manage growth effectively it could have an adverse effect on our results of operations.**

We believe our expansion plans will place significant demands on our managerial, operational and financial resources. Growth in our business would require us to expand, train and manage our employee base. Our expansion could also cause problems related to our operational and financial systems and controls and could cause us to encounter working capital issues, as we will need increased liquidity to finance the purchase of inventory, establishment of new showrooms and the hiring of additional employees. If we fail to manage our growth effectively it may lead to operational and financial inefficiencies that would have a negative effect on our results of operations.

14. **We have substantial working capital requirements and if we are unable to obtain working capital loans to help finance these requirements it would a have significant adverse effect on our business, results of operations and financial condition. Our working capital loans on a consolidated basis as at December 31, 2011 were ₹ 1,908.23 million, all of which was repayable on demand. In the event that the lenders of such loans call in these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.**

Our business requires a substantial amount of working capital, primarily to finance the purchase of inventory. We avail the majority of our working capital from loans from various banks. Such financings could cause our debt to equity ratio to increase. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all.

The Company's working capital requirements (i.e., current assets less the current liabilities, excluding short-term borrowings) as at December 31, 2011 were ₹ 3,061.55 million. Our current working capital facilities consist of an aggregate fund based limit of ₹ 1,880.00 million. Our working capital loans on a consolidated basis as at December 31, 2011 were ₹ 1,908.23 million (including cheques issued but not presented), all of which was repayable on demand. For further details of the working capital facilities currently availed by us, see the section titled "Financial Indebtedness" on page 263. In the event that the lenders of such loans call in these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.

15. **The RBI has advised banks to classify accounts of jewellers as 'high-risk', requiring banks to apply enhanced due diligence before granting loans to jewellers. This may adversely affect our ability to obtain financing in a timely manner and on acceptable terms, or at all.**

By a circular dated December 30, 2010, RBI has advised banks to classify accounts of jewellers as 'high risk', requiring banks to apply enhanced due diligence measures before granting loans to jewellers. Further, pursuant to such categorisation, accounts of jewellers are subject to intensified monitoring by banks. These developments may adversely affect availability of bank credit to the jewellery sector in general and may lead to higher cost of bank credit, as banks may charge higher rates of interest and demand enhanced security from jewellers. This may adversely affect our ability to obtain adequate financing in a timely manner and on acceptable terms, or at all, and further may substantially raise our interest costs, which may have an adverse effect on our business, results of operations and financial condition.

16. We lease 12 out of our 14 showrooms. If these leases are terminated or not renewed we may suffer a disruption in our operations and alternative premises may not be available at a similar costs or locations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, if these leases are renewed but on materially increased rent, it could adversely affect our results of operations.

We lease 12 out of our 14 showrooms. For details, see the section titled "Our Business-Properties" on page 122. If such leases are terminated or not renewed we may suffer a disruption in our operations and alternative premises may not be available at the same or similar costs or locations, either or both of which could have a material adverse effect on our business, financial condition and results of operations. Further, any adverse impact on ownership rights of our landlords may impede our effective future operations of our stores, offices or manufacturing facilities. In addition, if these leases are renewed but on materially increased rent, it could adversely affect our results of operations.

17. Past showroom sales may not be comparable to and indicative of future showroom sales and there can be no assurance that the opening of new showrooms will result in increased profitability.

Various factors affect the sales in our showrooms including the location of a showroom and competition. These factors will have an influence on existing and future showrooms and thus past sales figures may not be indicative of future sales figures. Upon the opening of a new showroom, there may be an initial period of market adjustment while the showroom forms a customer base and engages in initial advertising and marketing campaigns. During this period, the sales revenue may not exceed the overall expenses of the showroom. This could lead to a decrease in the overall profitability of the Company. In addition, even after this initial period, there can be no assurance that a new showroom will necessarily contribute to the overall profitability of the Company.

18. Our business experiences an increase in sales during seasons of weddings and festivals. Any substantial decrease in our sales during such periods would have a material adverse effect on our results of operations.

Due to the higher demand for jewellery during weddings seasons and festivals such as Durga Puja, Diwali, Gudi Padwa and Christmas, we have traditionally made higher sales with higher profit margins at those times compared with other periods of the year. Historically, the descending order of profitability has generally been the third quarter, first quarter, fourth quarter and second quarter. We offer increased discounts and promotions in those quarters when there are fewer weddings and no important festivals in order to increase revenue. Since overheads in the jewellery business are largely fixed, any substantial decrease in sales during wedding seasons and festival periods could have a material adverse effect on our financial condition and results of operations.

19. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.

The objects of the Issue is financing of the establishment of nine new large format high street showrooms in eight cities and financing of the incremental working capital requirements. The objects for which the funds are being raised have not been appraised by any bank or financial institution. All the figures included under the section titled "Objects of the Issue" on page 74 are based on our own estimates. Further, we have not entered into any definitive agreements to utilise the Issue proceeds. We may be required to revise our estimates due to factors such as variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of the Company's management. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to delay and change due to various factors such as delays caused by market conditions, changes in government policies or initiatives or insufficiency of funds.

20. We have not appointed any third party to monitor the deployment of the Issue proceeds.

The objects of the Issue is financing of the establishment of nine new large format high street showrooms in eight cities and financing of the incremental working capital requirements. Since the Issue Size is less than ₹ 5,000.00 million, we are not mandated to appoint a monitoring agency. Accordingly, the use of Issue proceeds is not subject to monitoring by an independent monitoring agency and is at the discretion of our Board of Directors subject to shareholders approval.

In the event, for whatsoever reason, we are unable to execute our expansion plans, we could have a significant amount of unallocated Issue proceeds. In such a situation, we would have broad discretion in allocating these Issue proceeds from the Issue. However, any change to the allocation of the Issue proceeds as stated in the paragraph titled "Utilisation of the Net Proceeds" in the section titled "Objects of the Issue" on page 74, shall be subject to the approval of the Company's shareholders through a resolution passed at a general meeting. Due to the number and variability of factors that we will analyze before we determine how to use these unutilised Issue proceeds, we presently cannot determine how we would reallocate such proceeds. Further, we cannot assure you that our shareholders would approve of any change proposed by us in this regard.

21. Taxes and other levies imposed by the Government of India or other State Governments may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. For example, effective March 17, 2012 the Government further extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, the Government made the following increases to basic customs duty: gold bars other than tola bars from 2% to 4%; gold in any other form from 5% to 10%; platinum from 2% to 4%; and cut and polished coloured gemstones from nil to 2%, and increased countervailing duty on gold ores and concentrates from 1% to 2%. The Government had previously changed the basic customs duty on gold bars from ₹ 300 per 10 grams to 2% of the value with effect from January 17, 2012. Further, the Finance Bill, 2012 proposes to impose tax collection at source at 1% of the sale consideration, if the sale is in cash and the sale consideration exceeds ₹ 200,000, with effect from July 1, 2012. In protest against the imposition of excise duty on non-branded jewellery, increase in customs duties and also the proposal to impose tax collection at source, the Gems and Jewellery Trade Federation had called for a strike for the period from March 17, 2012 until April 7, 2012. All our showrooms were closed for a substantial period in the duration of the strike. Further increases on existing taxes and other levies or the imposition of any other taxes or levies by the Central and the State Governments may adversely affect our results of operations. Strikes or similar closures of our showrooms may also adversely affect our results of operations.

22. We maintain a relatively large inventory and if a material amount of this inventory is lost due to theft and such loss is not covered by insurance, our results of operations may be adversely affected. Losses on account of shrinkage can also negatively impact our profitability.

As at December 31, 2011, our inventory was ₹ 5,078.28 million. Although we have a security system in place and have not experienced any material loss of inventory due to theft, either by third parties or our employees, there can be no assurance we will not do so in the future. If we were to incur a significant inventory loss due to third-party or employee theft and if such loss exceed the limits of, or was subject to an exclusion from, coverage under our insurance policies, it could have a material adverse affect on our results of operations and financial condition. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

Shrinkage in the retail business is defined as the loss in inventory on account of a combination of employee theft, shoplifting, vendor fraud, credit card fraud and administrative error. We have an insurance policy that covers shrinkage. We have had immaterial shrinkage to date. A material increase in our shrinkage levels that is not covered by our insurance policy could adversely impact our results of operations.

23. The success of our business is dependent to large extent on our Chairman and Managing Director, Shrikant Zaveri, among other senior management, and if he stops working for the Company it could adversely affect our business.

Shrikant Zaveri, our Chairman and Managing Director, has more than 30 years' experience in the retail jewellery sector. He has been largely been responsible for the growth of our business. The loss of his services may have a material adverse effect on our business, financial condition and results of operations.

24. **The Company has agreed not to sell jadau jewellery in the city of Hyderabad for two years from June 22, 2011 and not to use the brand name 'Krsala' effective June 1, 2011. In addition, effective June 1, 2011 the lease for the Company's showroom in Banjara Hills, Hyderabad was surrendered to the lessor and the Company's showroom in Pune, Hyderabad was re-branded to trade under the name of "Tribhovandas Bhimji Zaveri."**

The Company entered into a joint venture agreement dated June 25, 2009 with Parinda Bajaj with respect to selling jewellery, primarily jadau jewellery, under the brand name 'Krsala.' The joint venture entity, Konfiaance Jewellery Private Limited, never commenced operations and pursuant to the termination agreement dated June 22, 2011 among the Company, Shrikant Zaveri and Parinda Bajaj (the "Termination Agreement"), the joint venture agreement and its subsequent amendments were terminated and, among other things, the Company has surrendered the lease for its showroom in Banjara Hills, Hyderabad to the lessor effective June 1, 2011. The Company, Shrikant Zaveri and Parinda Bajaj also entered into a related share purchase agreement dated June 22, 2011 (the "Share Purchase Agreement"), pursuant to which the 40,000 equity shares of face value ₹ 10 each of Konfiaance Jewellery Private Limited held by Parinda Bajaj were transferred to Shrikant Zaveri for an aggregate consideration of ₹ 400,000. Under the terms of both of these agreements, the Company agreed not to sell jadau jewellery in the city of Hyderabad for two years from June 22, 2011 and not to use the brand name 'Krsala' effective June 1, 2011. In Fiscal 2011, sales from the Banjara Hills showroom were ₹ 176.66 million, which represented 1.48% of the Company's sales income for Fiscal 2011, and sales of jadau jewellery in Hyderabad were ₹ 84.28 million, which represented 0.71% of the Company's sales income for Fiscal 2011. The Company had two showrooms out of its then existing 14 showrooms selling jewellery under the Krsala brand name, one of which (Banjara Hills) was surrendered to the lessor and the other of which in Pune, Maharashtra was re-branded to trade under the name "Tribhovandas Bhimji Zaveri". For further details on the Termination Agreement and the Share Purchase Agreement, see the section titled "History and Certain Corporate Matters – Material Agreements" on page 130. Whilst at present we do not intend to enter into any more joint ventures, there can be no assurance that if we decide that we want to do this in the future that we will be able to find suitable joint venture partners and if we do, whether any joint venture we enter into will be profitable.

25. **Our Promoters have significant control over us, and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.**

Our Promoters, together with the members of the Promoter Group, beneficially own 98.90% of our issued and outstanding Equity Shares. Our Promoters, together with the members of the Promoter Group, will hold 74.17% of our post-Issue paid up capital. The Promoters have the ability to control our business, including matters relating to sale of all or substantially all of our assets, timing and distribution of dividends, election of directors and change of control transactions. The Promoters and members of the Promoter Group may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. The Promoters' control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company, even if it is in the best interest of our other shareholders.

26. **In the audit reports for Fiscal 2009 and 2010, the auditors have commented that the Company's records were in the process of being updated to show full particulars of fixed assets and that internal control in respect of purchase of fixed assets needed to be strengthened. Further, in the audit report for Fiscal 2009, the auditor has commented that fixed assets had not been physically verified, while in the audit report for Fiscal 2010, the auditor has commented that the reconciliation of assets verified with the fixed assets register was not complete, on account of which discrepancies if any, arising out of verification and reconciliation were yet to be determined.**

In the Fiscal 2009 audit report, the auditor commented that "the Company is in the process of updating their records to show full particulars including quantitative details and situation of fixed assets." The auditor also commented that "fixed assets have not been physically verified by the management and that the internal control in respect of purchase of fixed assets need to be strengthened." Failure of the management to maintain proper books of account and make appropriate adjustments based on the recommendation of the auditors may have a material effect on our results of operation.

In the Fiscal 2010 audit report, the auditor commented that "the Company is in the process of updating their records to show full particulars including quantitative details and situation of fixed assets." The auditor also commented that "physical verification of fixed assets has been carried out by the Management at certain showrooms in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. We have been informed that the reconciliation of assets verified with the fixed assets register is still in progress at some of the showrooms. Discrepancies if any, arising out of verification and reconciliation are yet to be determined." The auditor also commented that "the internal control in respect of purchase of fixed assets needs to be strengthened. As informed to us, the Company has taken steps to ensure strengthening of such controls." Failure of the management to maintain proper books of account and make appropriate adjustments based on the recommendation of the auditors may have a material effect on our results of operation.

27. **We do not register our jewellery designs under the Design Act, 2000 and we may lose revenue if our designs are duplicated by competitors.**

Due to the fact that we change our jewellery designs on a regular basis, we do not register the jewellery we design under the Design Act, 2000. As such, it would be hard for us to enforce our intellectual property rights in our designs and if competitors copy our designs it could lead to a loss of revenue, which could adversely affect our results of our operations.

28. **We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.**

There are restrictive covenants in the agreements we have entered into with our lenders. The agreements governing certain of our debt obligations include terms that require us to, among other things, take prior approval of our lenders for undertaking any change in capital structure, change in share holding of the Promoters, merger, demerger, pledge, lien, consolidation, reorganization, dissolution, amendment or modification of our charter documents, pass a resolution of voluntary winding up and approach capital markets mobilizing additional resources either in the form of debt or equity. Such restrictive covenants in our loan documents may restrict our operations or ability to expand and may adversely affect our business. For details of these restrictive covenants, see the section titled "Financial Indebtedness" on page 263.

29. **Due to the geographic concentration of our sales in the western and southern regions of India, our results of operations and financial condition are subject to fluctuations in regional economic conditions.**

A significant percentage of our total sales are made in the western and southern regions of India. For Fiscal 2011 and the nine months ended December 31, 2011, 94.15% and 93.69% of our total turnover, respectively, was generated from these regions. Our concentration of sales in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions.

30. **The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities.**

We are subject to operating risks associated with jewellery manufacturing. Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, earthquakes, other natural disasters and industrial accidents. Our manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations.

31. **We require certain approvals, permits and licenses in the ordinary course of business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.**

We require certain statutory and regulatory permits and approvals for our business. The following are the approvals that we have applied for and has not been obtained yet:

S.No	Name of the Approval	Showroom/ facility	Application date	Authority
1.	Certificate of licenses (including certificates issued pursuant to renewals) under Standards of Weights and Measures (Enforcement) Act, 1985	Indore, Madhya Pradesh	March 21, 2012	Office of Weight and Measurement Controller, Madhya Pradesh
2.	Application for renewal under the Kerala Shops and Commercial Establishment Act, 1960	Cochin, Kerala	February 25, 2012	Municipal Corporation of Cochin
3.	Application for renewal of trade license under the Andhra Pradesh Shops and Establishment Act, 1988	Vijayawada, Andhra Pradesh	December 29, 2010	Municipal Corporation of Vijayawada
4.	Application for setting up of the new manufacturing facility	Kandivili, Maharashtra	December 23, 2010	-
5.	Application for registration of the logo "*tbz – The original since 1864 – Tribhovandas Bhimji Zaveri – Shrikant Zaveri Group*" under class 14 and 35 of the Trademarks Act, 1999	-	December 3, 2010	Registry of Trademark

Further, the following are the approvals have expired and we are in the process of applying for renewal:

S.No	Name of the Approval	Showroom/ facility	Authority
1.	Approval under the Andhra Pradesh Shops and Establishment Act, 1988	Vijayawada, Andhra Pradesh	Municipal Corporation of Vijayawada
2.	Trade license under the Andhra Pradesh Shops and Establishment Act, 1988	Basheer Baug, Andhra Pradesh	Municipal Corporation of Greater Hyderabad
3.	Trade license under the Andhra Pradesh Shops and Establishment Act, 1988	Punjagutta, Andhra Pradesh	Municipal Corporation of Greater Hyderabad
4.	Approval under the Bombay Shops and Establishment Act, 1948	Pune, Maharashtra	-

Additionally, we may need to apply for more approvals in the future including renewal of approvals that may expire from time to time. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. For details, please refer to the section entitled "Government Approvals" on page 274.

32. **As at December 31, 2011, the Company had ₹ 107.58 million of unsecured debt on a standalone basis and ₹ 107.58 million of unsecured debt on a consolidated basis that was repayable on demand. In the**

event that the lenders of such loans call in these loans, we would need to find alternative sources of we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.

As at December 31, 2011, the Company had a total of ₹ 107.58 million of unsecured loans on a standalone basis that were repayable on demand. For details, see the section titled "Financial Indebtedness-Unsecured loans" on page 266. As at December 31, 2011, we had ₹ 107.58 million of unsecured loans on a consolidated basis that were repayable on demand. In the event that the lenders of such loans call in these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.

33. **Our success depends largely on our ability to attract and retain our key managerial personnel.**

Our success depends largely on the continued services of the members of our key managerial personnel. Attracting and retaining top quality managerial talent has become a serious challenge facing companies in India. If one or more members of our key managerial personnel were unable or unwilling to continue in their present positions, our business could be adversely affected.

34. **Our business depends on our ability to maintain consistency in customer service and other operations.**

Our ability to maintain consistency in the quality of customer service in our stores is critical to our success. This will depend on our ability to hire the right personnel and also train the new personnel in the implementation of our processes effectively. In the nine months ended December 31, 2011, the attrition rate of our employees was 20% at our showrooms, 15% at our corporate office and 21% at our manufacturing facilities. There can be no assurance it will not increase and an increase in the attrition rate of our employees may adversely affect our operations.

35. **We have two manufacturing facilities and we are therefore exposed to any adverse developments affecting them.**

Our manufacturing facilities are in Kandivali, Mumbai. Consequently, our manufacturing operations are vulnerable to damage or interruptions in operations due to adverse weather conditions, earthquakes, fires, explosions, power loss, civil disturbances or other similar events which may affect this area, the occurrence of which could have an adverse effect on our business, financial condition and results of operations. Although we have insurance for property damage, we do not have business interruption insurance.

36. **We have entered into certain related party transactions (aggregating to ₹ 194.09 million and ₹ 108.43 million on a consolidated basis in Fiscal 2011 and the nine months ended December 31, 2011, respectively) and we expect that we will continue to do so in the future.**

We have entered into certain transactions with related parties, including our Promoters, Promoter Group Companies and Subsidiaries, Directors and their relatives, key management personnel and enterprises in which key management personnel/Directors have significant influence. These related party transactions totalled ₹ 194.09 million and ₹ 108.43 million on a consolidated basis in Fiscal 2011 and the nine months ended December 31, 2011, respectively. For detailed information on our related party transactions, see the section titled "Financial Statements-Annexure IV" on page 165. While we believe that all our related party transactions have been conducted on, and have commercial terms consistent with, an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations.

37. **Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.**

We have not paid any dividends in the last four Fiscal Years. The declaration of dividends in the future will be recommended by our Board of Directors, at its sole discretion, and will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will pay dividends in the future. Additionally, we are restricted by the terms of our debt financing from making dividend payments in the event we default in any of the debt repayment instalments.

38. We were not compliant with the requirements of Section 383A of the Companies Act

Under the provisions of Section 383A of the Companies Act, we were required to appoint a whole-time Company Secretary from April 15, 2008. Whilst we had engaged a practicing company secretary on a retainership basis to comply with the requirements of the applicable laws for the period, we appointed Niraj Oza as a whole-time Company Secretary in November 2010. Thus we were not compliant with the provisions of the said section in the intermediate period from April 15, 2008 until the appointment of Niraj Oza. Consequently, we and our Directors (who are considered to be 'officers in default') may be subject to proceedings which may be initiated for such non-compliance by the Registrar of Companies.

39. Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business.

Our 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. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations could be adversely affected. Moreover, we do not maintain a key man insurance policy for any of our executive directors and our key managerial personnel. For details of our insurance cover, see the section titled "Business-Insurance" on page 121.

40. We rely extensively on our IT systems and failures could adversely impact our business.

We rely extensively on our IT systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. Our business processes are IT enabled, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely. We do not currently have an offsite data back-up facility.

41. Our results of operations could be adversely affected by disruptions to our operations due to disputes with our work force.

As at March 31, 2012, we had 1,192 full-time employees, none of which are part of a union. Although we have not lost any work days to strikes or other disruptions by our work force in the past, if we experience disruptions to our operations due to disputes or other problems with our work force, it could adversely affect our business and results of operations.

42. The requirements of being a listed company may strain our resources.

We have no experience as a publicly listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a publicly listed company. As a publicly listed company, we will incur significant legal, accounting, corporate governance and other expenses that we do not incur as a private company. We will also be subject to the provisions of the listing agreements signed with the Stock Exchanges which require us to file unaudited financial results on a quarterly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, management's attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. In addition, we will need to hire additional legal and accounting staff with appropriate public company experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

External Risk Factors

43. Jewellery purchases are discretionary and may be particularly affected by adverse trends in the Indian economy.

The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending in India. These factors include economic conditions and perceptions of such conditions by consumers, employment rates, the level of consumers' disposable income, business conditions, interest rates, consumer debt levels, availability of credit and levels of taxation in regional and local markets in India where we sell our products. There can be no assurance that consumer spending on jewellery will not be adversely affected by adverse changes in general economic conditions in India.

44. The Indian retail jewellery industry is extremely competitive.

The Indian retail jewellery industry is highly fragmented and dominated by the unorganized sector, from which the organized retail jewellery sector faces intense competition. The players in the unorganized sector offer their products at highly competitive prices and many of them are well established in their local sectors. We also compete against organised national, regional and local players. There can be no assurance that we can continue to effectively compete with our competitors in the future, and the failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. For more information concerning our competitors, see the section titled "Our Business-Competition" on page 121.

45. Increases in the prices of gold and diamonds may have an adverse effect on the demand for jewellery, which may have an adverse effect on our results of operations.

Although the price of gold is volatile, the long term trend since September 11, 2001 has been an increase in prices. As at March 31, 2009, 2010 and 2011 and December 31, 2011, the closing market price of gold in Mumbai was ₹ 1,513.30, ₹ 1,632.34, ₹ 2,078.75 and ₹ 2,719.45 per gram, respectively (source: NCDEX). The demand for gold jewellery in India in Fiscal 2009, 2010 and 2011 and for the nine months ended December 31, 2011 was 466.30 tonnes, 597.50 tonnes, 679.50 tonnes (provisional estimate) and 493.4 tonnes (provisional estimate), respectively (source: WGC). Our revenue from the sale of gold jewellery was ₹ 4,796.36 million, ₹ 6,501.88 million, ₹ 8,657.33 million and ₹ 8,068.38 million for Fiscal 2009, 2010 and 2011 and the nine months ended December 31, 2011, respectively. Further, the price of gold may increase owing to increases in costs due to increases in customs duty and excise duty and adverse currency fluctuations. For example, effective March 17, 2012 the Government further extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, the Government made the following increases to basic customs duty: gold bars other than tola bars from 2% to 4% and gold in any other form from 5% to 10% and increased countervailing duty on gold ores and concentrates from 1% to 2%. The Government had previously changed the basic customs duty on gold bars from ₹ 300 per 10 grams to 2% of the value with effect from January 17, 2012. Increasing gold prices may lead to decreases in our sales of gold jewellery and there can be no assurance that further increases in the price of gold would not have a negative effect on our sales of gold jewellery and our results of operations.

The market price of diamonds is set by the Diamond Trading Company. Our revenue from the sale of diamond-studded jewellery was ₹ 1,552.59 million, ₹ 1,912.90 million, ₹ 2,636.58 million and ₹ 2,805.58 million for Fiscal 2009, 2010 and 2011 and the nine months ended December 31, 2011, respectively. In addition, the price of diamonds may increase owing to increases in costs due to increases in customs duty charged on importers and adverse currency fluctuations. For example, effective March 17, 2012 the Government further extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, effective March 17, 2012, the Government increased the basic customs duty on cut and polished coloured gemstones from nil to 2%. Increasing diamond prices may lead to decreases in our sales of diamond-studded jewellery and there can be no assurance that further increases in the price of diamonds would not have a negative effect on our sales of diamond-studded jewellery and our results of operations.

46. Any increases in interest rates would have an adverse effect on our results of operations.

As at December 31, 2011, on a consolidated basis, ₹ 1,990.67 million or 94.87% of our borrowings were at floating rates of interest. If interest rates increase, our interest payments will increase and our ability to obtain additional debt could be adversely affected with a concurrent adverse effect on our business, financial position and results of operations.

47. Our business and activities may be affected by the recent amendments to the competition law in India.

The Competition Act, 2002, as amended (the "Competition Act"), was enacted for the purpose of preventing practices having an adverse effect on competition in the relevant market in India under the auspices of the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action whether formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits the abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

On March 4, 2011, the Government of India notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. The combination regulation provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 which sets out the mechanism for implementation of the combination regulation provisions under the Competition Act. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

48. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued in the future. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and adversely affect our business, financial condition and results of operations.

49. Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally.

50. The proposed adoption of IFRS could have a material adverse effect on our reported results of operations and financial condition.

Public companies in India, including the Company, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government, in January 2010 and the clarification thereto dated May 4, 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the Ministry of Corporate Affairs on February 25, 2011. The date of implementing such converged Indian Accounting Standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

We have not yet determined with any degree of certainty what impact the adoption of IFRS will have on our financial reporting. However, our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP and the adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period and in the corresponding (restated) period in the comparative Fiscal Year/period.

In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

51. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business, financial condition and results of operations.

52. We cannot guarantee the accuracy of facts and other statistics with respect to India, the Indian economy and the Indian jewellery sector contained in this Red Herring Prospectus.

Facts and other statistics in this Red Herring Prospectus relating to India, the Indian economy and the Indian jewellery industry have been derived from various publications that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source of materials. While our directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the BRLMs or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics.

Risks Related to Equity Shares

53. An active trading market for the Equity Shares may not develop and the price of the Equity Shares may be volatile.

Prior to this Issue, there has been no public market for the Equity Shares. An active public trading market for the Equity Shares may not develop or, if it develops, may not be maintained after the Issue. Our Company, in consultation with the BRLMs, will determine the Issue Price. The Issue Price may be higher than the trading price of our Equity Shares following this Issue. As a result, investors may not be able to sell their Equity Shares at or above the Issue Price or at the time that they would like to sell. The trading price of the Equity Shares after the Issue may be subject to significant fluctuations in response to factors such as, variations in our results of operations, market conditions specific to the sectors in which we operate, economic conditions of India and volatility of the BSE, NSE and securities markets elsewhere in the world.

54. **There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.**

In accordance with Indian law and practice, permission to list the Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of our Equity Shares to be submitted. There could be a failure or delay in listing our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

In addition, pursuant to India regulations, certain actions are required to be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or dematerialized electronic accounts with depository participants in India are expected to be credited only after the date on which the issue and allotment is approved by our Board of Directors. There can be no assurance that the Equity Shares allocated earlier to Investors will be credited to their dematerialized electronic accounts, or that trading will commence on time after Allotment has been approved by our Board of Directors, or at all.

55. **There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.**

Following the Issue, we will be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

56. **Substantial future sales of our Equity Shares in the public market could cause our Equity Share price to fall.**

The Equity Shares offered in this Issue will be freely tradable without restriction in the public market, unless purchased by our affiliates. The holders of approximately 36,624,980 Equity Shares will be entitled to dispose of their Equity Shares following the expiration of a one year 'lock-in' period. Sales of a large number of our Equity Shares by our shareholders could adversely affect the market price of our Equity Shares. In addition, any perception by investors that such sales might occur could also adversely affect the trading price of our Equity Shares.

57. **Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by the Company may adversely affect the trading price of the Equity Shares.**

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company and may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the trading price of our Equity Shares.

Prominent Notes:

- Public issue of 16,666,667 Equity Shares of face value of ₹ 10 each of the Company for cash at a price of ₹ [●] per Equity Share, including a share premium of ₹ [●] per Equity Share, aggregating to ₹ [●] million. The issue will constitute 25% of the post issue paid up capital of the Company.

- The Company's net worth on a standalone basis as at March 31, 2011 and December 31, 2011 was ₹ 1,099.07 million and ₹ 1,606.29 million, respectively, and the Company's net worth on a consolidated basis as at March 31, 2011 and December 31, 2011 was ₹ 1,095.00 million and ₹ 1,604.02 million, respectively.

- The net asset value per Equity Share was ₹ 21.98 as at March 31, 2011 and ₹ 32.13 as at December 31, 2011 as per our standalone financial statements and the net asset value per Equity Share was ₹ 21.90 as at March 31, 2011 and ₹ 32.08 as at December 31, 2011 as per our consolidated financial statements.

- The average cost of acquisition of per Equity Share by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Sr. No.	Name of the Promoter	Cost of acquisition per Equity Share (₹)
1.	Shrikant Zaveri	9.47
2.	Binaisha Zaveri	10.44
3.	Raashi Zaveri	1.15

- The Company has entered into certain transactions with related parties, including our Promoter Group Companies and Subsidiaries, Directors and their relatives, key management personnel and enterprises in which key management personnel/Directors have significant influence. Summary of the related party transactions on a standalone basis are as follows:

(in ₹ million)

Nature of Transaction	For the period /years ended					
	December 31, 2011	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Income						
Subsidiary	8.10	1.50				
Entities of Key Managerial Personnel	-	-	-	-	-	1.71
Expense						
Subsidiary	103.58	95.95	0.16	-	-	-
Entities of Key Managerial Personnel	-	-	79.31	62.96	57.57	50.91
Relatives of Key Managerial Personnel	-	-	-	-	1.87	2.69
Key Managerial Personnel	105.30	119.75	114.14	98.40	117.88	125.02
Share application money paid						
Subsidiary	-	9.56	0.06	-	-	-
Shares Issued including bonus						
Entities of Key Managerial Personnel	-	-	-	8.80	0.20	-
Relatives of Key Managerial Personnel	-	-	-	-	0.20	-
Key Managerial Personnel	-	-	-	429.20	1.60	-
Capital introduced						
Entities of Key Managerial Personnel	-	-	-	-	-	0.20
Key Managerial Personnel	-	-	-	-	-	220.36
Share in profit of the firm						

Nature of Transaction	For the period /years ended					
	December 31, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Entities of Key Managerial Personnel	-	-	-	-	1.63	1.24
Relatives of Key Managerial Personnel	-	-	-	-	3.20	6.21
Key Managerial Personnel	-	-	-	-	11.22	67.07
Drawings						
Key Managerial Personnel	-	-	-	-	-	59.24
Loan taken						
Subsidiary	1.37	12.65	-	-	-	-
Entities of Key Managerial Personnel	0.36	27.35	4.36	19.79	3.78	54.25
Relatives of Key Managerial Personnel		-	0.13	3.05	10.14	19.17
Key Managerial Personnel	61.28	270.95	197.79	175.56	188.29	-
Loan given						
Entities of Key Managerial Personnel	-	-	0.03	0.03	0.27	-
Loan recovered						
Entities of Key Managerial Personnel	-	0.11	0.26	-	-	24.62
Loan repaid						
Subsidiary	41.40	-	-	-	-	-
Entities of Key Managerial Personnel	18.09	12.36	2.69	18.19	3.40	5.01
Relatives of Key Managerial Personnel	-	32.56	11.15	3.84	18.97	1.69
Key Managerial Personnel	54.12	222.22	172.55	507.15	127.31	-
Deposit given						
Key Managerial Personnel	-	7.20				
Assets						
Subsidiary	0.21	1.56	0.16	-	-	-
Entities of Key Managerial Personnel	-	-	0.11	0.34	0.31	-
Relatives of Key Managerial Personnel	2.05	0.79				
Key Managerial Personnel	9.27	7.20	-	-	6.66	-
Investments	30.25	29.83	0.06			
Liabilities						
Subsidiary	17.79	58.94	-	-	-	-
Entities of Key Managerial Personnel	24.73	45.78	39.39	37.46	36.53	54.17
Relatives of Key Managerial	1.26	-	31.78	42.79	47.05	33.69

Nature of Transaction	For the period /years ended					
	December 31, 2011	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Personnel						
Key Managerial Personnel	121.71	81.32	27.73	2.48	333.74	319.42
Guarantees						
Guarantees given by the directors, relatives and corporate guarantees of shareholders	-	-	200.00	200.00	-	-
Guarantees given by the directors, relatives and corporate guarantees of shareholders / Companies under same management	200.00	200.00	-	-	-	-
Guarantees given on behalf of directors in respect of loan taken by them	140.00	140.00	-	-	-	-

For details of the related party transaction entered into by the Company, see section titled "Related Party Transactions" on page 154.

- Except as disclosed in the section titled "Group Companies" on page 148, the Group Companies do not have any common pursuits and business interests in the Company.
- The Company changed its name from Tribhovandas Bhimji Zaveri Private Limited to Tribhovandas Bhimji Zaveri Limited on December 3, 2010, so as to reflect the fact that it became a public company on that date.
- Investors may contact any of the BRLMs for any complaint pertaining to the Issue.
- There have been no financing arrangements whereby the Group Companies and the Directors and their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. The conversion rate of ₹ 51.16 for one US Dollar is the RBI reference rate as of March 31, 2012 (Source: RBI Website).

CRISIL Limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

Overview of Indian Economy

India is one of the fastest growing economies in the world, with an average real Gross Domestic Product ("GDP") growth rate of 7.8% per annum during the last two years. India is also the world's largest democracy by population size. According to CIA World Factbook, India's estimated population was 1.19 billion people in July 2011. India had an estimated GDP of approximately US$ 4.05 trillion in 2010, which makes it the fourth largest economy in the world after the US, China and Japan, in terms of purchasing power parity. The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries for the periods indicated:

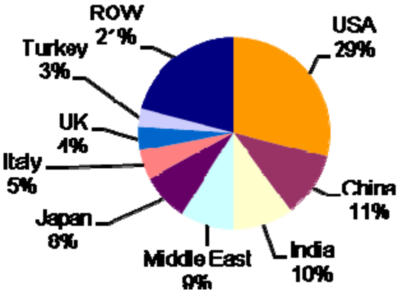
Countries*	2011	2010	2009
Australia	1.8%	2.7%	1.4%
Brazil	2.7%	7.5%	-0.6%
China	9.2%	10.5%	9.2%
Germany	2.7%	3.6%	-5.1%
India	7.8%	10.1%	6.8%
Indonesia	6.4%	6.1%	4.6%
Japan	-0.5%	4.0%	-6.3%
South Korea	3.6%	6.2%	0.3%
Malaysia	5.2%	7.2%	-1.6%
Russia	4.3%	4.3%	-7.8%
Thailand	0.1%	7.8%	-2.3%
United Kingdom	1.1%	1.4%	-4.4%
United States	1.5%	3.0%	-3.5%

** Represents calendar year growth rates*
(Source: CIA World Factbook, accessed on March 31, 2011)

Global Gems and Jewellery Market

According to CARE Research, the US is the world's largest market for jewellery accounting for an estimated 29% of the world jewellery sales in 2008. This demand was critically impacted during the global financial crisis in 2008-09 when sales significantly plummeted due to economic uncertainty and job losses and subsequently loss in consumer confidence resulting into massive curb on luxury spending. The US is followed by China, India, the Middle East and Japan as the biggest consumers. In Europe, the UK and Italy are the largest consumers, and Italy is also one of the world's largest jewellery fabrication centres. These seven key markets account for about 80% of the total worldwide sales.

Key World Markets



According to CARE Research, now that demand for jewellery is showing only gradual sign of recovery in the US, the focus for future growth in jewellery industry depends on emerging markets like India China, Latin America, Middle East and South East Asia. These regions are expected to develop as the largest consuming markets for both traditional as well as branded jewellery and overtake the US in gems and jewellery consumption by the next decade.

Indian Gems and Jewellery Sector

The Indian gold jewellery sector accounted for 61% of total domestic gold demand in 2011 according to WGC. With an estimated 10 million marriages a year taking place in India, wedding-related demand accounts for a substantial proportion of overall jewellery demand. Since the fourth quarter of 2009, jewellery demand has been comparatively stronger as domestic consumers became reconciled to making their necessary purchases, notwithstanding prices rising to new record levels in excess of ₹ 90,000/oz. As consumers have adjusted their price expectations upwards, a further rise in the price could be anticipated, according to WGC.

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 ("FMCG"), consumer durables, apparels and home improvement, there is similar potential for Gems and Jewellery sector.

The two major sub segments within jewellery are gold (22 carat and above) and diamonds, with the former constituting of 80% of the value of jewellery consumption and the balance 20% comprising of diamonds and gemstone jewellery. The overall size of domestic Gems and Jewellery sector is pegged at ₹ 870 billion as of 2008-09 according to a FICCI-Technopak study and is expected to grow up to ₹ 1,832 billion by 2014-15.

Growth Prospects for Gems and Jewellery in India

The growth outlook for the gems and jewellery sector in India is stable and CARE Research expects the domestic industry to grow at a CAGR of 10-12% up to 2015. The key drivers for growth will be higher disposable income, rising young population with the urge to spend, higher number of working women and conscious marketing efforts of companies. Branding and organized retail share will grow in urban markets and the focus on rural markets will increase. According to CARE Research, family owned businesses will need to move towards greater degree of professionalism and trust on the neighbourhood jeweller will be replaced by the hallmarking and certification of jewellery. There is a shift in consumer preference to low-priced diamond jewellery which is about 50% cheaper than normal diamonds and also cheaper than pure gold jewellery. Consumers are gradually preferring diamonds because of the guaranteed buy-back schemes, transparent written pricing and, most importantly, third-party certification.

Demand Drivers

Traditional demand

Gold is of special importance for Indians during weddings and festivals. Over centuries and millennia, gold has become an inseparable part of the Indian society and fused well into the psyche of an Indian. There is a culture of buying gold during auspicious occasion of Diwali, Akshaya Tritiya, Dussehra etc. and also during weddings. In rural India, farmers typically buy gold jewellery after every successful harvesting season as it forms the best form of investment (savings) and forms a natural hedge against inflation.

Rising middle class

The Indian growth story is well known, with the overall economy growing at an average 8-9% p.a. from FY2005-2008 before slowing in 2009. However, by and large India's economy remained virtually unscathed during the global financial crisis in 2008/09 when government-backed stimulus packages sustained growth levels at healthy rate. The growth in the economy has rebounded in 2010, recording a growth rate of 8.3% according to CIA World Factbook. Data from National Council of Applied Economic Research (NCAER) indicates that 50 million people belonged to the middle class in 2005 (with income ranging from ₹ 200,000 to ₹ 1 million) which is expected to increase ten-fold by 2025 (fastest-growing segment).

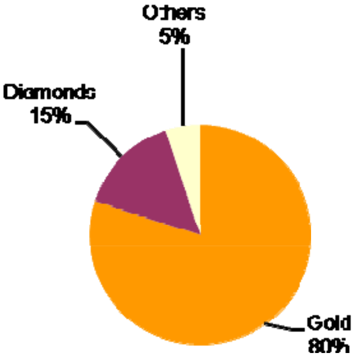
Changing demographics and consumer preferences

Increased urbanization, higher percentage of younger population, multiple-income families and more women in the workforce is giving rise to higher disposable income level leading to impulse buying and a preference for superior lifestyle. The median age of an Indian is 25.3 years, one of the lowest in the world compared to 36.7 years in the US and 44.2 in Japan. The urban population currently accounts for 29% of the total population and is expected to increase to 40% by the year 2020. These factors are currently driving the demand for gems and jewellery, especially diamond jewellery. The neo-rich with an inclination to buy cutting-edge gadgets are purchasing jewellery in modern and aesthetic design as a fashion accessory completely in contrast to the rural folks who buy jewellery as an alternate medium of investment.

As per the National Sample Survey, in urban India the share of essential items like food, clothing, electricity, fuel and footwear in the total average annual per capita consumption has reduced whereas the share of durable goods has increased, which reflects the changing preferences of consumers. The increased consumer awareness and consciousness generated through the vigilant measures adopted through campaigns of the government are expected to drive the demand for branded and hallmarked jewellery. However, in spite of the increasing preference for luxury items, the per capita spending by an Indian is lowest in the world.

Jewellery Retailing in India

According to CRISIL Research, the Indian jewellery retailing market is estimated at ₹ 973 billion as of 2009-10. Within the jewellery retailing market in India, the share of gold jewellery is estimated to be around 80%, according to CARE Research.

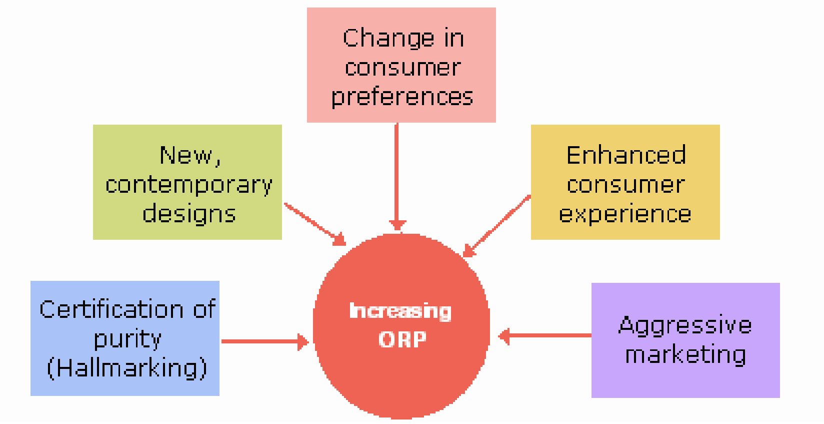


Source: CARE Research, June 2010

The Indian jewellery retail industry is highly unorganized with organized market accounting for a mere 10% of the jewellery retail market, according to CRISIL Research. Jewellery in India is retailed mainly through three formats: national stores, regional stores and small family run businesses. The purchase of jewellery is largely based on trust exhibited by customers. According to CRISIL Research, there are over 300,000 jewellery retail outlets across the country, indicating a high level of fragmentation.

Organized Jewellery Retailing in India

Recognizing the large untapped potential for organized retail within this space, Tanishq (part of Titan Industries, a Tata group company) was the first major retail player to make an entry into the branded jewellery retail space in 1996. Subsequently, many retail players have entered into the organized segment. Players such as Tribhovandas Bhimji Zaveri. Shree Ganesh, Joy Alukkas and Kirtilal Kalidas have been expanding their presence across geographies by setting up similar format stores. In order to build trust, jewellers have come up with buy-back offers and purity assurance. 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, hallmarking and aggressive marketing.



(Source: CRISIL Research, Retailing, January 2011)

The following table provides a snapshot of a few organized players in the jewellery retail industry in India:

Company	Sales (2009) (₹ Crore)	Number of Outlets	Announced Plans
Tanishq	2,370	117	Plans to triple turnover by opening new stores and focusing on improving the revenues per store of the existing ones
Gitanjali Group	1,275	1,246 including shops-in-shops	Announced plans for 100 stores in May 2009 of which 30-40 were to be lifestyle stores
Goldplus	390	30	Plan to reach Tier IV and Tier V cities representing the smaller towns and rural India with over 25 Goldplus stores across six states
Reliance Jewels	N/A	15	Plan to open 85 more in next 3 years
Big Bazaar (Navras)	N/A	60 shops-in-shops	Plan to go to 150 by 2011
Rajesh Exports	100	30	Expansion after consolidating current turnover

Source: CARE Research, June 2010

Changing trends in the Indian retail jewellery market

Traditional Practice	Emerging Trend
Gold jewellery consumption emanates from traditional and investment-related demand.	It is regarded as a fashion accessory by the growing young population.
Demand peaks during weddings and festival seasons.	They still remain the main demand drivers but its use for regular wearing and gifting has evened out the demand throughout the year.
Consumption of pure gold – preferred 22-carat. Traditional and ethnic designs preferred.	Lower caratage and light-weight jewellery preferred. Trend is more towards fashionable and contemporary designs.
Purchase from neighbourhood jewellers dominated. Hence the industry lacked transparency	Growing preference for brands, retail stores and e-retailing. Introduction of hallmarking and certifications
Pre-dominance of gold (yellow)-based jewellery.	Acceptance of white gold, platinum and diamond studded jewellery. Even imitation jewellery is gaining acceptance.
Jewellery largely sold on prevailing gold price, per gram, plus labour charges.	Branded players sell on a fixed-price basis.

Source: CARE Research, June 2010

SUMMARY OF BUSINESS

The Company's ability to successfully implement its business strategy, growth and expansion plans may be affected by various factors. The Company's business overview, strengths and strategies must be read along with the risk factors provided in the section entitled "Risk Factors" on page 11.

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in 10 cities across five states, which have a total carpet area of approximately 48,818 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery and jadau jewellery. The design and manufacture of our products is done either in-house or by third parties. All of our showrooms trade under the name of "Tribhovandas Bhimji Zaveri". Our flagship showroom in Zaveri Bazar, Mumbai was established in 1864. Since 2001, we have opened several showrooms, including opening seven showrooms between August 2007 and October 2008.

Out of our 14 showrooms, 11 are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more) and three are what we term "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.). Four of our showrooms are in Mumbai, Maharashtra; one is in Thane, Maharashtra; one is in Pune, Maharashtra; two are in Hyderabad, Andhra Pradesh; one is in Vijayawada, Andhra Pradesh; one is in Ahmedabad, Gujarat; one is in Surat, Gujarat; one is in Rajkot, Gujarat; one is in Indore, Madhya Pradesh; and one is in Kochi, Kerala. Effective June 1, 2011, we surrendered the lease for one showroom to the lessor and on July 27, 2011 we opened a new showroom in Rajkot, Gujarat. We closed one small format showroom in Pune on March 31, 2012 and opened a large format showroom in Pune on April 1, 2012.

We plan to open an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 43 cities across 14 states.

We offer our customers a wide variety of jewellery from across India in order to cater to regional tastes. We also offer jewellery from various parts of the world such as Italy, Turkey and Thailand. We also customise jewellery for individual needs. We offer our jewellery across different price points so as to maximise our potential customer base.

We believe our more than 145-year old track-record signifies consumers' trust in the quality and purity of our products. This is enhanced by the fact that we offer a buy-back guarantee on our jewellery, subject to certain conditions. We began to offer this guarantee in 1931, and believe we were the first jewellery retailer in India to do so. Our belief in the trust that consumers place in us is also evidenced by the fact that we were awarded the *Readers Digest Trusted Brand Asia* in the category of Jewellery Shop in 2006, 2007 and 2008.

We have a dedicated design team, currently comprising 25 designers, 10 of whom are skilled in computer-aided design (CAD). All of our designers are focused on developing new products and designs that meet customers' requirements. We won both the "Best Collection" and the "Best Innovation" awards for our jewellery designs by *Diamond Trading Corporation ("DTC")* in 2007. We were also awarded the "Best Wedding Jewellery" in the gold category at the *Retail Jeweller India Awards* 2010 and won the *IJ Jewellers Choice Design Awards*, 2011 for best necklace design in the diamond category, best bridal design in the diamond category and best Kundan Mina Jewellery in the gold category.

We have our own manufacturing facilities for diamond-studded jewellery. In addition, we outsource the production of jewellery as well as purchase jewellery from third parties. We procure jewellery from suppliers in different regions across India, which we believe helps us gain an insight into differing regional preferences. We have a centralised procurement policy and generally purchase in large volumes in order to stock our 14 showrooms. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors in the unorganised sector, which enables us to sell our products at competitive prices.

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 17,739 sq. ft. It has an annual production capacity (based on one eight-hour shift 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. This facility was opened in Fiscal 2011. We also have another manufacturing facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. Prior to the opening of the new facility, all of our manufacturing was done at this facility. We shifted the majority of our production activity to the new facility during the third quarter of Fiscal 2011. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011.

In addition to the awards mentioned above, we have received other awards for both our products and our customer service, including the *DTC Best Showroom* award in 2004 and 2006, the *DTC Best Diamond Moments* award in 2005 for our customer interactions, the *DTC Best Showroom and Sales Person* award in 2006 and 2007, the *Jaipur Jewellery Show Gold Souk Awards* 2007, which honoured our contribution to the gem and jewellery industry in India, and the *Jamnalal Bajaj Uchit Vyavahar Puraskar* 2007 – Council for Fair Business Practices Award. We have also been awarded the "TV campaign of the year" at the *Retail Jewellers India Awards 2011* and "Best Advertising Campaign of the Year - Print" at the National Jewellery awards 2012.

Our marketing activities are focused on generating footfalls in our showrooms throughout the year. Our marketing includes campaigns such as our Bangles and Chains festival, Oodiyanam festival, Kerala jewellery festival and Mangalsutra festival. We also have an advance payment scheme called "Kalpavruksha", which encourages customers to pay advance amounts throughout a plan period. We offer plan periods of 12, 18 and 24 months and provide discounts on the purchase price of our products according to the plan length. We began this scheme in November 2008.

As at March 31, 2012, we had 1,192 employees. In Fiscal 2011, our revenue from operations was ₹ 11,939.31 million on a consolidated basis, of which 72.51% was from the sale of gold jewellery, 22.08% was from the sale of diamond-studded jewellery and 5.41% was from sale of other products. In the nine months ended December 31, 2011, our revenue from operations was ₹ 11,173.73 million on a consolidated basis, of which 72.48% was from the sale of gold jewellery, 25.20% was from the sale of diamond-studded jewellery and 2.32% was from sale of other products. Our profit after taxation for Fiscal 2011 and the nine months ended December 31, 2011 was ₹ 400.29 million and ₹ 503.13 million on a consolidated basis, respectively.

Our Competitive Strengths

We believe our primary competitive strengths include the following:

We Have a Long History and a Strong Brand Name

We believe the trade name "Tribhovandas Bhimji Zaveri" is trusted by consumers due to its more than 145-year history and the quality and purity of our products. Our belief in the trust that consumers place in us is evidenced by the fact that we were awarded the *Readers Digest Trusted Brand Asia* in the category of Jewellery Shop in 2006, 2007 and 2008. We have received other awards for both our products and our customer service, including the *Jaipur Jewellery Show Gold Souk Awards* 2007, which honoured our contribution to the gem and jewellery industry in India.

Design, Innovation and Product Range

We have a dedicated design team, currently comprising 25 designers, 10 of whom are skilled in computer-aided design (CAD). All of our designers are focused on developing new products and designs. The design team works to understand customer requirements through customer interactions, national and international jewellery trade shows and trend forecasting reports so as to introduce new designs in line with customer expectations. We also offer our customers a wide variety of jewellery from different regions in India in order to cater to regional tastes. Each showroom has a portion of its inventory dedicated to local designs and preferences. We also offer jewellery from various parts of the world such as Italy, Turkey and Thailand. In order to widen our customer base and loyalty, we endeavour to provide individually customised designs and products when it is possible.

We generally introduce eight to 10 new lines of jewellery design every year. Our jewellery design ability was recognised by *DTC*, who gave us the "Best Collection" and the "Best Innovation" awards in 2007. We also won the "Best Wedding Jewellery" award in the gold category at the *Retail Jeweller India Awards* 2010 and won the *IJ Jewellers Choice Design Awards*, 2011 for best necklace design in the diamond category, best bridal design in the diamond category and best Kundan Mina Jewellery in the gold category.

Well-Established Systems and Procedures

We have established systems and procedures for staffing, management processes and the implementation of current and long-term objectives. Our operational processes are set forth in an operating manual.

Efficient Inventory Management

Our inventory is bar-coded and monitored and controlled through Oracle E-Business Suite software. Our inventory for each showroom is planned at the beginning of each year in amounts determined to achieve the desired sales and inventory turnover. As part of our inventory management, we also rotate jewellery between different showrooms in an effort to increase turnover. Some of the products obtained from third parties that we are unable to sell are either returned to the vendors or exchanged for other products.

Strong Technology Architecture

We have implemented Oracle E-Business Suite software across all showrooms and offices in order to maintain greater control over business operations. The software allows for connectivity across all our showrooms and offices and transfers data in real time, allowing our management team to obtain real-time information. Additionally, we have implemented VMware infrastructure, which is a combination of server, storage and virtual network technologies. We also have backup support for all systems, and our data is protected by security measures.

Comprehensive Corporate Planning and Budgeting

We have 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 start the budget preparation process by reviewing our past sales performance, competitors' activities, customer reactions to prior marketing campaigns and product category performances and estimated demand. We then analyze the data in order to draw conclusions on our performance, and then we work out our sales objectives for the next financial year with a focus on same store sales growth by increasing footfalls, increasing footfall conversion and increasing average ticket size.

Thorough Review Procedures

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 specialising in such audits. Our organisational structure is also being reviewed by a qualified external consulting firm.

Expansion Experience

We have substantial experience in expanding operations and managing the launches of new showrooms. We opened seven new showrooms within a 15-month period from August 2007 to October 2008, which gave us invaluable experience in selecting potential markets, real estate locations, training staff and undertaking the marketing and advertising required to establish and support our newly launched showrooms. We launched a new showroom in Rajkot, Gujarat in July 2011 and launched a new large format showroom in Pune, Maharashtra on April 1, 2012. We believe this experience will enable us to achieve our planned expansion of showrooms on time and within budget.

We have our own Manufacturing Facilities

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 17,739 sq. ft. It has an annual production capacity (based on one eight-hour shift 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. This facility was opened in Fiscal 2011. We also have another manufacturing facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. Prior to the opening of the new facility, all of our manufacturing was done at this facility. We shifted the majority of our production activity to the new facility during the third quarter of Fiscal 2011. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011.

Our manufacturing facilities have state of the art equipment and machinery, including gem testing labs and karat meters, which helps in ensuring the high quality of our products. Having our own manufacturing facilities gives us the following advantages compared with competitors who do not have their own manufacturing facilities:

- We are able to control the quality of our products by determining which pieces of gold or diamonds to use in the manufacturing process.
- We are able to offer exclusive designs, which can command premium prices and offer customized designs.
- We are able to take advantage of a smoother supply chain process, which, among other things, results in less work-in-process time.
- We save on cost as we do not incur what are commonly known as handling charges on the diamond jewellery we manufacture.

Experienced Management

Shrikant Zaveri, our Chairman and Managing Director, has worked in the jewellery retail sector for more than 30 years. In addition to the experience and industry knowledge of Shrikant Zaveri, the majority of our senior management has been with the Company for at least five years and our CEO, R. K. Nagarkar, has been a part of the Company since 1992. R. K. Nagarkar holds a bachelor's degree in metallurgical engineering from the College of Engineering, Pune and has over 35 years of experience. Our CFO, Prem Hinduja, is qualified as a Chartered Accountant, Cost Accountant and Company Secretary and has over 32 years of experience.

Procurement Advantage

We source the majority of the jewellery that we sell from over 150 different suppliers in different regions in India, which we believe helps us gain an insight into differing regional preferences and access to a large number of designs. We have a centralised procurement policy and generally purchase in large volumes to supply to our 14 showrooms. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors in the unorganised sector, which enables us to sell our products at competitive prices.

Our Strategy

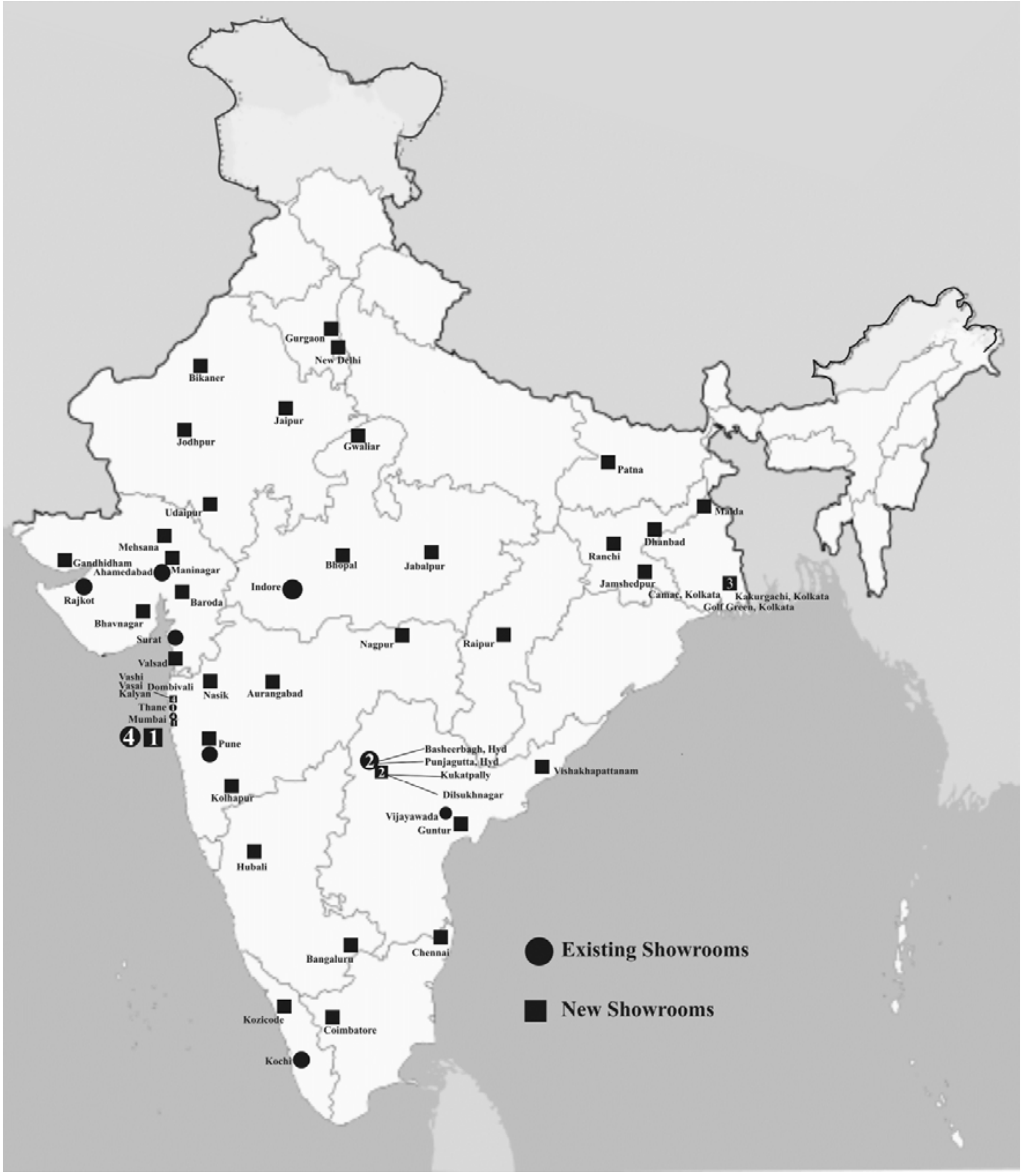
Our goal is to be the leading jewellery brand in India. We strive to achieve this goal by implementing the following key business strategies:

Expanding Our Retail Network

We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft) in cities across 14 states. As part of this strategy, we intend to use ₹ 191.94 million from the Net Proceeds to open nine new large format high street showrooms during Fiscal 2013. We have identified the following eight cities for the establishment of these new showrooms: Aurangabad; Gandhidham; Hyderabad; Kolkata; Nagpur; Vadodara; Valsad and Visakhapatnam. We propose to take the premises for the new large format high street showrooms on lease or on the basis of leave and licence agreements. We have not entered into any agreements for these new showrooms and we may not be able to negotiate commercially acceptable terms. Therefore, we may need to revise our plans. For further details, see the section titled "The Objects of the Issue – Details of the Objects" on page 75.

Prior to choosing the proposed locations for the 43 new showrooms, we conducted an analysis on the market in each location. We generally aim to enter jewellery markets where we can potentially gain market share from local companies by carving a niche through offering a diverse product mix, designs and price structure and utilizing our name and goodwill, which was established over our 145-year history. To test each potential location, we conduct exhibitions to identify market potential as well as opportunities for us to sell across all product categories. We also form two groups, each consisting of four staff members from our existing showrooms, to conduct detailed market surveys in each potential location. Our analysis must determine that opening a new showroom in the targeted market is feasible. Feasibility factors include the estimated size of jewellery sales in the targeted market and the sales mix of different products and the potential for growth in each category, market share of potential competitors in the target market and availability of labour and staffing resources.

The map of India below shows the locations of our current showrooms and our proposed new showrooms to be opened:



Focusing on Increasing Same Showroom Sales

In order to increase same showroom sales we are focused on increasing our footfalls, increasing our footfall conversion and increasing the average ticket size of each sale.

In order to increase footfalls, we plan to continue our marketing activities such as advertising, organising events, participating in exhibitions, promotions and launching new product lines such as the temple jewellery collection and men's jewellery collection. We intend to capitalise on existing jewellery buying occasions by combining product launches and discounts around traditional occasions as well creating new occasions, such as the TBZ Bangle and Chain Festival and Mangalsutra Mela.

One of our key focus areas is on the conversion of each footfall into a customer. We train our employees in sales techniques and increase their product knowledge in order to increase our conversion rate. We attempt to reduce the number of footfalls that walkout without purchasing from us by stocking a wide range of jewellery across different price points.

We plan to increase ticket sizes by training our employees in up-selling and selling complementary products such as pendants with earrings, and by introducing new lines of jewellery.

Increasing Diamond-Studded Jewellery Sales

Sales of diamond-studded jewellery have a higher profit margin than sales of gold jewellery. For example, in Fiscal 2011 and the nine months ended December 31, 2011, our gross profit margin on sales of diamond-studded jewellery was 29.26% and 36.23%, respectively, compared with 12.21% and 10.86%, respectively, for sales of gold jewellery. We plan to increase our overall profit margin by increasing the diamond-studded jewellery sales. Our plan for increasing our diamond-studded jewellery sales includes 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. In this context we have launched the Diamond Necklace Collection and the TBZ Solitaire Collection. In Fiscal 2011, 2010 and 2009 and the nine months ended December 31, 2011, sales of diamond-studded jewellery were ₹ 2,636.58 million, ₹ 1,912.9 million, ₹ 1,552.59 million and ₹ 2,805.58 million, respectively, on a consolidated basis representing 22.08%, 21.62%, 23.21% and 25.20% of revenue from operations for the respective periods.

Taking Advantage of Economies of Scale

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 from 2.70% in the nine months ended December 31, 2011 on a consolidated basis 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 costs as a percentage of revenue to decrease as our revenue from operations increases.

Increasing our In-house Manufacturing and Outsourced Manufacturing Activities

We intend to increase our in-house manufacturing and outsourced manufacturing activities. In this regard, in Fiscal 2011, we built a new facility in Kandivali, Mumbai with a carpet area of 17,739 sq. ft. and an annual production capacity (based on one eight-hour shift 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. This is our first in-house facility for gold refining. During the third quarter of Fiscal 2011, we shifted the majority of our production activity to the new facility from our old facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011. 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. We believe that this will improve our control over product quality, designs and profit margins.

Leveraging the "Tribhovandas Bhimji Zaveri" Brand Name and Continuing to Distinguish our Business from other Businesses Using Similar Names

We plan to leverage the "Tribhovandas Bhimji Zaveri" brand name by expanding the number of showrooms under the "Tribhovandas Bhimji Zaveri" brand name and continuing to distinguish our business from other businesses using similar names by including the words "The original since 1864" in our logo and emphasising "TBZ – THE ORIGINAL" in all our public communications and point of sale materials, giving our showrooms the same look and feel by maintaining uniformity in the external and internal appearances of our showrooms and by having our staff dress in our unique uniforms. We intend to convey to potential and current customers that while there may be other businesses with similar names, our Company owns the original flagship store in Zaveri Bazar. For further discussion of the use of similar names by other businesses and the risks involved, see sections titled "History and Certain Corporate Matters" on page 126 and "Risk Factors" on page 11.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the audited restated standalone financial statements as of and for the nine months ended on December 31, 2011 and the years ended March 31, 2007, 2008, 2009, 2010 and 2011 and consolidated financial statements as of and for the nine months ended December 31, 2011 and the years ended March 31, 2010 and 2011. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Regulations and presented under the section titled "Financial Statements" on page 156. The summary financial information presented below should be read in conjunction with the restated standalone and consolidated financial statements, the notes thereto and the sections "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 156 and 240, respectively.

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(₹ in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Non-current assets						
Fixed assets						
- Tangible assets	487.91	466.87	401.60	358.47	151.07	61.05
- Intangible assets	20.19	24.08	-	-	-	-
- Capital work-in-progress	-	-	21.14	3.60	19.46	-
- Intangible assets under development	-	-	11.47	-	-	-
Non-current Investments						
- Investments in Equity instruments	30.25	29.82	0.06	-	-	-
Deferred tax asset (net)	32.37	22.48	12.87	4.91	1.30	-
Long-term loans and advances	75.25	84.81	65.44	50.85	39.22	30.88
Other non-current assets	-	-	34.27	31.19	-	-
Total non-current assets	**645.97**	**628.06**	**546.85**	**449.02**	**211.05**	**91.93**
Current assets						
Inventories	5,078.28	4,253.40	2,865.46	2,280.24	1,467.48	969.90
Trade Receivables	53.64	83.74	30.55	20.03	41.86	14.23
Cash and cash equivalents	192.01	90.73	28.68	25.11	137.46	47.30
Short-term loans and advances	61.16	49.44	18.39	39.09	23.01	49.91
Other current assets	44.53	29.96	-	-	-	-
Total current assets	**5,429.62**	**4,507.27**	**2,943.08**	**2,364.47**	**1,669.81**	**1,081.34**
Non-current liabilities						
Long-term borrowings	29.81	56.56	41.15	128.18	9.67	1.40
Deferred tax liabilities (net)	-	-	-	-	-	1.60
Other long term liabilities	5.40	-	-	-	-	-
Long-term provisions	50.21	39.47	26.64	18.00	11.10	7.61
Total non-current liabilities	**85.42**	**96.03**	**67.79**	**146.18**	**20.77**	**10.61**
Current liabilities						
Short-term borrowings	2,015.81	2,052.91	1,918.54	1,628.64	1,288.23	901.55
Trade payables	1,141.02	1,075.86	494.28	373.03	436.23	218.64
Other current liabilities	1,033.91	684.75	321.13	145.90	73.82	40.47
Short-term provisions	193.14	126.71	3.58	4.49	0.90	-
Total current liabilities	**4,383.88**	**3,940.23**	**2,737.53**	**2,152.06**	**1,799.18**	**1,160.66**

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net worth	**1,606.29**	**1,099.07**	**684.61**	**515.25**	**60.91**	**2.00**
Net worth represented by:						
Shareholders' Funds						
Share capital						
Equity share capital	500.00	500.00	100.00	100.00	2.00	2.00
Reserves and surplus						
Securities premium	-	-	340.00	340.00	-	-
Employee stock options outstanding account	12.49	10.25	-	-	-	-
Profit and loss account	1,093.80	588.82	244.61	75.25	58.91	-
Net worth	**1,606.29**	**1,099.07**	**684.61**	**515.25**	**60.91**	**2.00**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Standalone Assets and Liabilities as restated.

Notes:

i. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956. Share capital disclosed for these years / period represents partner's capital in the partnership firm.

ii. For the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008. Profit for the combined period is allocated to partner's current account (unsecured loans) and accumulated profit proportionately.

iii. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSSES AS RESTATED

(₹ in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
INCOME						
Revenue from operations	11,173.73	11,939.31	8,848.95	6,687.43	4,393.53	3,051.55
Other income	12.04	5.26	3.57	1.34	3.64	2.67
Total revenue	**11,185.77**	**11,944.57**	**8,852.52**	**6,688.77**	**4,397.17**	**3,054.22**
EXPENDITURE						
Cost of raw material and components consumed	7,437.97	8,168.86	6,931.43	5,217.06	3,465.63	2,466.79
Purchase of traded goods	2,152.44	2,776.44	1,215.58	1,315.51	774.52	390.10
Changes in inventories of finished goods and traded goods	(390.97)	(885.54)	(580.00)	(789.05)	(497.15)	(317.10)
Employee benefits expenses	334.56	405.16	307.22	264.28	210.43	160.53
Other expenses	614.33	606.47	503.61	358.89	205.65	139.33
Speculation loss	-	-	-	-	-	20.92
Total expenditure	**10,148.33**	**11,071.39**	**8,377.84**	**6,366.69**	**4,159.08**	**2,860.57**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,037.44**	**873.18**	**474.68**	**322.08**	**238.09**	**193.65**
Depreciation	38.12	40.10	30.74	29.34	15.83	8.21
Finance charges	236.23	228.17	196.08	140.24	82.95	65.06
Profit before tax	**762.09**	**604.91**	**247.86**	**152.50**	**139.31**	**120.38**
Less: Tax expense						
Current tax	267.00	210.31	86.46	51.77	67.26	44.50
Deferred tax (credit) / charge	(9.89)	(9.61)	(7.96)	(3.61)	(2.90)	1.34
Total tax expense	**257.11**	**200.70**	**78.50**	**48.16**	**64.36**	**45.84**
Profit after taxation	**504.98**	**404.21**	**169.36**	**104.34**	**74.95**	**74.54**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Profit and Loss as restated.

Notes:

i. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956.

ii. Further for the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008. Profit for the combined period is allocated to partner's current account (unsecured loans) and accumulated profit proportionately.

iii. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

SUMMARY STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED

(₹ in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
A. Cash flow from operating activities						
Net profit before prior period item, tax and extraordinary items	762.09	604.91	247.86	152.50	139.31	120.38
Adjustment for:						
Depreciation	39.12	40.10	30.74	29.34	15.83	8.21
Interest expenses	236.23	228.17	196.08	140.24	82.95	65.05
Debit balances written off	-	-	0.03	-	-	-
Profit on sale of fixed assets	(0.13)	(0.16)	-	-	(1.57)	(1.27)
Employee stock options scheme provision	2.24	10.25	-	-	-	-
Foreign exchange gain	(0.18)	0.58	-	-	-	-
Provision for bad debts	8.18	3.48	-	-	-	-
Interest income	(2.52)	(3.51)	(3.42)	(1.34)	(0.53)	-
Operating profit before working capital changes	1,045.03	883.82	471.29	320.74	235.99	192.38
Adjustment for						
Increase in inventories	(824.86)	(1,387.95)	(585.23)	(812.75)	(497.58)	(317.62)
Increase in long term provisions	10.75	12.83	4.14	10.49	4.40	2.10
Increase in long term liabilities	5.40	-	-	-	-	-
Increase / (decrease) in trade payables	65.16	579.01	121.25	(63.20)	217.59	17.80
Increase in short term provisions	3.51	6.58	3.58	-	-	-
Increase in other current liabilities	345.11	364.46	186.62	73.25	33.35	9.04
Increase in long term loans and advances	(3.53)	(50.56)	(16.40)	(18.92)	(8.33)	(7.31)
Increase in other non-current assets	-	-	(3.08)	(31.19)	-	-
Decrease / (increase) in trade receivables	22.09	(57.25)	(9.41)	21.83	(27.64)	(3.65)
Increase in other current assets	(14.57)	(29.96)	-	-	-	-
(Increase) / decrease in short term loans and advances	(11.73)	12.15	12.89	24.40	(6.76)	30.20
Cash generated from / (utilised in) operations	624.36	333.13	185.65	(473.35)	(35.46)	(77.06)
Income taxes paid (net of refunds)	(190.99)	(110.58)	(91.00)	(53.78)	(47.12)	(48.13)
Net cash generated / (utilized) from operating activities	**451.37**	**222.55**	**94.65**	**(529.13)**	**(82.58)**	**(125.19)**
B. Cash flow from investing activities						
Purchase of fixed assets	(56.76)	(84.88)	(100.92)	(220.88)	(126.82)	(33.98)
Sale of fixed assets	4.66	0.81	-	-	3.07	2.46
Purchase of non-current investment	(0.43)	(29.78)	(0.06)	-	-	-
Sale of non-current investment	-	0.02	-	-	-	-
Bank fixed deposits with original maturity more than 12 months	-	30.00	-	(30.00)	-	-
Interest received	2.52	3.51	(0.85)	0.15	0.53	-
Net cash utilized in investing	**(50.01)**	**(80.32)**	**(101.83)**	**(250.73)**	**(123.22)**	**(31.52)**

Particulars	**For the year/period ended**					
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
activities						
C. Cash from Financing activities						
Interest paid	(236.23)	(225.92)	(196.08)	(140.24)	(82.95)	(65.06)
Proceeds from shares issued		-	-	-	-	-
(Repayments) / proceeds of long term borrowings	(26.75)	13.62	(86.64)	118.12	8.27	0.44)
(Repayment) / proceeds of short term borrowings	(37.10)	134.37	293.47	689.63	370.64	176.29
Net cash generated from / (utilised in) financing activities	**(300.08)**	**(80.18)**	**10.75**	**667.51**	**295.96**	**111.67**
Net Increase / (decrease) in cash and cash equivalents	**101.28**	**62.05**	**3.57**	**(112.35)**	**90.16**	**(45.04)**
Cash and cash equivalents at the beginning of the year	**90.73**	**28.68**	**25.11**	**137.46**	**47.30**	**92.34**
Cash and cash equivalents at the end of the year	**192.01**	**90.73**	**28.68**	**25.11**	**137.46**	**47.30**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Cash Flows as restated.

Notes:

i. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956.

ii. Further for the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008.

iii. The above statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 on Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(₹ in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Non-current assets			
Fixed assets			
- Tangible assets	507.10	485.63	401.60
- Intangible assets	20.56	24.14	-
- Capital work-in-progress	-	-	21.14
- Intangible assets under development	-	-	11.47
Non-current Investments			
- Investments in Equity instruments	0.52	0.52	-
Deferred tax asset (net)	34.10	23.58	12.87
Long-term loans and advances	80.20	88.34	65.44
Other non-current assets	**-**	-	34.27
Total non-current assets	**642.48**	**622.21**	**546.79**
Current assets			
Inventories	5,078.41	4,253.43	2,865.47
Trade Receivables	53.65	85.13	30.55
Cash and cash equivalents	205.27	91.03	28.78
Short-term loans and advances	63.59	47.30	18.45
Other current assets	44.53	29.96	-
Total current assets	**5,445.45**	**4,506.95**	**2,943.85**
Non-current liabilities			
Long-term borrowings	32.63	61.77	41.15
Long-term provisions	54.02	43.68	26.64
Minority interest	-	4.07	-
Total non-current liabilities	**86.65**	**109.52**	**67.79**
Current liabilities			
Short-term borrowings	2,015.81	2,031.18	1,918.54
Trade payables	1,125.78	1,090.52	494.48
Other current liabilities	1,056.55	670.36	321.13
Short-term provisions	199.12	132.58	3.58
Total current liabilities	**4,397.26**	**3,924.64**	**2,737.73**
Net worth	**1,604.02**	**1,095.00**	**684.52**
Net worth represented by:			
Shareholders' Funds			
Share capital			
Equity share capital	500.00	500.00	100.00
Reserves and surplus			
Securities premium	-	-	340.00
Employee stock options outstanding account	12.49	10.25	-
Capital reserve	3.70	-	-
Profit and loss account	1,087.83	584.75	244.52
Net worth	**1,604.02**	**1,095.00**	**684.52**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Assets and Liabilities as restated.

Notes:

i. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

ii. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Assets and Liabilities, as restated.

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSSES AS RESTATED

(₹ in million)

Particulars	For the year/period ended		
	31-Dec-11	**31-Mar-11**	**31-Mar-10**
INCOME			
Revenue from operations	11,173.73	11,939.31	8,848.95
Other income	4.04	3.77	3.57
Total revenue	**11,177.77**	**11,943.08**	**8,852.52**
EXPENDITURE			
Cost of raw material and components consumed	7,335.76	8,147.31	6,931.43
Purchase of traded goods	2,152.44	2,776.44	1,215.58
Changes in inventories of finished goods and traded goods	(390.97)	(885.54)	(580.00)
Employee benefits expenses	364.24	422.72	307.22
Other expenses	680.87	609.69	503.81
Total expenditure	**10,142.34**	**11,070.62**	**8,378.04**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,035.43**	**872.46**	**474.48**
Depreciation	41.03	44.23	30.74
Finance charges	236.27	224.69	196.08
Profit before tax	**758.13**	**603.54**	**247.66**
Less: Tax expense			
Current tax	266.52	213.95	86.39
Deferred tax (credit) / charge	(10.52)	(10.70)	(7.96)
Total tax expense	**255.00**	**203.25**	**78.43**
Profit after taxation	**503.13**	**400.29**	**169.23**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Profit and Loss as restated.

Notes:

i. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

ii. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Profit and Loss, as restated.

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
A. Cash flow from operating activities			
Net profit before prior period item, tax and extraordinary items	758.13	603.55	247.66
Adjustment for:			
Depreciation	41.03	41.82	30.74
Impairment of goodwill	-	2.40	-
Interest expenses	236.27	224.69	196.08
Debit balances written off	-	-	0.03
Profit on sale of fixed assets	(0.13)	(0.16)	-
Excess provision written off	-	(0.17)	-
Employee stock options scheme expenses	2.24	10.25	-
Foreign exchange gain	(0.18)	0.58	-
Provision for bad debts	8.22	3.48	-
Interest income	(3.63)	(3.52)	(3.42)
Operating profit before working capital changes	1,041.95	882.92	471.25
Adjustment for			
Increase in inventories	(824.88)	(1,388.07)	(585.23)
Increase in long term provisions	10.34	17.04	8.64
Increase in trade payables	35.26	597.18	121.45
Increase / (decrease) in short term provisions	4.28	(2.13)	(0.91)
Increase in other current liabilities	386.19	350.03	186.47
Increase in long term loans and advances	(4.35)	(71.66)	(16.40)
Increase in other non-current assets	-	-	(3.08)
Decrease / (increase) in trade receivables	22.44	(50.52)	(9.41)
Increase in other current assets	(14.57)	(29.96)	-
(Increase) / decrease/in short term loans and advances	(14.28)	40.72	12.87
Cash generated from operations	643.38	345.55	185.65
Income taxes paid (net of refunds)	(192.78)	(103.87)	(91.00)
Net cash from operating activities	**450.60**	**241.68**	**94.66**
B. Cash flow generated from investing activities			
Purchase of fixed assets	(63.44)	(101.90)	(100.92)
Sale of fixed assets	4.66	0.81	-
Purchase of non-current investment	(0.43)	(19.00)	-
Bank fixed deposits with original maturity more than 12 months	-	30.00	-
Interest received	3.63	3.52	(0.85)
Net cash utilized for investing activities	**(55.58)**	**(86.57)**	**(101.77)**
C. Cash from Financing activities			
Interest paid	(236.27)	(224.69)	(196.08)
Minority interest	-	0.36	0.04
(Repayments) / proceeds of long term borrowings	(29.14)	18.83	(86.64)
(Repayments) / proceeds of short term borrowings	(15.37)	112.64	293.47
Net cash (utilized) / generated from financing activities	**(280.78)**	**(92.86)**	**10.79**
Net increase in cash and cash equivalents	**114.24**	**62.25**	**3.67**
Cash and cash equivalents at the beginning of the year	**91.03**	**28.78**	**25.11**
Cash and cash equivalents at the end of the year	**205.27**	**91.03**	**28.78**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Cash Flows as restated.

Notes:

i. The above statement has been prepared under the ‘indirect method’ as set out in Accounting Standard 3 on Cash

Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

ii. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Cash Flows, as restated.

THE ISSUE

Issue by the Company	16,666,667 Equity Shares aggregating upto ₹ [●] million
Of which	
A) QIB Portion[1]	Not more than 8,333,332 Equity Shares
Of which	
Anchor Investor Portion	Not more than 2,499,999 Equity Shares
Balance available for allocation to QIBs other than the Anchor Investor Portion (assuming Anchor Investor Portion is fully subscribed)	Not more than 5,833,333 Equity Shares
Of which	
Available for allocation to Mutual Funds only (5% of the QIB Portion excluding the Anchor Investor Portion)	291,667 Equity Shares
Balance for all QIBs including Mutual Funds	5,541,666 Equity Shares
B) Non-Institutional Portion[1]	Not less than 2,500,001 Equity Shares
C) Retail Portion[1]	Not less than 5,833,334 Equity Shares
Equity Shares outstanding prior to the Issue	50,000,000 Equity Shares
Equity Shares outstanding after the Issue	66,666,667 Equity Shares
Use of Net Proceeds	See section titled "Objects of the Issue" on page 74 for information about use of the Net Proceeds

(1) *Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.*

The Company, in consultation with the BRLMs, may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. For further details, see section titled "Issue Procedure" on page 297.

Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis.

GENERAL INFORMATION

The Company was incorporated on July 24, 2007 in Mumbai under the Companies Act. For further details, see section titled “History and Certain Corporate Matters” on page 126.

Registered Office of the Company

Tribhovandas Bhimji Zaveri Limited
241/43, Zaveri Bazar
Mumbai 400 002
Tel: +91 22 3956 5001
Fax: +91 22 3956 5056
Email: investors@tbzoriginal.com
Website: www.tbztheoriginal.com
CIN and Registration Number: U27205MH2007PLC172598

Corporate Office of the Company

Tribhovandas Bhimji Zaveri Limited
228, Ground Floor
Mittal Chambers
Nariman Point
Mumbai 400 021
Tel: +91 22 3073 5000
Fax: +91 22 3073 5088

Address of the RoC

The Company is registered with the RoC, situated at the following address:

Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002

Board of Directors

The Board of the Company comprises the following:

Name	Designation	DIN	Address
Shrikant Zaveri	Chairman and Managing Director	00263725	31, Usha Kiran M.L. Dahanukar Marg Mumbai 400026
Binaisha Zaveri	Whole-time Director	00263657	31, Usha Kiran M.L. Dahanukar Marg Mumbai 400026
Raashi Zaveri	Whole-time Director	00713688	31, Usha Kiran M.L. Dahanukar Marg Mumbai 400026
Kamlesh Vikamsey	Independent Director	00059620	194, Kalpataru Habitat Tower-A, Dr. S. S. Rao Road Parel Mumbai 400012
Ajay Mehta	Independent Director	00028405	Kejriwal House 7, Nowroji Gamadia Road Mumbai 400 026

Name	Designation	DIN	Address
Sanjay Asher	Independent Director	00008221	32, Mody Street Fort Mumbai 400 001

For further details of the Directors, see section titled “Management” on page 132.

Company Secretary and Compliance Officer

Niraj Oza is the Company Secretary and the Compliance Officer of the Company. His contact details are as follows:

Niraj Oza
228, Ground Floor
Mittal Chambers
Nariman Point
Mumbai 400 021
Tel: + 91 22 3073 5000
Fax: +91 22 3073 5088
Email: niraj.oza@tbzoriginal.com

Investors can contact the Compliance Officer or the Registrar in case of any pre- or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account and refund orders.

All grievances relating to the Issue may be addressed to the Registrar, giving full details such as name, address of the applicant, number of Equity Shares Bid for, Bid Amount paid on submission of the Bid cum Application Form and the bank branch or collection centre where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB and/or the member of the Syndicate or the sub-syndicate member (as applicable), giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount blocked on application and Designated Branch or the collection centre of the SCSBs and/or the Syndicate or the sub-syndicate Members (as applicable) where the Bid cum Application Form was submitted by the ASBA Bidder.

Book Running Lead Managers

IDFC Capital Limited

Naman Chambers
C-32, G-Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: +91 22 6622 2600
Fax: +91 22 6622 2501
Email: tbz.ipo@idfc.com
Investor grievance email: complaints@idfc.com
Website: www.idfccapital.com
Contact Person: Saranya Chunduri
SEBI Registration No.: INM000011336

Avendus Capital Private Limited

5th Floor, B Quadrant
IL&FS Financial Centre
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: +91 22 6648 0050
Fax: +91 22 6648 0040
Email: tbz.ipo@avendus.com
Investor grievance email: investorgrievance@avendus.com
Website: www.avendus.com
Contact Person: Amit Kadoo
SEBI Registration No.: INM000011021

Domestic Legal Counsel to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

International Legal Counsel to the Underwriters

Dorsey and Whitney LLP
50 South Sixth Street
Suite 1500
Minneapolis, Minnesota 55402-1498
USA
Tel: +1 612 492 6172
Fax: +1 952 516 5475

Statutory Auditor to the Company

B S R and Co, Chartered Accountants
Lodha Excelus
1st floor, Apollo Mills Compound
N.M.Joshi Marg, Mahalakshmi
Mumbai 400 011
Tel: + 91 22 3989 6000
Fax: +91 22 3983 6000
Email: saggarwal@kpmg.com

Internal Auditors to the Company

RSM Astute Consulting Private Limited
309, Ahura Centre
82, Mahakali Caves Road
Andheri (East)
Mumbai 400 093
Tel.: +91 22 6696 0644
Fax: +91 22 2820 5685
Email: emails@astuteconsulting.com

Syndicate Members

Avendus Securities Private Limited

5th Floor, B Quadrant
IL&FS Financial Centre
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: +91 22 6648 0050
Fax: +91 22 6684 0040
Email: niket.parikh@avendus.com
Website: www.avendus.com
Contact Person: Niket Parikh

Reliance Securities Limited

Tech Park, 11th Floor
Nirlon Compound, Behind HUB Mall
Western Express Highway
Goregaon (East)
Mumbai 400 063
Tel: +91 22 3059 1234
Fax: +91 22 3059 1555
Email: jithesh.narayanan@relianceada.com
Website: www.reliancemoney.com
Contact Person: Jithesh Narayanan

SEBI Registration No.: INB011292639 (BSE)
INB231294639 (NSE)

SEBI Registration No.: INB231234833 (BSE)
INB011234839 (NSE)

Sharekhan Limited

10th Floor, Beta Building
Lodha iThink Techno Campus
Off Jogeshwari - Vikhroli Link Road
Opp. Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai 400 042
Tel: +91 22 6115 0000
Fax: +91 22 6748 1891
Email: pankajp@sharekhan.com
Website: www.sharekhan.com
Contact Person: Pankaj Patel
SEBI registration number: INB011073351 (BSE)
INB231073330 (NSE)

IPO Grading Agency

This Issue has been graded by CRISIL Limited as IPO Grade 3 indicating average fundamentals by its letter and grading rationale dated February 24, 2012. The IPO grade is assigned on a five-point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. The IPO grading report issued by CRISIL Limited is annexed to this Red Herring Prospectus.

Experts

Except for the report of the Auditors dated April 11, 2012 and Statement of Tax Benefits dated April 11, 2012 provided by B S R and Co. and the report of CRISIL Limited dated February 24, 2012 in respect of the IPO grading of this Issue, the Company has not obtained opinions from experts as defined in Section 59(2) of the Companies Act.

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17-24, Vithal Rao Nagar
Madhapur
Hyderabad 500 081
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: tbz.ipo@karvy.com
Website: http:\\karisma.karvy.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Bankers to the Issue and Escrow Collection Banks

HDFC Bank Ltd

Lodha, iThink Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai- 400042
Tel: + 91 22 3075 2928
Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com

State Bank of India

Capital Market Branch
Videocon Heritage Building
Charajit Rai Marg, Fort
Mumbai 400 001
Tel: + 91 22 22094932/22094927
Fax: + 91 22 22094921
E-mail: nib.11777@sbi.co.in

Axis Bank Limited

Shri Krishna Heights CHS
Upper Govind Nagar
Malad(East)
Mumbai 400 097
Tel: + 91 22 2871 0671
Fax: + 91 22 2871 0673
Email: prashantha.shetty@axisbank.com

Standard Chartered Bank

Crescenzo, 3rd Floor
C/38-39, G-Block, Opposite MCA Club
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Tel: + 91 22 26757227
Fax: + 91 22 26757358
Email: joseph.george@sc.com

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI. For details on the Designated Branches of the SCSBs which shall collect Bid cum Application Forms from the ASBA Bidders, please refer to the SEBI website (www.sebi.gov.in).

Bankers to the Company

State Bank of India
Backbay Reclamation Branch
Raheja Chambers, Free Press Journal Marg
Nariman Point
Mumbai 400 021
Tel: (91 22) 2281 9589
Fax: (91 22) 2204 3293
E-mail: sbi.01593@sbi.co.in

HDFC Bank Ltd
Maneckji Wadia Building
Ground Floor, Nanik Motwani Marg
Fort
Mumbai 400 023
Tel: (91 22) 24988484
Fax: (91 22) 24960773
E-mail: amit.sodani@hdfcbank.com

ICICI Bank Limited
ICICI Bank Towers
Bandra Kurla Complex
Mumbai 400 051
Tel: (91 22) 2653 1414
Fax: (91 22) 26531206
E-mail: jalpesh.mehta@icicibank.com

Monitoring Agency

There is no requirement to appoint a monitoring agency for the Issue, as this Issue is for an amount less than ₹ 5,000 million.

Inter-se Allocation of Responsibilities between the BRLMs

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

	Activity	Responsibility	Co-ordination
1.	Capital structuring with relative components and formalities etc.	IDFC Capital, Avendus	IDFC Capital
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing including co-ordination with Auditors for preparation of financials and	IDFC Capital, Avendus	IDFC Capital

	Activity	Responsibility	Co-ordination
	drafting and approving all statutory advertisements.		
3.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure etc.	IDFC Capital, Avendus	Avendus
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Escrow Collection Banks, Advertising Agency, IPO Grading Agency, Monitoring Agency (if required)	IDFC Capital, Avendus	Avendus
5.	Preparation of roadshow presentation and FAQs	IDFC Capital, Avendus	IDFC Capital
6.	Institutional marketing strategy: • International institutional	IDFC Capital, Avendus	IDFC Capital
7.	Institutional Marketing strategy: • Domestic institutional	IDFC Capital, Avendus	Avendus
8.	Retail/ HNI marketing strategy: • Finalise centers for holding conference for brokers etc; • Finalise media, marketing & PR Strategy; and • Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material • Finalise bidding centers	IDFC Capital, Avendus	IDFC Capital
9.	Manage the book and coordination with Stock Exchanges	IDFC Capital, Avendus	Avendus
10.	Finalisation of pricing in consultation with the Company	IDFC Capital, Avendus	IDFC Capital
11.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders, etc. The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Escrow Collection Banks. (The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company)	IDFC Capital, Avendus	Avendus

If any of these activities are handled by other intermediaries, the designated BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge these responsibilities through suitable agreements with the Company.

Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

The book building, in the context of the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band, which will be decided by the Company, in consultation with the BRLMs, and advertised at least two days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

- the Company;

- the BRLMs;
- the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
- the SCSBs;
- the Registrar to the Issue; and
- the Escrow Collection Banks.

In terms of the SEBI Regulations, where the Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with the SEBI Regulations, QIBs Bidding in the QIB Portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details, see section titled “Terms of the Issue” on page 290.

The Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue and excludes Anchor Investors.)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, *i.e.*, ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure – Who Can Bid?” on page 298);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Except for Bids on behalf of the Central or State Governments and the officials appointed by the courts and residents of Sikkim, for Bids of all values, ensure that you have mentioned your PAN (see section titled "Issue Procedure – Permanent Account Number or PAN" on page 319);

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form;

5. Bids by QIBs will only have to be submitted to the BRLMs and their affiliate Syndicate Members or SCSBs; and

6. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs except for ASBA Bids in the Specified Cities. In case of Specified Cities, ASBA Bids may either be submitted with the Designated Branches or with Syndicate or to the Syndicate Members in the Specified Cities. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs or the Syndicate Members to ensure that the Bid cum Application Form by ASBA Bidders is not rejected.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ In million)
IDFC Capital Limited Naman Chambers C-32, G-Block Bandra Kurla Complex Bandra (East) Mumbai 400 051	[●]	[●]
Avendus Capital Private Limited 5th Floor, B Quadrant IL&FS Financial Centre Bandra Kurla Complex Bandra (East) Mumbai 400 051	[●]	[●]
Avendus Securities Private Limited 5th Floor, B Quadrant IL&FS Financial Centre Bandra Kurla Complex Bandra (East) Mumbai 400 051	[●]	[●]
Reliance Securities Limited Tech Park, 11th Floor Nirlon Compound, Behind HUB Mall	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ In million)
Western Express Highway Goregaon (East) Mumbai 400 063		
Sharekhan Limited 10th Floor, Beta Building Lodha iThink Techno Campus Off Jogeshwari - Vikhroli Link Road Opp. Kanjurmarg Railway Station Kanjurmarg (East) Mumbai 400 042	[●]	[●]

The above-mentioned is indicative underwriting and this will be finalised after pricing and actual allocation.

In the opinion of the Board of Directors (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors / Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is filed with the RoC.

CAPITAL STRUCTURE

The equity share capital as of the date of this Red Herring Prospectus is set forth below:

(In ₹ except share data)

		Aggregate Value at face value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	75,000,000 Equity Shares	750,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	50,000,000 Equity Shares	500,000,000	
C	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	16,666,667 Equity Shares	166,666,670	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	Nil*	
	After the Issue	[●]	[●]
F	**EQUITY CAPITAL AFTER THE ISSUE**		
	66,666,667 Equity Shares	666,666,670	[●]

**The securities premium account was ₹340,000,000 as on September 30, 2010 which was utilised for the allotment of 34,000,000 Equity Shares issued on October 7, 2010 in the bonus issue of the Company.*

The present Issue has been authorized by the Board of Directors and the shareholders of the Company, pursuant to their resolutions dated January 4, 2011 and January 5, 2011, respectively.

Changes in the Authorised Capital

(1) The initial authorised share capital of ₹ 2,000,000 divided into 200,000 Equity Shares was increased to ₹ 20,000,000 divided into 2,000,000 Equity Shares pursuant to a resolution of the shareholders passed in an EGM held on January 8, 2008.

(2) The authorised share capital of ₹ 20,000,000 divided into 2,000,000 Equity Shares was increased to ₹ 100,000,000 divided into 10,000,000 Equity Shares pursuant to a resolution of the shareholders in an EGM held on March 19, 2008.

(3) The authorised share capital of ₹ 100,000,000 divided into 10,000,000 Equity Shares was increased to ₹ 200,000,000 divided into 20,000,000 Equity Shares pursuant to a resolution of the shareholders in an EGM held on April 4, 2008.

(4) The authorised share capital of ₹ 200,000,000 divided into 20,000,000 Equity Shares was increased to ₹ 750,000,000 divided into 75,000,000 Equity Shares pursuant to a resolution of the shareholders in an AGM held on September 30, 2010.

Notes to Capital Structure

1. Share Capital History of the Company

The following is the history of the equity share capital and securities premium account of the Company:

Date of Allotment of the Equity Shares	Number of Equity Shares	Face value (₹)	Issue price (₹)	Consideration (cash, bonus, consideration other than cash)	Cumulative No. of Equity Shares	Cumulative paid-up equity capital (₹)	Cumulative securities premium (₹)
July 24, 2007	200,000	10	10	Subscription to MoA	200,000	2,000,000	Nil
April 15, 2008*	8,800,000	10	-	Bonus issue in the ratio of 1:44	9,000,000	90,000,000	Nil
June 30, 2008	1,000,000	10	350	Issue of Equity Share against loans	10,000,000	100,000,000	340,000,000
October 7, 2010	40,000,000	10	-	Bonus issue in the ratio of 1:4	50,000,000	500,000,000	Nil

**The opening balance in Profit and Loss account as on April 1, 2008 was ₹ 108.15 million representing the balance as per audited accounts which were signed on April 11, 2008. Therefore bonus shares were issued on the basis of this balance. The restated accounts were prepared and signed on January 22, 2011 after working the restatement adjustments for partnership firm and for the Company in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The opening balance in Profit and Loss account based on restated accounts as on April 1, 2008 was ₹ 59.66 million which is after carrying out a restatement adjustments of ₹48.49 million.*

2. Equity Shares allotted for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face value (₹)	Reason	Allottees
April 15, 2008	8,800,000	10	Bonus issue in the ratio of 1:44	Shrikant Zaveri, Binaisha Zaveri, Raashi Zaveri, Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited, Super Traditional Metal Crafts (Bombay) Private Limited and Mayur Choksi jointly with Kamla Zaveri
October 7, 2010	40,000,000	10	Bonus issue in the ratio of 1:4	Shrikant Zaveri, Binaisha Zaveri, Raashi Zaveri, Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited, Mayur Choksi jointly with Kamla Zaveri and Keki Unwalla

Other than as specified above, the Company has not issued any Equity Shares for consideration other than cash.

3. History of the equity share capital held by the Promoters:

Details of the build up of the Promoters' shareholding in the Company

Date of Allotment or Transfer of the Equity Shares	Nature of Transaction	Number of Equity Shares	Face value (₹)	Issue price/ Consideration (₹)	Share capital	Nature of Consideration (cash, gift other than cash)	Cumulative number of Equity Shares	Percentage of total pre issue capital	Percentage of total post issue capital
Shrikant Zaveri									
July 24, 2007	Subscription to MoA	120,000	10	10	1,200,000	Cash	120,000	0.24	0.18
March 27, 2008	Transferred by Bindu Zaveri	19,999	10	Nil	199,990	Gift	139,999	0.28	0.21
April 15, 2008	Bonus issue in the ratio of 1:44	6,159,956	10	Nil	61,599,560	Bonus issue	6,299,955	12.60	9.45

Date of Allotment or Transfer of the Equity Shares	Nature of Transaction	Number of Equity Shares	Face value (₹)	Issue price/ Consideration (₹)	Share capital	Nature of Consideration (cash, gift other than cash)	Cumulative number of Equity Shares	Percentage of total pre issue capital	Percentage of total post issue capital
June 30, 2008	Conversion of loan to equity	828,500	10	350	8,285,000	Cash	7,128,455	14.26	10.69
July 28, 2010	Sale of Equity Shares to Keki Unwalla	(100,000)	10	10	1,000,000	Cash	7,028,455	14.06	10.54
August 26, 2010	Purchase of Equity Shares from Super Traditional Metal Crafts (Bombay) Private Limited	360,000	10	70	3,600,000	Cash	7,388,455	14.78	11.08
October 7, 2010	Bonus issue in the ratio of 1:4	29,553,820	10	Nil	295,538,200	Bonus issue	36,942,275	73.88	55.41
October 11, 2010	Sale of shares to Parinda Bajaj	(150,000)	10	10	1,500,000	Cash	36,792,275	73.58	55.19
November 22, 2010	Sale of shares to Mayur Choksi	(25,000)	10	10	250,000	Cash	36,767,275	73.53	55.15
November 22, 2010	Sale of shares to Rajeev Sagar	(25,000)	10	10	250,000	Cash	36,742,275	73.48	55.11
April 30, 2011	Purchase of Equity Shares from Parinda Bajaj	150,000	10	20	1,500,000	Cash	36,892,275	73.78	55.34
August 10, 2011	Transfer of Equity Shares to Bindu Zaveri jointly with Shrikant Zaveri	(3,500,000)	10	Nil	35,000,000	Gift	33,392,275	66.78	50.09
Binaisha Zaveri									
July 24, 2007	Subscription to MoA	20,000	10	10	200,000	Cash	20,000	0.04	0.03
April 15, 2008	Bonus issue in the ratio of 1:44	880,000	10	Nil	8,800,000	Bonus issue	900,000	1.80	1.35
June 30, 2008	Conversion of loan to equity	157,000	10	350	1,570,000	Cash	1,057,000	2.11	1.59
October 7, 2010	Bonus issue in the ratio of 1:4	4,228,000	10	Nil	42,280,000	Bonus issue	5,285,000	10.57	7.93
Raashi Zaveri									
July 24, 2007	Subscription to MoA	20,000	10	10	200,000	Cash	20,000	0.04	0.03
April 15, 2008	Bonus issue in the ratio of 1:44	880,000	10	Nil	8,800,000	Bonus issue	900,000	1.80	1.35
June 30, 2008	Conversion of loan to equity	14,500	10	350	145,000	Cash	914,500	1.83	1.37
October 7, 2010	Bonus issue in the ratio of 1:4	3,658,000	10	Nil	36,580,000	Bonus issue	4,572,500	9.15	6.86

None of the Equity Shares held by the Promoters have been pledged by them as of the date of this Red Herring Prospectus.

All pre-Issue Equity Shares were fully paid-up at the time of allotment of the Equity Shares.

4. **Details of Promoter's Contribution and Lock-in:**

The Equity Shares, which are being locked-in, are eligible for computation of Promoters' contribution under the SEBI Regulations. Equity Shares offered by the Promoters for the minimum Promoters' contribution are not subject to pledge.

(a) Details of Promoters' contribution locked-in for three years

Pursuant to the SEBI Regulations, an aggregate of 20% of the fully diluted post-Issue capital of the Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of the Equity Shares in the Issue. The details of such lock-in are set forth in the table below:

Date Of acquisition And allotment	Nature of Allotment/Transfer	Nature of consideration	No. of Equity Shares locked- in	Face value	Issue/Acquisition Price (₹)	Percentage of Post-Issue Paid-up Capital[#]
Shrikant Zaveri						
October 7, 2010	Bonus issue	Bonus issue in the ratio of 1:4*	10,545,730	10	-	15.82
Binaisha Zaveri						
October 7, 2010	Bonus issue	Bonus issue in the ratio of 1:4*	1,516,895	10	-	2.28
Raashi Zaveri						
October 7, 2010	Bonus issue	Bonus issue in the ratio of 1:4*	1,312,395	10	-	1.97
Total			**13,375,020**			**20.06**

**The bonus Equity Shares have not been issued out of revaluation reserves or reserves created without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoters' contribution.*

[#]The percentages are calculated on the present share capital of the Company. The promoter contribution in relation to the three year lock-in is 20% of the post Issue capital including 208,433 options granted, by the Company to its employees, which have not vested as at the date of this Red Herring Prospectus.

The minimum Promoter's contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as Promoter under the SEBI Regulations. The Promoters have through letters dated April 10, 2012 granted specific written consent for the lock-in of 20.06% of the post-Issue paid-up Equity Share capital of the Company, held by them, for three years from the date of Allotment.

***(b)	Details of pre-Issue Equity Share capital locked-in for one year***

In addition to 20.06% of the post-Issue shareholding of the Company held by the Promoters and locked in for three years as specified above, the balance pre-Issue share capital of the Company will be locked in for a period of one year from the date of Allotment in this Issue.

***(c)	Other Requirements in respect of lock-in***

The Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in, in the hands of the transferees for the remaining period and compliance with the Takeover Regulations as applicable.

Equity Shares held by the Promoters can be transferred to and amongst the Promoters or any person of the Promoter Group or to a new promoter or person in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations as applicable.

The Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares can be created when the loan has been granted by such banks or financial institutions for financing one or more of the objects of the Issue and pledge of Equity Shares is one of the terms of sanction of the loan.

The Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that pledge of Equity Shares is one of the terms of sanction of the loan.

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

5. The shareholding pattern of the Company

The table below presents the shareholding pattern of the Company before the proposed Issue and as adjusted for the Issue:

Category of Shareholder	No. of Shareholders	Pre-Issue Shareholding				Post – Issue Shareholding#			Shares pledged or otherwise encumbered	
		Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Total No. of Shares	Total Shareholding as a % of total No. of Shares		Number of shares	As a % of Total No. of Shares
				As a % of (A+B)	As a % of (A+B+C)		As a % of (A+B)	As a % of (A+B+C)		
(A) Shareholding of Promoter and Promoter Group										
(1) Indian										
Individuals / Hindu Undivided Family	4	46,749,775	46,749,775	93.50	93.50	46,749,775	70.12	70.12	0	0.00
Central Government/ State Governments	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Bodies Corporate	2	2,700,000	2,700,000	5.40	5.40	2,700,000	4.05	4.05	0	0.00
Financial Institutions/ Banks	0	0	0	0.00	0	0.00	0	0.00	0	0.00
Any other (specify)	0	0	0	0.00	0	0.00	0	0.00	0	0.00
Sub Total	**6**	**49,449,775**	**49,449,775**	**98.90**	**98.90**	**49,449,775**	74.17	74.17	**0**	0.00
(2) Foreign										
Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Bodies Corporate	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Institutions	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Any other (specify)	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Sub Total	0	0	0	0.00	0.00	0	0.00	0.00	0	0.00
Total shareholding of Promoter and Promoter Group (A)	**6**	**49,449,775**	**49,449,775**	**98.90**	**98.90**	**49,449,775**	74.17	74.17	**0**	**0.00**
(B) Public Shareholding										
(1) Institutions										
Mutual Funds / UTI	0	0	0	0.00	0.00				0	0.00
Financial Institutions / Banks	0	0	0	0.00	0.00				0	0.00
Central Government / State Government(s)	0	0	0	0.00	0.00				0	0.00
Venture Capital Funds	0	0	0	0.00	0.00				0	0.00
Insurance Companies	0	0	0	0.00	0.00				0	0.00
Foreign Institutional Investors	0	0	0	0.00	0.00				0	0.00
Foreign Venture Capital Investors	0	0	0	0.00	0.00				0	0.00
Any other (specify)	0	0	0	0.00	0.00				0	0.00
Sub Total	0	0	0	0.00	0.00				0	0.00
(2) Non-Institutions										
Bodies Corporate	0	0	0	0.00	0.00				0	0.00

Category of Shareholder	No. of Shareholders	Pre-Issue Shareholding				Post – Issue Shareholding[#]			Shares pledged or otherwise encumbered	
		Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Total No. of Shares	Total Shareholding as a % of total No. of Shares		Number of shares	As a % of Total No. of Shares
				As a % of (A+B)	As a % of (A+B+C)		As a % of (A+B)	As a % of (A+B+C)		
Individuals										
Individual shareholders holding nominal share capital up to ₹ 1 lakh	1	225	0	0.00	0.00				0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3	550,000	550,000	1.10	1.10				0	0.00
Any Others (Specify)										
Non Resident Indians	0	0	0	0.00	0.00				0	0.00
Trusts	0	0	0	0.00	0.00				0	0.00
Clearing Members	0	0	0	0.00	0.00				0	0.00
Overseas Corporate Bodies	0	0	0	0.00	0.00				0	0.00
Foreign Corporate Bodies	0	0	0	0.00	0.00				0	0.00
Foreign Nationals	0	0	0	0.00	0.00				0	0.00
Sub Total	**4**	**550,225**	**550,000**	**1.10**	**1.10**				**0**	**0.00**
Total Public shareholding (B)	**4**	**550,225**	**550,000**	**1.10**	**1.10**	**17,216,892**[##]	**25.83**	**25.83**	**0**	**0.00**
Total (A)+(B)	**10**	**50,000,000**	**49,999,775**	**100.00**	**100.00**	**66,666,667**	**100.00**	**100.00**	**0**	**0.00**
(C) Shares held by custodians and against which Depository Receipts have been issued										
(1) Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00	0.00	0	**0.00**
(2) Public	0	0	0	0.00	0.00	0	0.00	0.00	0	**0.00**
Total (A)+(B)+(C)	**10**	**50,000,000**	**49,999,775**	**100.00**	**100.00**	**66,666,667**	**100.00**	**100.00**	**0**	**0.00**

[#]Based on the assumption that non-Promoter Group shareholders do not apply for, and are not Allotted Equity Shares in terms of the Issue. None of the Promoters and Promoter Group will participate in the Issue.

[##]Including 16,666,667 Equity Shares to be issued and allotted pursuant to the Issue.

The public shareholders on an aggregate basis hold more than 1% of the pre-Issue capital of our Company. However, except for Keki Unwalla, who holds 500,000 Equity Shares constituting 1% of the pre-Issue capital of the Company, no individual shareholder holds more than 1% of the pre-Issue capital of the Company.

6. Top 10 Shareholders:

The list of top 10 shareholders of the Company and the number of Equity Shares held by them is as under:

(a) As on the date of this Red Herring Prospectus:

Shareholder	No. of Equity Shares held	Percentage of pre-Issue shareholding	Percentage of post-Issue shareholding
Shrikant Zaveri	33,392,275	66.78	50.09
Binaisha Zaveri	5,285,000	10.57	7.93

Shareholder	No. of Equity Shares held	Percentage of pre-Issue shareholding	Percentage of post-Issue shareholding
Raashi Zaveri	4,572,500	9.15	6.86
Bindu Zaveri jointly with Shrikant Zaveri	3,500,000	7.00	5.25
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	1,350,000	2.70	2.02
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	1,350,000	2.70	2.02
Keki Unwalla	500,000	1.00	0.75
Mayur Choksi	25,000	0.05	0.04
Rajeev Sagar	25,000	0.05	0.04
Mayur Choksi jointly with Kamla Zaveri	225	0.00	0.00

(b) As of 10 days prior to the date of this Red Herring Prospectus *i.e.* April 2, 2012:

Shareholder	No. of Equity Shares held	Percentage
Shrikant Zaveri	33,392,275	66.78
Binaisha Zaveri	5,285,000	10.57
Raashi Zaveri	4,572,500	9.15
Bindu Zaveri jointly with Shrikant Zaveri	3,500,000	7.00
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	1,350,000	2.70
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	1,350,000	2.70
Keki Unwalla	500,000	1.00
Mayur Choksi	25,000	0.05
Rajeev Sagar	25,000	0.05
Mayur Choksi jointly with Kamla Zaveri	225	0.00

(c) Two years prior to the date of this Red Herring Prospectus *i.e.*, April 12, 2010:

Shareholder	No. of Equity Shares held	Percentage
Shrikant Zaveri	7,128,455	71.28
Binaisha Zaveri	1,057,000	10.57
Raashi Zaveri	914,500	9.15
Super Traditional Metal Crafts (Bombay) Private Limited	360,000	3.60
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	270,000	2.70
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	270,000	2.70
Mayur Choksi jointly with Kamla Zaveri	45	0.00

7. Employee Stock Option Plan ("ESOP")

TBZ ESOP Scheme 2011

The Company adopted the TBZ ESOP Scheme 2011 on January 11, 2011, pursuant to the Board and shareholders' resolutions dated January 11, 2011 and January 12, 2011, respectively. The purpose of TBZ ESOP Scheme 2011 is to reward the employees, to enable them to participate in the Company's growth and incentivise their performance.

The Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity Shares of face value ₹ 10 each, which represents 0.42% of the pre-Issue paid up equity capital of the Company and 0.31% of the fully diluted post-Issue paid up capital of the Company. The following table sets forth the particulars of the options granted under TBZ ESOP Scheme 2011 as of the date of the Red Herring Prospectus:

Particulars	Details
Options granted	111,309
The pricing formula	Under the scheme, all the options were granted prior to the listing of the Equity Shares of the Company. These options were granted at a discount to the annual valuation
Exercise price of options	₹ 149.93
Total options vested	Nil
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options already granted	111,309
Options forfeited/lapsed/cancelled	-
Variation in terms of options	Nil
Money realised by exercise of options	Nil
Options outstanding (in force)	111,309
Person wise details of options granted to	
(i) Directors and key management employees	Please see Note 1 below
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see Note 2 below
(iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS on a pre-Issue basis on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	Not applicable
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value of options and impact of this difference on profits and EPS of the Company	Not applicable
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	₹149.93
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Not applicable
Vesting schedule	33.33% equally over a period of three years
Lock-in	NA
Impact on profits of the last three years	Not applicable
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	Please see Note A below
Intention to sell Equity Shares arising out of the exercise of options granted	Nil

Particulars	Details
within three months after the listing of Equity Shares by directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

Note 1: Details regarding options granted to Directors and key management personnel are set forth below:

Name of director/ key management personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
R.K. Nagarkar	33,172	Nil	33,172	Nil
Prem Hinduja	19,657	Nil	19,657	Nil
Divyesh Shah	17,200	Nil	17,200	Nil
Akash Jain	17,200	Nil	17,200	Nil
Kiran Dixit	10,320	Nil	10,320	Nil

Note 2: Employees who received a grant in any one year of options amounting to 5% or more of the options granted during the year

Name of director/ key management personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
Hiten Mastram	7,863	Nil	7,863	Nil
Jigna Vyas	5,897	Nil	5,897	Nil

The following table sets forth the particulars of the restricted stock units granted under TBZ ESOP Scheme 2011 as of the date of the Red Herring Prospectus:

Particulars	Details
Restricted stock units granted	97,124
The pricing formula	Face Value of the Equity Share
Exercise price of restricted stock units	₹ 10
Total restricted stock units vested	Nil
Restricted stock units exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of restricted stock units already granted	97,124
Restricted stock units forfeited/lapsed/cancelled	-
Variation in terms of restricted stock units	Nil
Money realised by exercise of restricted stock units	Nil
Restricted stock units outstanding (in force)	97,124
Person wise details of restricted stock units granted to	
(i) Directors and key management employees	Please see Note 1 below
(ii) Any other employee who received a grant in any one year of restricted stock units amounting to 5% or more of the restricted stock units granted during the year	Please see Note 2
(iii) Identified employees who are granted restricted stock units, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS on a pre-Issue basis on exercise of restricted stock units calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	Not applicable

Particulars	Details
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value of options and impact of this difference on profits and EPS of the Company	Not applicable
Weighted-average exercise prices and weighted-average fair values of restricted stock units shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	₹10
Description of the method and significant assumptions used during the year to estimate the fair values of restricted stock units, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the restricted stock units	Not applicable
Vesting schedule	33.33% equally over a period of three years*
Lock-in	Nil
Impact on profits of the last three years	Not applicable
Intention of the holders of Equity Shares allotted on exercise of restricted stock units to sell their shares within three months after the listing of Equity Shares pursuant to the Issue	Please see Note A below
Intention to sell Equity Shares arising out of the exercise of restricted stock unit granted within three months after the listing of Equity Shares by directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil

** In respect of restricted stock units granted to R.K. Nagarkar and Prem Hinduja, two-thirds of the restricted stock options so granted and outstanding under this scheme shall vest at the end of the first year and the remaining one-third shall vest at the end of the third year.*

Note 1: Details regarding restricted stock units granted to Directors and key management personnel are set forth below:

Name of director/ key management personnel	Total No. of restricted stock units granted	No. of restricted stock units exercised	Total No. of restricted stock units outstanding	No. of Equity Shares held
R.K. Nagarkar	28,944	Nil	28,944	Nil
Prem Hinduja	17,152	Nil	17,152	Nil
Divyesh Shah	15,008	Nil	15,008	Nil
Akash Jain	15,008	Nil	15,008	Nil
Kiran Dixit	9,005	Nil	9,005	Nil

Note 2: Employees who received a grant in any one year of restricted stock units amounting to 5% or more of the restricted stock units granted during the year

Name of director/ key management personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
Hiten Mastram	6,861	Nil	6,861	Nil
Jigna Vyas	5,146	Nil	5,146	Nil

Note A:

The Directors, key management personnel and employees holding Equity Shares at the time of listing of the Equity Shares in this Issue, do not intend to sell Equity Shares arising out of the exercise of options granted under the TBZ ESOP Scheme 2011 within a period of three months from the date of listing of the Equity

Shares in this Issue.

The options and the restricted stock units issued to the employees and Directors of the Company under the TBZ ESOP Scheme 2011 are in compliance with the SEBI (Employee Stock Option Scheme and Employee Purchase Scheme) Guidelines, 1999.

8. The Company, the Promoters, the Directors and the BRLMs have not entered into any buy-back arrangements and/ or safety net facility for the purchase of Equity Shares from any person.

9. Except as stated in the sections titled "Capital Structure" and "Management" on pages 62 and 132, none of the Directors or the key management personnel hold any Equity Shares in the Company.

10. The Company has not issued any Equity Shares, during the preceding one year, at a price lower than the Issue Price.

11. None of the Promoters, Promoter Group, the Directors and their immediate relatives, have purchased or sold any Equity Shares during a period of six months preceding the date on which this Red Herring Prospectus has been filed with the RoC.

12. No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

13. Except as disclosed in this section, none of our Promoters, Promoter Group or our Directors have purchased/subscribed or sold any securities of our Company within three years immediately preceding the date of registering the Red Herring Prospectus with the RoC which in aggregate is equal to or greater than 1% of pre- issue capital of our Company.

14. Not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in any of the aforesaid categories would be allowed to be met with spill over from any other category at the discretion of the Company, the BRLMs, in consultation with the Designated Stock Exchange.

15. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

16. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum Allotment lot.

17. The Company has not raised any bridge loan against the proceeds of the Issue. For details on the use of proceeds, see section titled "Objects of the Issue" on page 74.

18. Other than the 111,309 options and 97,124 restricted stock units granted under the ESOP convertible into 208,433 Equity Shares, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.

19. Subject to the grant of options and the restricted stock units pursuant to the ESOP and any conversion of options or the restricted stock units, there will be no further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.

20. Subject to the grant of options and the restricted stock units pursuant to the ESOP and any conversion of options or the restricted stock units, the Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of

the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise. However, if the Company enters into acquisitions, joint ventures or other arrangements, the Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

21. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

22. None of the Promoters or the Promoter Group will participate in the Issue.

23. The Company has 10 members as of the date of this Red Herring Prospectus.

24. The Company has not issued any Equity Shares out of revaluation reserves.

25. All Equity Shares will be fully paid-up at the time of Allotment failing which no Allotment shall be made.

26. There have been no financial arrangements whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of the business of the financing entity during a period of six months preceding the date of this Red Herring Prospectus.

27. The BRLMs or associates of the BRLMs do not hold any Equity Shares in the Company.

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting the Issue related expenses ("**Net Proceeds**") are estimated to be approximately ₹ [●].

The Company intends to utilise the Net Proceeds for the following objects:

1. To finance the establishment of new showrooms;

2. To finance incremental working capital requirements; and

3. General corporate purposes.

The details of the Issue Proceeds are summarised in the table below:

(In ₹ million)

Particulars	Amount
Issue Proceeds	[●][1]
Less: Issue related expenses	[●][1]
Net Proceeds	[●][1]

[1] *To be finalised upon determination of the Issue Price.*

The main objects and objects incidental and ancillary to the main objects set out in its Memorandum of Association enable the Company to undertake its existing activities and the activities for which the funds are being raised through this Issue.

Means of Finance

The entire requirement of funds towards the objects of the Issue, other than working capital requirements, will be met from the Net Proceeds. The working capital requirements will be met through the Net Proceeds (to the extent of ₹ 1,604.49 million), the working capital loans from banks and internal accruals.

Utilisation of the Net Proceeds

The Net Proceeds will be utilised in accordance with the table set forth below:

(In ₹ million)

S. No.	Particulars	Amount
1.	To finance the establishment of new showrooms	191.94
2.	To meet incremental working capital requirements	1,604.49
3.	General corporate purposes	[●][1]

[1] *To be finalised upon determination of the Issue Price.*

The entire Net Proceeds will be utilised during Fiscal Year 2013.

The above mentioned requirements and deployment of funds are based on internal management estimates and have not been appraised by any bank or financial institution. The Company may have to revise its expenditure and fund requirements as a result of changes in external factors, which may not be within the control of its management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of its management.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue.

The Company operates in a highly competitive and dynamic market, and may have to revise its estimates from time to time on account of market conditions including any industry consolidation initiatives, such as potential acquisition opportunities. In the event the estimated utilisation of the Net Proceeds in a Fiscal Year is not completely met, the same shall be utilised in the next Fiscal Year.

In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects of the Issue, the Company may explore a range of options including its internal accruals and seeking additional debt from existing and future lenders. The Company believes that such alternate arrangements would be available to fund any such shortfalls.

Other than the part of the incremental working capital requirements that will be met through funding from banks and internal accruals, the entire requirements of the objects of the Issue detailed above are intended to be funded through the Net Proceeds. The Company has made firm arrangements of finance through verifiable means towards 75% of the stated means of finance for meeting the incremental working capital requirements. In respect of the other objects of this Issue, there is no requirement for the Company to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals.

The following table details the schedule of utilisation of the Net Proceeds:

(In ₹ million)

S. No.	Particulars	Fiscal 2013 Amount
1.	To finance the establishment of new showrooms	191.94
2.	To meet incremental working capital requirements	1,604.49
3.	General corporate purposes	[●](1)
	Total	[●]

(1) *To be finalised upon determination of the Issue Price.*

Details of the Objects

1. Finance the establishment of new showrooms

The Company classifies showrooms which have a carpet area of 3,000 sq. ft. or more as large format high street showrooms. As a part of its strategy, the Company plans to open nine new "large format" high street showrooms under the Tribhovandas Bhimji Zaveri brand during the Fiscal Year 2013 and towards this object, the Company intends to deploy an amount aggregating to ₹ 191.94 million. The Company has identified the eight cities for the establishment of nine new showrooms in Fiscal 2013, one each in Aurangabad, Gandhidham, Hyderabad, Nagpur, Vadodara, Valsad, Visakhapatnam and two in Kolkata.

The premises for the new large format high street showrooms will be taken on lease or on the basis of leave and licence agreements. The estimated cost of establishment of such showrooms is given in the table below:

Particulars	Number of Large format high street showroom	Cost of establishment (in ₹ million)		
		Capital Expenditure(1)	Advance rental deposits(2)	Total
Large format high street showroom	9	154.24	37.70	**191.94**

(1) *Capital expenditure towards establishment of a large format high street showroom has been estimated at an average carpet area of 3,500 sq. ft. per showroom. The details of the estimated capital expenditure to be incurred towards setting up of one large format high street showroom have been set forth below in " – Methodology for Computation of Cost Estimates".*

(2) *The Company has not entered in to lease/leave and licence agreements in respect of any of the proposed locations of the new large format high street showrooms. The amount set out as advance rental deposits are included on the basis of Company estimates and are calculated in the manner set forth below in " – Methodology for Computation of Cost Estimates".*

Methodology for Computation of Cost Estimates

The cost of establishment of a large format high street showroom includes the capital expenditure towards the establishment of a store and the advance to be paid as deposit to the lessor/licensor.

The details of the capital expenditure towards establishment of a large format high street showroom of an average carpet area of 3,500 sq. ft. have been set forth in the table below. These cost estimates have been made on the basis of the quotations received from various suppliers/service providers and the management's past experience of setting up similar-sized showrooms.

S. No.	Particulars	Cost (in ₹)	Basis of cost estimation
1.	Architect	525,000	Letter dated November 22, 2011 from Sondagar Associates
2.	Civil Work, Furniture & Fixtures, POP, Painting, Plumbing & Other Miscellaneous works	48,81,838	Quotation dated January 17, 2012 from Shree Sai Interior
3.	Modular furniture, Jokham boxes and ACP Cladding	38,97,500	Quotation dated January 13, 2012 from Prism Modular Systems
4.	Electrical installations & Panelling	21,52,845	Quotation dated December 28, 2011 from K. N. Enterprises
5.	Display material	440,450	Quotation dated December 5, 2011 from Subh Plastics Private Limited
6.	Chairs	277,087	Quotation dated January 8, 2012 from Charmi Enterprises
7.	Air-conditioning of showrooms including purchase of air conditioners	15,75,461	Quotation dated January 27, 2012 from Cool Air Systems
8.	Purchase of weighing machines	76,000	Quotation dated January 12, 2012 from Champion Scales
9.	Gold purity testing machine	675,000	Quotation dated January 30, 2012 from Ashlyin Chemunnor
10.	Gold melting machine	126,000	Quotation dated February 1, 2012 Vapson Jewellery Equipments Private Limited
11.	Barcode scanner, Rack, Computers	142,650	Quotation dated February 2, 2012 from Modera Electronics
12.	Sonicwall Firewall	45,500	Quotation dated January 21, 2012 from Network Techlab
13.	UPS	127,500	Quotation dated January 27, 2012 from Network Techlab
14.	Wyse Thin Client	57,500	Quotation dated January 24, 2012 from Network Techlab
15.	Safe door	173,978	Quotation dated February 6, 2012 from Gunnebo India Limited
16.	Security Systems	63,037	Quotation dated January 12, 2012 from Vallabh Enterprises
17.	Signage lettering	260,250	Quotation dated January 30, 2012 from Omkar Arts
18.	Camera and DVR	580,800	Quotation dated January 25, 2012 from Sanjay Telecom
19.	Other miscellaneous items and expenses(1)	1,059,418	Various suppliers
TOTAL		**17,137,814**	

(1) *These include products essential for the day-to-day functioning of the store such as computers, copier machines, water pumps, water dispenser and purifier, steam cleaning machine, fire extinguisher, generator, cleaning products and refrigerator. All these products will be purchased at prevailing*

market prices, and cost estimated at current market price. This also includes estimates of conveyance, stay and other miscellaneous expenses incurred towards establishment of a showroom.

The advance rental deposits have been estimated as the six months rent payable on similar-sized properties in similar locations in the relevant city. Typically, the firm arrangements for establishing stores are tied up only a few months before actual store launch.

2. Meet incremental working capital requirements

The Company's business is working capital intensive and the Company avails majority of its working capital in the ordinary course of its business from various banks and from its internal accruals. As on December 31, 2011, the Company's working capital funding from banks is of ₹ 1,908.23 million.

The total working capital requirement as of March 31, 2013 is estimated to be ₹ 5,875.62 million. As of the date of this Red Herring Prospectus, the Company was sanctioned working capital facility for an amount of ₹ 1,400.00 million and ₹ 480.00 million from State Bank of India and HDFC Bank Limited respectively, aggregating to ₹ 1,880.00 million. The working capital funding from banks as of December 31, 2011, including cheques issued but not presented, is ₹ 1,908.23 million.

75% of the total working capital funding from the banks as of March 31, 2013 amounts to ₹ 1,867.55 million. Based on the above sanctioned credit facility of ₹ 1,880.00 million, the Company has firm arrangements for more than 75% of the working capital requirements from banks. For further details of the working capital facilities currently availed by the Company, see section titled "Financial Indebtedness" on page 263.

The Company requires additional working capital primarily for financing the inventory in the new showrooms that it is proposing to set up pursuant to this Issue.

Basis of estimation of working capital requirement

The details of the Company's working capital requirements as at December 31, 2011 and funding of the same are as set out in the table below:

Sr. No.	Particulars	As at December 31, 2011 (in ₹ million)
I.	***Current Assets***	
1.	Inventories	5,078.28
2.	Trade receivables	53.64
3.	Cash and cash equivalents	192.01
4.	Short-term loans and advances	61.16
5.	Other current assets	44.53
	Total current assets (A)	**5,429.62**
II.	***Current Liabilities (other than short term borrowings)***	
1.	Trade payables	1,141.02
2.	Other current liabilities	1,033.91
3.	Short-term provisions	193.14
	Total current liabilities other than short-term borrowings (B)	**2,368.07**
III.	**Total Working Capital Requirements (A - B)**	**3,061.55**
IV.	**Funding Pattern**	
1.	Working capital funding from banks	1,908.23
2.	Internal accruals	1,153.32

The details of the Company's expected working capital requirements as at March 31, 2013 and funding of the same are as set out in the table below:

Sr. No.	Particulars	As at March 31, 2013 (in ₹ million)
I.	***Current Assets***	
1.	Inventories	7,000.64
2.	Trade receivables	63.80
3.	Cash and cash equivalents	127.60
4.	Short-term loans and advances	191.40
	Total current assets (A)	**7,383.45**
II.	***Current Liabilities (other than short-term borrowings) (B)***	**1,507.83**
III.	**Total Working Capital Requirements (A - B)**	**5,875.62**
IV.	**Proposed Funding Pattern**	
1.	Working capital funding from banks	2,490.07
2.	Internal accruals	1,781.06
3.	Part of the Net Proceeds	1,604.49

Assumptions for working capital requirements

Particulars	Number of days outstanding
Inventories	130
Trade receivables	1
Cash and cash equivalents	2
Short-term loans & Advances	3
Current Liabilities other than short-term borrowings	26

Note: While the trade receivables, cash and cash equivalents and short-term loans and advances are in terms of number of days of 'Sales', the other parameters namely inventories and current liabilities other than short-term borrowings are in terms number of days of 'cost of sales'.

3. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating ₹ [●] million for general corporate purposes, including but not restricted to, buying out the property where any of our leasehold showrooms are located, setting up of new offices or renovation of existing offices, brand building exercises and strengthening our marketing network and capability and otherwise meeting the exigencies faced in the ordinary course of business, or any other purposes as approved by the Board.

Issue Expenses

The estimated Issue related expenses are as follows:

(*in ₹ million*)

Particulars	Amount(1)	As a percentage of total expenses(1)	As a percentage of Issue size(1)
Lead management fee, underwriting and selling commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (including legal fees, listing fee, Registrar's fee)	[●]	[●]	[●]
Total	[●]	[●]	[●]

(1)*Will be incorporated after finalisation of Issue Price*

Deployment of funds

No amounts have been deployed towards objects of the Issue as on date of this Red Herring Prospectus.

Source of Financing of funds already deployed

Since no amount has been deployed towards the objects of the Issue, there are no bridge loans or other financial arrangements, which may be repaid from the proceeds of this Issue.

Interim use of Net Proceeds

Our Company, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in quality interest bearing liquid instruments including deposits with banks and other debt securities. Such investments would be in accordance with the business and investment policies approved by the Board of Directors.

Monitoring of Utilization of Funds

Our Audit Committee and our Board of Directors will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details for such Net Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to the Issue.

Pursuant to Clause 49 of the Listing Agreement, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Furthermore, in accordance with Clause 43A of the Listing Agreement our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Net Proceeds will be paid by the Company as consideration to its Promoters, its Directors, the Company's key management personnel or Group Companies except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares being offered through the Book Building Process. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe that we have the following principal competitive strengths:

- Long history and strong brand name;
- Design, innovation and product range;
- Well-established systems and procedures;
- Experience in expanding retail store network;
- In-house manufacturing facilities enabling frequent quality control tests;
- Competitive advantage through diversified supplies base and centralised procurement; and
- Experienced management.

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, see sections titled "Risk Factors" and "Business - Strengths" on pages 11 and 112, respectively.

Quantitative Factors

1. ***Basic and Diluted Earnings per share (EPS)- Standalone***

Period ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2011	8.08	8.07	3
March 31, 2010	3.39	3.39	2
March 31, 2009	2.14	2.14	1
Weighted Average	5.53	5.52	
December 31, 2011#	10.10	10.08	

 # Not annualized

Basic and Diluted Earnings per share (EPS)- Consolidated

Period ended	Basic EPS (₹)	Diluted EPS (₹)
March 31, 2011	8.00	8.00
March 31, 2010	3.38	3.38
December 31, 2011#	10.06	10.04

 # Not annualized

Note:

(i) Basic/Diluted Earnings per Share (₹) = Net profit after tax as adjusted divided by the number of equity shares.

(ii) The earnings per share has been calculated on the basis of the restated profits and losses of the respective years.

(iii) The denominator considered for the purpose of calculating the earnings per share is the weighted average number of Equity Shares outstanding during the year adjusted for the bonus issue on

October 7, 2010.

(iv) The earnings per share (basic and diluted) have been computed based on the total number of shares considering the bonus issued on April 4, 2008 and October 7, 2010 in accordance with the requirement of Accounting Standard- 20 “Earnings per share”.

(v) The face value of the Equity Share is ₹ 10.

2. ***Price Earning (P/E) Ratio in relation to the Issue Price of ₹ [●] per Equity Share of ₹ 10 each:***

Standalone: [●]

Consolidated: [●]

Price Earning (P/E) Ratio in relation to the Floor Price and Cap Price:

Sr. No.	***Particulars***	***Consolidated***	***Standalone***
1.	P/E ratio on the Basic EPS for the year ended March 31, 2011 at the Floor Price	[●]	[●]
2.	P/E ratio on the Diluted EPS for the year ended March 31, 2011 at the Floor Price	[●]	[●]
3.	P/E ratio on the Basic EPS for the year ended March 31, 2011 at the Cap Price	[●]	[●]
4.	P/E ratio on the Diluted EPS for the year ended March 31, 2011 at the Cap Price	[●]	[●]

Industry P/E*

	P/E Ratio	***Name of the company***	***Face value of equity shares (₹)***
Highest	50.37	Titan Industries Limited	1.0
Lowest	7.63	Thangamayil Jewellery Limited	10.0
Average	24.10		

Source: BSE and annual reports of the companies

**Industry comprises of Titan Industries Limited, Gitanjali Gems and Jewellery Limited and Thangamayil Jewellery Limited, P/E based on closing price of April 10, 2012 on BSE and the net profits of Fiscal 2011 (standalone).*

3. ***Return on Networth*# (RoNW) - Standalone***

Period ended	**RoNW (%)**	**Weight**
March 31, 2011	36.78	3
March 31, 2010	24.74	2
March 31, 2009	20.25	1
Weighted Average	30.01	
December 31, 2011#	31.44	

 # Not annualized

**# Return on Networth = Profit after tax as restated/Networth at the end of the period (excluding preference share capital)*

4. ***Return on Networth*** $^{*\#}$ ***(RoNW) – Consolidated***

Period ended	RoNW (%)
March 31, 2011	36.55
March 31, 2010	24.71
December 31, 2011#	31.37

 # Not annualized

**# Return on Networth = Profit after tax as restated/Networth at the end of the year (excluding preference share capital)*

5. *Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue Basic EPS for the year ended March 31, 2011 is [●]*

6. ***Net Asset Value***

NAV (Consolidated) as at March 31, 2011	: ₹ 21.90 per Equity Share
NAV (Standalone) as at March 31, 2011	: ₹ 21.98 per Equity Share
NAV (Consolidated) as at December 31, 2011	: ₹ 32.08 per Equity Share
NAV (Standalone) as at December 31, 2011	: ₹ 32.13 per Equity Share
Issue Price	: ₹ [●] per Equity Share
NAV (Consolidated) after the Issue	: ₹ [●] per Equity Share
NAV (Standalone) after the Issue	: ₹ [●] per Equity Share

Note:

(i) Net Asset Value per Equity Share (₹) = Net worth as per statement of adjusted assets and liabilities divided by the number of Equity Shares adjusted for the bonus issue on October 7, 2010.

7. ***Comparison with other listed companies***

We are a jewellery retailing company, primarily into gold and diamond studded jewellery, with own manufacturing facility for diamond-studded jewellery. We sell only through our showrooms in India. We face competition from few organised players and large number of small unorganised players who capture 90% of the market. However, currently there is no strictly comparable listed entity in India having similar business operations. The differences are largely of product mix, markets and sourcing.

However, we believe the following companies can be compared considering their size and business operations:

	Diluted EPS as of March 31, 2011 (₹)	**P/E Ratio**	**RoNW (%)**	**NAV per Equity Share (₹)**	**Sales (₹ in million)**
Tribhovandas Bhimji Zaveri Limited	8.07	[●]	36.78	21.98	11,939.31
Peers					
Titan Industries Limited*	96.96	50.37	41.98	231.00	65,208.95
Gitanjali Gems Limited	22.84	14.29	10.03	265.88	51,224.72
Thangamayil Jewellery Limited	22.84	7.63	31.90	71.58	6,582.62

Source: *BSE and the annual reports of the companies*

P/E based on closing price of April 10, 2012 on BSE and the standalone net profits of Fiscal 2011.

All figures are on standalone basis

**P/E for Titan Industries Limited is adjusted for the 1:1 bonus and stock split from ₹ 10 per share to ₹ 1 per share on June 24, 2011*

The Issue Price of ₹ [●] has been determined by the Company, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. For further details, see section titled "Risk Factors" on page 11 and the financials of the Company including important profitability and return ratios, as set out in the section titled "Financial Statements" on page 156.

STATEMENT OF TAX BENEFITS

The Board of Directors
Tribhovandas Bhimji Zaveri Limited
241/243, Zaveri Bazar,
Mumbai 400 002

Dear Sirs,

We hereby report that the enclosed ***Annexure*** outlines **Tax Benefits** generally available to the Company and it's shareholders under the Income Tax Act, 1961 ('the Act') and other Direct-tax laws presently in force in India as amended by the Finance Act, 2011.

Further, the Ministry of Finance, Government of India, on 16 March 2012, presented the Finance Bill 2012 before the Parliament for the Financial Year 2012-13. We have also included certain benefits which could be available to the Company or it's shareholder if the Finance Bill 2012 is enacted (with or without modifications).

The benefits as stated are dependent on the Company or it's shareholders complying with the conditions prescribed under the relevant provisions of Direct tax laws. Hence the ability of the Company or it's shareholders to derive the tax benefits is dependent upon fulfilling of such conditions.

The benefits discussed in the enclosed Annexure are not exhaustive and do not constitute any opinion or assurance about the availability of these benefits. This statement is only intended to provide general information to the investors for the limited purpose of inclusion in the Offer Documents in connection with the Proposed Public Offer of Equity Shares by the Company. Further, it is neither designed nor intended to be a substitute for professional advice.

In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
11 April 2012

ANNEXURE

Statement of "Tax Benefits" Available to Tribhovandas Bhimji Zaveri Limited ('the Company') and its various Shareholders

I. Tax Benefits available to the Company

The Company in general will be entitled to following benefits / deduction under the provisions mentioned hereunder from its total income chargeable to Income-tax.

1. General Tax benefits available to the Company

The Income-tax Act, 1961 (updated by Finance Act, 2011) and Wealth Tax Act, 1957, presently in force in India, provide the following general tax benefits to the Company. Several of these benefits are dependent on the Company complying with the conditions prescribed under the relevant provisions of the statute:

i. Income from House Property

Subject to the fulfillment of conditions prescribed, the Company is eligible, inter-alia, for the following specified deductions in computing its income from house property:-

a. Under Section 24(a) of the Act, for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

b. According to Section 24(b) of the Act, where the property has been acquired, constructed, repaired, renewed, or reconstructed with borrowed capital, the amount of interest payable on such capital amounting to Rs. 150,000 is allowed as a deduction in computing the income from the house property. As also, in respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed is allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

Under Section 71B of the Act, house property losses can be carried forward for a period of 8 consecutive years, succeeding the year when the loss was first computed and set off of such losses is permitted only against income chargeable under the head "Income from House Property".

ii. Business income

Subject to the fulfillment of conditions prescribed, the Company will be eligible, inter-alia, for the following specified key deductions in computing its business income:-

a. Deduction of rent, rates, taxes, repairs and insurance for buildings under Section 30 of the Act and repairs and insurance for machinery, plant and furniture under Section 31 of the Act;

b. Under Section 35(1)(i) and (iv) of the Act, deduction for any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company;

c. Under Section 35(1)(ii) and (iii) of the Act, deduction for any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, college or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and three fourth times the sum so paid. Under Section 35(1)(iia) of the Act, any sum paid to a company, which is registered in India and which has as its main object the conduct of scientific research and development, to be used by it for scientific research, shall also qualify for a deduction of one and one fourth times the amount so paid;

d. Depreciation under Section 32 of the Act, in respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income Tax Rules, 1962;

e. Additional depreciation of 20 per cent per provision of Section 32(1)(iia), on new eligible plant and machinery acquired and installed after 31 March 2005, as the company is engaged in the business of manufacturing ornaments.

f. Under Section 32(2) of the Act, in case if in any previous year, full effect of the depreciation claim cannot be given, owing to there being no / less profits or gains chargeable for that previous year, then subject to provisions of Section 71(2) and 73(3) of the Act, the unabsorbed depreciation or part thereof is to be added and considered as depreciation of the following previous year and so on for the succeeding previous years.

g. Under Section 35AC of the Act, deduction for expenditure incurred for an eligible project or scheme for promoting social and economic welfare or upliftment of the public as may be specified by the Central Government on the recommendations of the National Committee or deduction for expenditure is incurred by them on an eligible project or scheme;

h. Amortisation of one fifth expenditure incurred on public issue of shares, under section 35D(2)(c)(iv) of the Act subject to the overall limits specified in the section 35D(3) of the Act provided that such expenditure is incurred for extension of its undertaking or in connection with setting up a new unit.

i. Under Section 35DD of the Act, deduction for 1/5th of the expenditure incurred in connection with Amalgamation of an undertaking by way of amortization over a period of 5 successive years, beginning with the year in which the amalgamation or demerger takes place.

j. Under Section 35DDA of the Act, deduction for 1/5th of the expenditure incurred in connection with expenses incurred on payment made to an employee under any scheme or schemes of voluntary retirement for a period of 5 successive years, beginning with the year in which such expense was incurred.

k. Under Section 36(1)(i) of the Act, deduction for any premium paid by the Company in respect of insurance against risk of damage or destruction of stocks or stores used for the purposes of the business or profession and under Section 36(1)(ib) of the Act, any premium paid the Company to the effect or to keep in force an insurance on the health of his employees under a scheme framed in this behalf by the specified insurers;

l. Under Section 36(1)(ii) of the Act, deduction for any sum paid to an employee as bonus or commission for services rendered, where such sum would not have been payable to him as profits or dividend if it had not been paid as bonus or commission;

m. Under Section 36(1)(iii) of the Act, deduction for any sum paid on account of the interest in respect of capital borrowed for the purposes of the business or profession. As per proviso of Section 36(1)(iii), deduction of interest paid is not allowed on capital borrowed for acquisition of an asset for extension of existing business till the time such asset was first put to use of which interest would be capitalized and form part of the 'actual cost' for the purpose of claiming depreciation under Section 32 as mentioned above.

n. Under Section 36(1)(iv), (v) and (va) of the Act, deduction for any sum paid by the Company as an employer by way of contribution towards a recognized provident fund, approved gratuity fund or an approved superannuation fund, subject to specified limits created by him for the exclusive benefit of his employees under an irrevocable trust;

o. Under Section 36(1)(vii) of the Act, deduction for any bad debt or written off as irrecoverable in the accounts of the Company;

p. Under Section 36(1)(ix) of the Act, deduction for any expenditure bona fide incurred by a company for the purpose of promoting family planning amongst its employees;

q. Under Section 37(1) of the Act, deduction for any expenditure not being expenditure of the nature described in Sections 30 to 36 of the Act, and not being in the nature of capital expenditure or personal expenses of the assessee, laid out or expended wholly and exclusively for the purposes of the business or profession in computing the income. Further, any expenditure which is for an offence or prohibited by law is not allowed as deduction.

r. Under Section 80G of the Act, the deduction is available to the Company in respect of amount contributed as donations to various charitable institutions / funds covered under that Section, subject to fulfillment of conditions specified therein.

In case of losses under the head 'Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward (Refer note 3 below).

iii. Capital Gains

a. Taxability of Capital Gains

Capital assets may be categorized into short term capital assets and long term capital assets based on their nature and period of holding.

Shares in a Company, listed securities or units of UTI / Mutual Funds specified under Section 10(23D) of the Act or zero coupon bonds are considered as long term capital assets if they are held for period exceeding 12 months. Consequently, capital gains arising on sale of these assets are considered as "Long Term Capital Gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "Short Term Capital Gains".

Assets, other than those mentioned above, are considered as long term capital assets, if they are held for more than 36 months, otherwise they are treated as Short term capital assets.

- **Short Term Capital Gains**

  Capital Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess). However, as per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund on or after October 1, 2004, where the transaction of sale is subject to STT, for transactions on a Recognised Stock Exchange, is chargeable to tax at a rate of 15 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).

- **Long Term Capital Gains**

  Section 48 of the Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition, cost of improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, computed by applying the stipulated cost inflation index.

  As per the provisions of Section 112(1)(b) of the Act, long term gains as computed above that are not exempt under Section 10(38) of the Act (explained above), would be subject to tax at a rate of 20 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).

  According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) is not be chargeable to tax if they are invested in certain notified bonds (Refer note 2 below) within six month from the date of transfer. If only part of the capital gain is so reinvested, the exemption is allowed proportionately. If the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, then in the said year, the amount of capital gains exempted earlier is treated as income chargeable to tax as long term capital gains. For investments made on or after 1 April 2007, in the said bonds there exists a ceiling of Rupees Fifty Lakhs per year.

  Exemption of capital gains from Income-tax - Under Section 10(38) of the Act, any long term capital gains arising out of sale of an equity shares or units of an equity oriented fund on or after October 1, 2004, are exempt from tax provided that the transaction of sale of such shares or units is chargeable to Securities Transaction Tax ('STT'), for transactions on a Recognised Stock Exchange. However, such income is required to be taken into account in computing the book profits under Section 115JB of the Act.

Further the tax benefits related to capital gains are subject to rules laid down by the CBDT Circular No. 4/2007 dated June 15, 2007.

As regards the carry forward and set-off of the short term / long term capital losses, please refer note 4 below.

Income from other sources

Deduction under Section 57 of the Act, is available of any expenditure laid out or expended wholly and exclusively for the purpose of earning such income, not in the nature of capital or personal expenditure and pertains to the relevant year and not to the prior or subsequent years.

Dividends - Under Section 10(34) of the Act, income earned by way of dividends referred to in Section 115-O of the Act [i.e. dividends declared, distributed or paid on or after April 1, 2003] on which Dividend Distribution Tax ('DDT') is paid by any domestic company, is exempt from tax.

The amount of DDT is to be computed on the dividend declared / distributed / paid by the Company as reduced by dividends received from a subsidiary of the Company as stipulated and subject to satisfaction of prescribed conditions.

iv. Computation of tax on book profit and availability of MAT Credit

The company is liable to pay Minimum Alternate Tax ('MAT') at the rate of 18.50 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess) on the Book Profit as computed in accordance with the provisions of Section 115JB of the Act, if the total tax payable as computed under the under normal provisions of the Act is less than 18.50 percent of the Book Profit as computed under the said Section.

As per Section 115 JAA(1A) of the Act, MAT credit is allowed of any tax paid under Section 115JB of the Act which is in excess of the normal tax liability. Such MAT credit is not available for set-off beyond 10 years succeeding the year in which the MAT credit becomes allowable.

The amount which can be set-off from MAT Credit in a year is restricted to the difference between the tax payable under the regular provisions of the Act and tax payable under the MAT provisions in that year.

v. Income from investments in units of Mutual Fund

As per section 10(35) of the Act, the Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10 of the Act is exempt.

vi. Deduction under Section 80JJAA

Under Section 80 JJAA of the Act the company is elgible for a deduction of 30 percent of the additional wages paid to new regular workmen in excess of One hundred workmen for three consecutive years, where the company is engaged in the manufacture or production of any article or thing.

vii. Deduction under Section 80-IB

Under Section 80-IB(3)(ii) of the Act, a small scale industrial undertaking commencing manufacturing after 1 April 1995 but before 31 March 2002 is eligible for deduction in respect of its part profits and gains (30% for Company else 25%) for ten years beginning from the initial year of commencement. The Company claimed deduction under Section 80-IB(3)(ii) of the Act in respect of its Hyderabad unit which commenced manufacturing on 1 October 2001. As per the provision of Section 80-IB(3)(ii) of the Act, Financial Year 2010-11 was the last year of the Company to claim deduction under the said section of the Act.

II. General Tax Benefits available to Shareholders

1. Tax Benefits available to Resident Shareholders

i. Deduction of Securities Transaction Tax

Under Section 36(1)(xv) of the Act, the amount of STT, for transactions on a Recognised Stock Exchange, paid by an assessee in respect of taxable securities transactions entered into course of its business, if income arising from such taxable securities transactions is offered to tax as "Profits and gains of Business or profession" is allowable as a deduction against such Business Income.

ii. Capital gains

a. Benefits available with regard to Capital Gains chargeable to tax

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or units of mutual fund specified under Section 10(23D) of the Act or zero coupon bonds are considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

- **Short Term Capital Gains**

  Gains arising on transfer of short term capital assets are currently chargeable to tax as calculated under the normal provisions of the Act. However, as per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of mutual funds on or after October 1, 2004, where the transaction of sale is chargeable to STT, for transactions on a Recognised Stock Exchange, is subject to tax at a rate of 15 percent (to be increased by applicable education cess and secondary and higher cess)

- **Long Term Capital Gains**

  Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of such capital asset, from the sale consideration to arrive at the amount of capital gains.

  However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

  As per provisions of Section 112(1)(a) of the Act, long term capital gains as computed above that are not exempt under Section 10(38) of the Act would be subject to tax at a rate of 20 percent (to be increased by education cess and secondary and higher education cess).

  However, as per the proviso to the said Section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at concessional rate of 10 percent (to be increased by applicable education cess and secondary and higher education cess).

  According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) are not chargeable to tax to the extent such capital gains are invested in certain notified bonds (Refer note 2 below) within six month from the date of transfer. If only part of the capital gain is so reinvested, then the exemption is allowed proportionately.

  However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1 April 2007, in the said bonds should not exceed Rupees Fifty Lakhs. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

  In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 1 above) held by an individual or Hindu Undivided Family ('HUF') is exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of residential house within three years.

  Exemption of capital gain from income tax: Under Section 10(38) of the Act, any long term capital gains arising out of sale of equity or units of an equity oriented fund on or after October 1, 2004, are exempt from tax provided that the transaction of sale of such shares or units is chargeable to STT, for transactions on a Recognised Stock Exchange.

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the individual will be able to enjoy the concessional benefits of taxation on capital gains.

As regards the carry forward and set-off of the short term / long term capital losses, please refer note 4 below.

iii. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, income earned by way of dividends from any domestic company, (referred to in Section 115-O of the Act i.e. dividends declared, distributed or paid on or after April 1, 2003) on which DDT is paid by such domestic company, is exempt from tax.

iv. Income of a minor

As per Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act is exempted from tax to the extent of Rs.1, 500 per minor child for a maximum of two children.

v. Special tax benefits

There are no other special tax benefits available to the resident share holders in general.

2. Tax Benefits available to Non-Resident shareholders / Non-Resident Indians (Other than Foreign Institutional Investors and Foreign Venture Capital Investors)

i. Deduction in respect of Securities Transaction Tax

Under Section 36(1)(xv) of the Act, the amount of Securities Transaction Tax ('STT'), for transactions on a Recognised Stock Exchange, paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" is allowable as a deduction against such Business Income.

Further, the Ministry of Finance, Government of India, on 16 March 2012, presented the Finance Bill 2012 before the Parliament for the Financial Year 2012-13. The Finance Bill 2012 has proposed to reduce the STT rate from the existing 0.125 per cent to 0.1 per cent. The proposed amendment in the rates of STT is subject to enactment (with or without modification) and will be effective from 1 July 2012.

ii. Capital gains

a. Taxability of Capital Gains

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of mutual fund specified under Section 10(23D) of the Act or zero coupon bond are considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of such assets held for 12 months or less are considered as "short term capital gains".

- **Short Term Capital Gains**

  Gains arising on transfer of short term capital assets are currently chargeable to tax as calculated under normal provisions of the Act, 1961, (base rate to be increased by applicable surcharge, education cess and secondary and higher education cess). However, as per the provisions of Section 111A of the Act, short term capital gains of equity shares on or after October 1, 2004, where the transaction of sale is chargeable to STT, for transactions on a Recognised Stock Exchange, is subject to tax at a rate of 15 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).

- **Long Term Capital Gains**

  Section 48 of the Act contains provisions in relation to computation of capital gains on transfer of shares of an Indian Company by a non-resident where the investment in such shares was made in foreign currency (as per exchange control regulations). Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of Section 112 of the Act, long term gain as computed above that are not exempt under Section 10(38) of the Act would be subject to tax at a rate of 20 percent (to be increased by applicable surcharge and education cess and secondary and higher education cess). In case investment is made in Indian Rupees, the long-term capital gains that are not exempt under Section 10(38) of the Act are to be computed after indexing the cost.

However, as per the proviso to Section 112(1)(c) for Non-Resident and Section 112(1)for Non-Resident Indians of the Act, if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).

According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) are not chargeable to tax to the extent such capital gains are invested in certain notified bonds (Refer note 2 below) within six month from the date of transfer. If only part of the capital gain is so reinvested, then the exemption is allowed proportionately.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1 April 2007, in the said bonds should not exceed Rupees Fifty Lakhs. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 1 above) held by an individual or Hindu Undivided Family ('HUF') is exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of residential house within three years.

Exemption of capital gain from income tax : Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund is exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT, for transactions on a Recognised Stock Exchange.

Further, the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the individual will be able to enjoy the concessional benefits of taxation on capital gains.

As regards the carry forward and set-off of the short term / long term capital losses, please refer note 4 below.

iii. Capital gains tax – Special scheme for Non-Resident Indians where shares have been subscribed in convertible foreign exchange

Option of taxation under chapter XII-A of the Act:

Non-resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option under Section 115-I of the Act, of being governed by the provisions of Chapter XII-A of the Act, which inter-alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a. According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under Section 10(38) of the Act, is subject to tax at the rate of 10 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess) without indexation benefit.

b. According to the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term gains arising from transfer of a foreign exchange asset, if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset, if part of such net consideration is invested within the prescribed period of six months in any specified asset, the exemption is allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

c. As per the provisions of Section 115G of the Act, Non-resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.

d. Under Section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) and (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

iv. Dividends exempt under Section 10 (34)

Under Section 10(34) of the Act, income earned by way of dividends referred to in Section 115-O of the Act [i.e. dividends declared, distributed or paid on or after April 1, 2003] on which DDT is paid by any domestic company, is exempt from tax.

v. Income of a minor

As per provisions of Section 10(32) of the Act, any income of minor child clubbed in the total income of the parent under Section 64(1A) of the Act is exempted from tax to the extent of Rs.1,500 per minor child.

vi. Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the nonresident.

vii. Special tax benefits

There are no special tax benefits available to the non resident Indian share holders.

3. Tax Benefits Available To Foreign Institutional Investors (FIIs)

i. Capital gains

Taxability of capital gains

The income by way of short term capital gains or long term capital gains [long term capital gains not covered under Section 10 (38) of the Act] realized by FII.s on sale of the shares of the Company would be taxed at the following rates as per Section 115AD of the Act.

a. Short term capital gains, other than those referred to under Section 111A of the Act are taxed at the rate of 30 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess);

b. Short term capital gains, referred to under Section 111A of the Act are taxed at the rate of 15 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess);

c. Long term capital gains at the rate of 10 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess) (without cost indexation).

It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not applicable.

According to provisions of Section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under Section 10(38) are not chargeable to tax to the extent such capital gains are invested in certain notified bonds (Refer note 2 below) within six months from the date of transfer. If only part of the capital gain is so reinvested, then the exemption is allowed proportionately. Provided that investments made on or after April 1, 2007, in the said bonds should not exceed Rupees Fifty Lakhs.

However, if the assessee transfers or converts the notified bonds (Refer note 2 below) into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Exemption of capital gains from Income- tax : Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund is exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT, for transactions on a Recognised Stock Exchange. However, such income is taken into account in computing the book profits under Section 115JB of the Act.

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the institution will be able to enjoy the concessional benefits of taxation on capital gains.

As regards the carry forward and set-off of the short term / long term capital losses, please refer note 4 below.

ii. Dividends exempt under Section 10 (34) of the Act

Under Section 10(34) of the Act, income earned by way of dividends referred to in Section 115-O of the Act [i.e. dividends declared, distributed or paid on or after April 1, 2003] on which DDT is paid by any domestic company, is exempt from tax.

iii. Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty only to the extent they are more beneficial to the nonresident, including FIIs. Thus, the applicable Tax Treaty provisions also need to be examined and factored for final and more favorable implications.

iv. Withholding tax rule

As per sub-section (2) of section 196D, no tax is to be deducted by the payer in respect of any income, by way of capital gains arising from the transfer of securities payable to FII's.

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile.

4. Tax Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from Income-tax subject to the conditions as the Central Government may notify.

However, the mutual funds are liable to pay tax on income distributed to unit holders of non-equity oriented mutual funds under Section 115R of the Act.

5. Benefits available to Venture Capital Companies / Funds

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies ('VCC') / Funds ('VCF') (set up to raise funds for investment in a Venture Capital Undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from Income-tax, subject to the conditions specified therein.

However, the exemption is restricted to the VCC and VCF set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under Section 10(23FB)(c).

However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

Further, the Ministry of Finance, Government of India, on 16 March 2012, presented the Finance Bill 2012 before the Parliament for the Financial Year 2012-13. The Finance Bill 2012 has proposed to the following amend Section 10(23FB) and Section 115U of the Act –

- There will be no sectoral restrictions;
- The income accruing to VCC / VCF will be taxable in the hands of the investors on accrual basis;
- The income paid by VCC / VCF will be liable to Tax Deduction at Source / Dividend Distribution Tax as the case may be; and

The proposed amendment subject to enactment (with or without modification) and will be effective from 1 April 2013.

In the case of Foreign Venture Capital Companies / Funds who are non-residents, as per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the nonresident. Thus, the applicable Tax Treaty provisions also need to be examined and factored for final and more favorable implications.

6. Benefits available under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder are not treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax is payable on the market value of shares of the Company held by the shareholder of the company.

Notes:

1. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
2. For benefits under Section 54EC of the Act wherever referred in the above statement, a "notified bond" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:
    (a) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purposes of this section.
    (b) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.
3. In computing business income, Section 72 of the Act provides that the business loss of the assessee is carried forward to the following year to be set off against the profits and gains of business and profession and the balance is allowed to be carried forward for next 8 years subject to the provisions of the Act. Unabsorbed depreciation, if any, for any year can be carried forward and set off against any source of income of subsequent years as per section 32 of the Act.
4. In computing capital gains, as per Section 74 of the Act, brought forward short-term capital loss from previous years is allowed to be set-off against short-term as well as long-term capital gain of the subsequent years. Brought forward long term capital loss is allowed to be set-off only against long-term capital gains of the subsequent years. Capital loss, can be carried forward for set-off for eight years immediately succeeding the year in which the loss was first computed.

5. The general tax benefits are subject to several conditions and eligibility criteria which need to be examined for precise tax implications.
6. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.
7. The above statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares and warrants.
8. All the above benefits as per the current tax laws. Accordingly, any change or amendment in the laws / regulation, including provision of proposed Direct Tax Code, which when implemented would impact the same.
9. The Direct Taxes Code 2010 (Bill No. 110 of 2010) is likely to be enacted with effect from 1 April 2013. It is a comprehensive new legislation and will replace the Income Tax Act 1961 and the Wealth Tax Act 1957. The Tax Benefits in this Statement would stand replaced with those stipulated therein.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
11 April 2012

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. The conversion rate of ₹ 51.16 for one US Dollar is the RBI reference rate as of March 31, 2012 (Source: RBI Website).

CRISIL Limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

Overview of Indian Economy

India is one of the fastest growing economies in the world, with an average real Gross Domestic Product ("GDP") growth rate of 7.8% per annum during the last two years. India is also the world's largest democracy by population size. According to CIA World Factbook, India's estimated population was 1.19 billion people in July 2011. India had an estimated GDP of approximately US$ 4.05 trillion in 2010, which makes it the fourth largest economy in the world after the US, China and Japan, in terms of purchasing power parity. The following table presents a comparison of India's real GDP growth rate with the real GDP growth rate of certain other countries for the periods indicated:

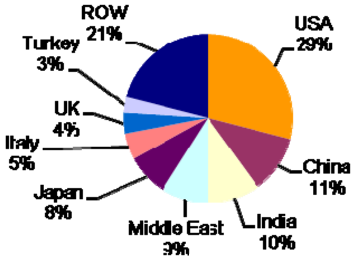
Countries*	2011	2010	2009
Australia	1.8%	2.7%	1.4%
Brazil	2.7%	7.5%	-0.6%
China	9.2%	10.5%	9.2%
Germany	2.7%	3.6%	-5.1%
India	7.8%	10.1%	6.8%
Indonesia	6.4%	6.1%	4.6%
Japan	-0.5%	4.0%	-6.3%
South Korea	3.6%	6.2%	0.3%
Malaysia	5.2%	7.2%	-1.6%
Russia	4.3%	4.3%	-7.8%
Thailand	0.1%	7.8%	-2.3%
United Kingdom	1.1%	1.4%	-4.4%
United States	1.5%	3.0%	-3.5%

** Represents calendar year growth rates*
(Source: CIA World Factbook, accessed on March 31, 2012)

Global Gems and Jewellery Market

According to CARE Research, the US is the world's largest market for jewellery accounting for an estimated 29% of the world jewellery sales in 2008. This demand was critically impacted during the global financial crisis in 2008-09 when sales significantly plummeted due to economic uncertainty and job losses and subsequently loss in consumer confidence resulting into massive curb on luxury spending. The US is followed by China, India, the Middle East and Japan as the biggest consumers. In Europe, the UK and Italy are the largest consumers, and Italy is also one of the world's largest jewellery fabrication centres. These seven key markets account for about 80% of the total worldwide sales.

Key World Markets



In the past, growth in demand for diamond-studded jewellery has been due to the strong economic growth in key diamond jewellery consuming nations (developed markets) and strong marketing efforts from diamond companies. Moreover, according to CARE Research, now that demand for jewellery is showing only gradual sign of recovery in the US, the focus for future growth in jewellery industry depends on emerging markets like India China, Latin America, Middle East and South East Asia. These regions are expected to develop as the largest consuming markets for both traditional as well as branded jewellery and overtake the US in gems and jewellery consumption by the next decade.

Consumer demand in selected countries (tonnes)

	12 months ended Q4'10			12 months ended Q4'11*			Year on Year % chg		
	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total	Jewellery	Total bar and coin invest	Total
India	657.4	348.9	1,006.3	567.4	366.0	933.4	-14	5	-7
Greater China	480.1	186.7	666.8	545.2	266.0	811.2	14	43	22
China	451.8	187.4	639.2	510.9	258.9	769.8	13	38	20
Hong Kong	20.6	1.1	21.7	27.5	1.8	29.3	33	68	35
Taiwan	7.7	-1.8	5.9	6.8	5.4	12.1	-12	-	105
Japan	21.3	-40.0	-18.7	20.8	-45.2	-24.4	-2	-	-
Indonesia	32.8	15.0	47.8	29.5	21.8	51.3	-10	45	7
South Korea	15.9	0.6	16.5	13.7	3.1	16.7	-14	-	2
Thailand	6.3	63.2	69.4	4.1	104.8	108.9	-34	66	57
Vietnam	14.4	67.0	81.4	13.0	87.3	100.3	-9	30	23
Middle East	204.5	29.7	234.2	165.8	34.0	199.8	-19	15	-15
Saudi Arabia	67.6	14.5	82.1	55.8	16.4	72.2	-17	13	-12
Egypt	53.4	2.4	55.8	32.8	2.2	35.0	-39	-9	-37
UAE	61.6	10.5	72.1	57.7	12.5	70.2	-6	19	-3
Other Gulf	21.9	2.3	24.2	19.5	3.0	22.5	-11	29	-7
Turkey	70.6	40.5	111.1	63.8	80.4	144.2	-10	99	30
Russia	66.0	-	66.0	75.1	-	75.1	14	-	14
USA	128.6	106.5	235.1	115.1	79.9	194.9	-11	-25	-17
Italy	34.9	-	34.9	28.8	-	28.8	-17	-	-17
UK	27.3	-	27.3	22.6	-	22.6	-17	-	-17
Europe ex CIS	-	298.6	298.6	-	374.8	374.8	-	26	26
France	-	1.3	1.3	-	8.4	8.4	-	-	-
Germany	-	126.9	126.9	-	159.3	159.3	-	26	26
Switzerland	-	92.7	92.7	-	116.2	116.2	-	25	25
Other Europe	-	77.7	77.7	-	90.8	90.8	-	17	17
Total above	1,760.0	1,116.5	2,876	1,664.9	1,372.8	3,038	-5	23	6
Other	256.8	83.3	340	297.9	113.9	412	16	37	21
World total	2,016.8	1,199.8	3,217	1,962.9	1,486.7	3,450	-3	24	7

*Provisional.

Source: World Gold Council, Gold Demand Trends Q4-2011

Indian Gold Market

Gold is a very unique and distinguished precious metal world over but more so in India. For many decades India has maintained its status as the world's largest consumer of gold. Gold is a renowned metal not only for its traditional use for adornment but also for its stance as a time-tested investment-class asset. As per data from the World Gold Council ("WGC"), the consumption of gold in India has doubled over the past two decades - going up from approximately 400 tonnes in 1987 to about 800 tonnes in 2007. In 2009, gold demand in India was severely affected due to global financial crisis, record high prices of approximately ₹ 18,232 per 10 grams during November 2009 and high volatility in gold prices.

CY	2004	2005	2006	2007	2008	2009	2010	2011
Jewellery Consumption (tonnes)	517.5	587.1	526.2	558.2	501.6	442.4	657.4	567.4
Net Retail Investment (tonnes)	100.2	134.5	195.7	215.4	211.0	136.1	480.1	366.0
Total (tonnes)	**617.7**	**721.6**	**721.9**	**773.6**	**712.6**	**578.5**	**1,006.3**	**933.4**

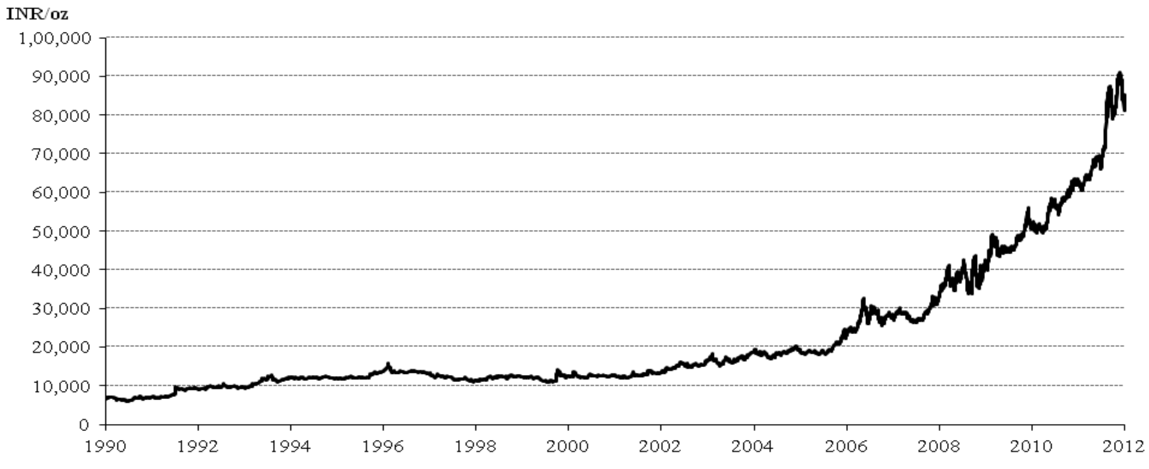
Source: WGC

In 2011, India accounted for 29% of gold jewellery consumption, 25% of total consumer bar and coin investment demand. Over the same period, gold jewellery consumption in India in volume terms has declined by 14% compared to the corresponding period in 2010 and witnessed 5% growth in consumer bar and coin investment demand.

According to WGC, consumer demand for gold in the first six months of 2011 has been strong, aided by one or two opportune dips in the gold price. Gold followed an otherwise steadily rising trend during much of 2011, which further fuelled demand by fostering positive price expectations among consumers and allowing them to gradually acclimatise to higher prices. Festivals such as Akshaya Tritiya and the wedding season provided added impetus. Record gold prices reached during the third quarter, combined with an increase in price volatility and local currency weakness, deterred Indian consumers. According to WGC, the price highs may have encouraged substitution of demand away from jewellery and towards investment products. Also, consumer preferences may be shifting towards lighter weight gold jewellery at lower price points. There is anecdotal evidence that during periods of high gold prices and high volatility consumers make only necessary basic purchases and hold on to cash as they wait for opportune buying conditions. (Source: WGC Gold Demand Trends, Q4-2011)

The WGC believes there is considerable potential for growth in the Indian jewellery market given that domestic income levels are on the rise according to HIS Global insight's projections for 2010-15, notwithstanding that budgets are being constrained by the prevailing high price of gold.

Gold Spot Price in Indian Rupees

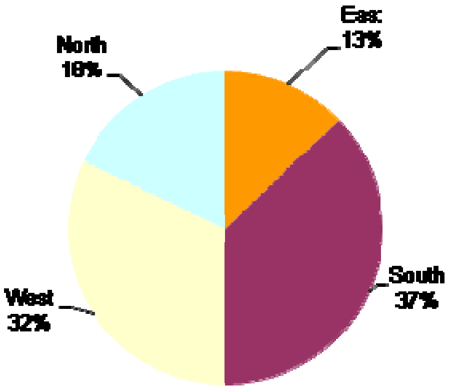


Source: Reuters Datastream, LBMA, World Gold Council

Gold is also viewed by Indians as a secure and easily accessible investment by the rural community, which accounts for around 70% of the population. In India, gold continues to have the added virtue of being an inflation hedge and an allocation to gold is an ideal way to achieve a diversified portfolio due to its low to negative correlation with other mainstream assets (historical correlation on weekly returns for five years ending March 2010 of -0.2 to +0.4). Gold is one of the limited ways in which Indian investors can diversify their currency exposure.

Gold consumption in India is skewed towards the west and south regions, together accounting for almost 70% of the total consumption in 2009, according to CARE Research.

Geographical Segmentation – Gold – India (2009)



(Source: CARE Research)

Indian Gems and Jewellery Sector

The Indian gold jewellery sector accounted for 63% of total domestic gold demand in the first nine months of 2011 according to WGC. With an estimated 10 million marriages a year taking place in India, wedding-related demand accounts for a substantial proportion of overall jewellery demand. Since the fourth quarter of 2009, jewellery demand has been comparatively stronger as domestic consumers became reconciled to making their necessary purchases, notwithstanding prices rising to new record levels in excess of ₹ 81,000/oz. As consumers have adjusted their price expectations upwards, a further rise in the price could be anticipated, according to WGC.

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 (“FMCG”), consumer durables, apparels and home improvement, there is similar potential for Gems and Jewellery sector.

The two major sub segments within jewellery are gold (22 carat and above) and diamonds, with the former constituting of approximately 80% of the value of jewellery consumption and the balance 20% comprising of diamonds and gemstone jewellery. The overall size of domestic Gems and Jewellery sector is pegged at ₹ 870 billion as of 2008-09 according to a FICCI-Technopak study and is expected to grow up to ₹ 1,832 billion by 2014-15.

Gold Jewellery

With a large number of small neighbourhood jewellery stores dotted across the country, India has been consuming more gold and importing more of the same as well than any other country since past several decades. In recent times, gold jewellery is a facing stiff competition from diamond studded jewellery because of the increased branding and fashion consciousness, but conservatives (risk averse) will always place their trust on gold. With increased measures towards transparency and consumer protection, the government has spread awareness and has educated the masses to buy hallmarked gold, leading to more branding and a more organized retailing network. CARE Research estimates that with the rise in the overall household income with multiple members earning, the demand for gold in India is bound to remain robust despite its higher prices in the last two years.

Diamond Jewellery

There has been a steady rise of diamond studded jewellery in India for weddings, engagements and for its use as gifts. With the rise in gold prices, consumers are turning to diamond-studded jewellery which gives them a higher perception of luxury and value. The introduction of certified diamonds has increased trust and made diamond valuations more transparent. With only a gradual recovery from developed markets for diamonds, especially the US, Indian manufacturers have now zeroed in on the ever-growing demand from domestic market for diamond-studded jewellery. Many big and small diamond companies have launched aggressive marketing campaigns to tap consumers offering high-end branded jewellery with future buy back and exchange schemes. Brand-awareness in the diamond industry, among Indian consumers, much like the developed world, is increasing and hence brands will play a key role in enhancing the demand.

Platinum Jewellery

Given the recent rise in gold prices, platinum has now come within direct competition with gold. As far as the demand of platinum goes, consumers have an alternative option of buying precious metals instead of gold, especially since it has the same characteristics and aesthetic appearance that goes well with diamond studded jewellery. The fall in the price of platinum, during the financial crisis, boosted the demand for platinum jewellery across the world, including India.

Growth Prospects for Gems and Jewellery in India

The growth outlook for the gems and jewellery sector in India is stable and CARE Research expects the domestic industry to grow at a CAGR of 10-12% up to 2015. The key drivers for growth will be higher disposable income, rising young population with the urge to spend, higher number of working women and conscious marketing efforts of companies. Branding and organized retail share will grow in urban markets and the focus on rural markets will increase. According to CARE Research, family owned businesses will need to move towards greater degree of professionalism and trust on the neighbourhood jeweller will be replaced by the hallmarking and certification of jewellery. There is a shift in consumer preference to low-priced diamond jewellery which is about 50% cheaper than normal diamonds and also cheaper than pure gold jewellery. Consumers are gradually preferring diamonds because of the guaranteed buy-back schemes, transparent written pricing and, most importantly, third-party certification.

Demand Drivers

Traditional demand

Gold is of special importance for Indians during weddings and festivals. Over centuries and millennia, gold has become an inseparable part of the Indian society and fused well into the psyche of an Indian. There is a culture of buying gold during auspicious occasion of Diwali, Akshaya Tritiya, Dussehra etc. and also during weddings. In rural India, farmers typically buy gold jewellery after every successful harvesting season as it forms the best form of investment (savings) and forms a natural hedge against inflation.

Rising middle class

The Indian growth story is well known, with the overall economy growing at an average 8-9% p.a. from FY2005-2008 before slowing in 2009. However, by and large India's economy remained virtually unscathed during the global financial crisis in 2008/09 when government-backed stimulus packages sustained growth levels at healthy rate. The growth in the economy has rebounded in 2010, recording a growth rate of 8.3% according to CIA World Factbook. Data from National Council of Applied Economic Research (NCAER) indicates that 50 million people belonged to the middle class in 2005 (with income ranging from ₹200,000 to ₹1 million) which is expected to increase ten-fold by 2025 (fastest-growing segment).

Changing demographics and consumer preferences

Increased urbanization, higher percentage of younger population, multiple-income families and more women in the workforce is giving rise to higher disposable income level leading to impulse buying and a preference for superior lifestyle. The median age of an Indian is 25.3 years, one of the lowest in the world compared to 36.7 years in the US and 44.2 in Japan. The urban population currently accounts for 29% of the total population and is expected to increase to 40% by the year 2020. These factors are currently driving the demand for gems and jewellery, especially diamond jewellery. The neo-rich with an inclination to buy cutting-edge gadgets are purchasing jewellery in modern and aesthetic design as a fashion accessory completely in contrast to the rural folks who buy jewellery as an alternate medium of investment.

As per the National Sample Survey, in urban India the share of essential items like food, clothing, electricity, fuel and footwear in the total average annual per capita consumption has reduced whereas the share of durable goods has increased, which reflects the changing preferences of consumers. The increased consumer awareness and consciousness generated through the vigilant measures adopted through campaigns of the government are expected to drive the demand for branded and hallmarked jewellery. However, in spite of the increasing preference for luxury items, the per capita spending by an Indian is lowest in the world.

Retail Industry in India

The market size of retailing is based on the private final consumption expenditure for various categories of products. According to CRISIL Research, the total size of retail industry is ₹ 21,626 billion in the year 2010-11. Of this, the three largest categories are food and beverage (65%), clothing and textile (11%) and jewellery, watches & eye care (11%). The category-wise share of the retail industry in 2010-11 is given below.

Verticals	(Percent)
Food & beverage	65%
Clothing and textile	11%
Jewellery, watches, eye care & others	11%
Consumer durable	5%
Home décor & furnishing	3%
Communication	2%
Footwear	2%
Pharmacy	1%
Books, music	1%

(Source: CRISIL Research, Retailing, March 2011)

According to CRISIL Research, the key drivers for growth in the Indian retail industry are:

1. ***Higher disposable income and economic perspective:*** Disposable incomes of Indian consumers have increased significantly during 2001-10. Households with income over ₹ 1 million per annum have grown at a CAGR of around 11% to 1.05%, and those with income in the range of ₹ 90,000 to ₹ 1 million have grown at a CAGR of 6% during the same period to 53.0% in 2010-11E.

2. ***Demographic changes:***
   a. *Increasing role of working women in consumer spends:* According to a report by Technopak on 'India Consumer Trends 2007', working women formed 15 per cent of the total urban female population. This is expected to rise to over 20 per cent by 2020. Given this, the retail spends are expected to increase, as the buying behaviour of a working woman differs from that of a housewife. According to the 'Consumer Outlook 2002' study by KSA Technopak, a working woman's propensity for spending is higher by 1.3 times as compared to a housewife.

b. *Employed youth to influence consumer spending:* Purchasing power of population largely lies within the age bracket of 18-45 years. India's increasingly youthful population along with rising literacy rate portrays a potentially qualified workforce for the future. This indicates an increase in the average disposable household income going forward. Compared to the other countries, India is expected to see a growth in prime working age over the period to 2050 due to its high birth rates. While most other countries such as the US, Europe, Russia and China are projected by the UN to see a decline in the share of their total populations in the prime 15-60 (working) age group between 2005 and 2050, India will see a growing share of population in the working age.

c. *Increase in nuclear families:* Nuclear families have a greater propensity to spend. In the recent past, the number of nuclear families as a percentage of total household population as increased, as evident from the average household size which decreased from 5.57 in 1991 to 5.36 in 2001. As of 2001, the average urban household size is lesser than the rural household size at 5.1. As per Census 2001, the average urban household size is expected to decline to 5.02 by 2011. This would further drive the consumption and, in turn, the retail industry

d. *Growing urbanization:* According to CRISIL Research, urbanisation has been increasing at the rate of 2.7 per cent over the last 10 years. According to the Census estimates of 2001, urban population as a per cent of total population stood at 27.7 per cent. This is expected to be 32.2 per cent by 2015, indicating a growth of 2.4 per cent between 2000 and 2015.

3. Other drivers:

a. *Shift in preferences towards branded products*: With the advent of organized retailing and growing disposable income available to people, there has been a gradual shift in preferences for branded products. Demand for better quality, convenience and improved value for money have increased the demand for branded goods from the Indian consumer. Moreover, changing lifestyles on account of demographic changes and exposure to international consumerism are also bound to have a positive effect on branded goods. This, in turn, would provide organized retail a platform for growth.

b. *Increased finance penetration along with convenience:* The credit card market has expanded rapidly over 2002-03 to 2007-08 with the total number of cards in circulation increasing nearly four fold. The credit card penetration in the country continues to grow at a steady pace but India remains underpenetrated in comparison to many other Asia-Pacific countries. During 2007-08, cardholders collectively spent ₹ 580 billion using their credit cards. This level of spending translated into a Compounded Annual Growth Rate ("CAGR") of 29.2% during 2002-03 to 2007-08. Consumers' credit card spends are generally directed towards apparel shopping, fuel purchase and buying durables and jewellery.

Organized Retail Industry in India

Organized retailing can be defined as a form of retailing whereby consumers from a similar purchase environment across more than one physical location. Organized retail can operate at three levels, which are as follows:

- Level I: Specialty stores catering to a particular category of products
- Level II: Departmental store, supermarket or hypermarket catering to 2-3 categories of retail
- Level III: Mall, which is an agglomeration of departmental stores, hypermarkets and specialty stores

Levels in Retail

(Source: CRISIL Research, Retailing, March 2011)

"High Streets" are another type of prime venues for shopping. The High Streets are set up at prominent locations within a city which attract large "footfalls" (or the number of people who visit the venue/shop in a period of time) due to the presence of organized retailers. On account of its prime location and the intensifying competition to grab retail presence, these areas command high rentals.

According to CRISIL Research, the retail sector in India grew at a significant 12-14% CAGR between 2004-05 and 2007-08 on the back of favourable demographics, rising disposable income and increasing urbanization. Organized retails grew at a much faster pace of 28% during the same period, mainly led by low penetration, large expansions by the existing retailers and the entry of many new players. But the economic downturn post mid 2008 weakened consumer sentiment and slowed down new store roll-outs, thereby impacting organized retailers' revenues. Therefore, the organized retail market grew at a very slow pace of 10% year-on-year during 2008-09. With the economic rebound post mid-2009 and the consequent recovery in consumer sentiments, the markets size of organised retail industry expanded by 25 per cent in 2009-10.

Driven by buoyant consumer demand and expansion plans of organised retail players, CRISIL Research forecasts the sector to grow at an annual average rate of 23 per cent to ₹ 3.4 trillion in 2014-15 from ₹ 1.2 trillion in 2009-10. Consequently, organised retail penetration is likely to increase to 9.1 per cent in 2014-15 from 6.4 per cent in 2009-10.

Growth in organized retail

	2009-10(A)	2010-11(E)	2014-15(P)	CAGR (2009-10 to 2014-15)
Total retail (₹ trillion)	18.3	21.6	36.9	15.1%
Organized retail (₹ trillion)	1.2	1.4	3.4	23.4%
Organized retail penetration ("ORP") (%)	6.4	6.5	9.1	

(Source: CRISIL Research, Retailing, March 2011)

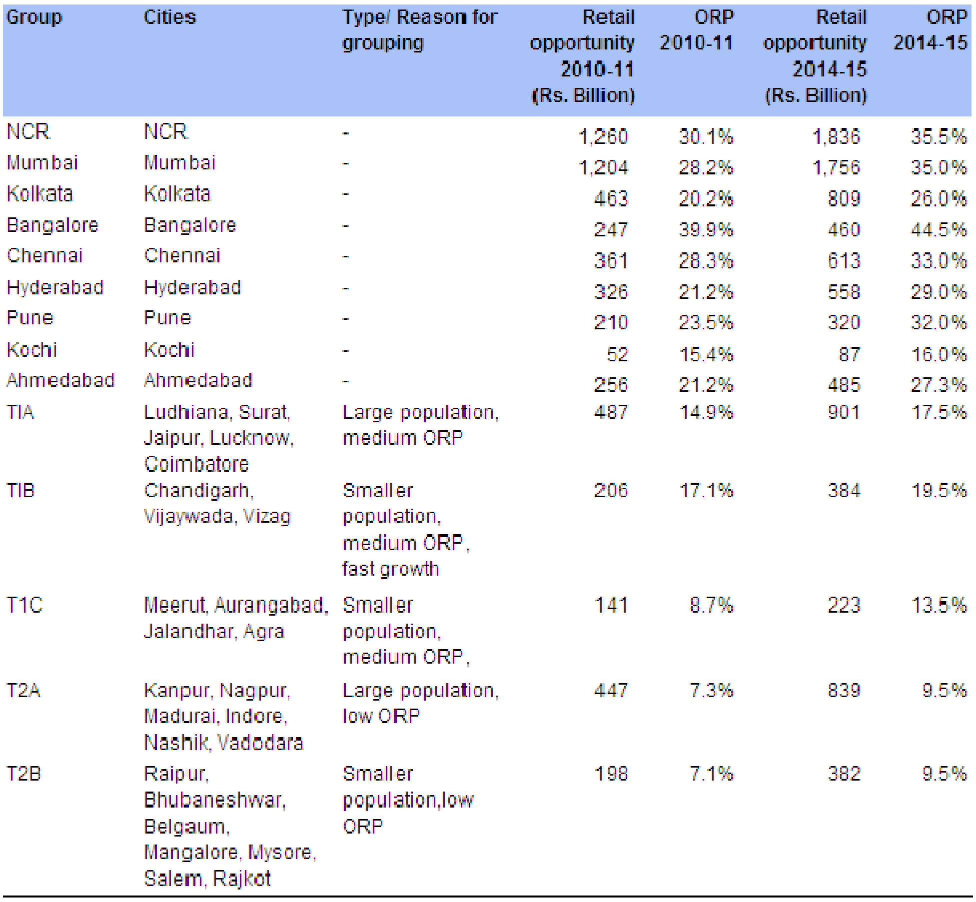
The table below presents product-wise organized retail penetration in 2010-11, according to CRISIL Research:

Verticals	Organized Retail Market Size	Share in Organized Retail	Organized Retail Penetration

	(₹ Bn)		
Food and beverage	276	20%	2.0%
Clothing and textile	470	34%	19.7%
Consumer durable	240	17%	22.9%
Communication	51	4%	14.0%
Home décor and furnishing	40	3%	5.0%
Beauty and healthcare products	233	17%	9.2%
Pharmacy	*17*	*1%*	*6.1%*
Jewellery, watches, eye care & others	*217*	*15%*	*9.5%*
Footwear	77	5%	15.4%
Books, music	13	1%	8.5%
Total	**1,400**	**100%**	**6.5%**

(Source: CRISIL Research, Retailing, March 2011)

The table below presents city wise relative organized retail opportunity and penetration, according to analysis by CRISIL Research:

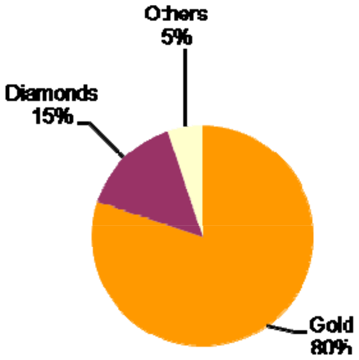


Group	Cities	Type/ Reason for grouping	Retail opportunity 2010-11 (Rs. Billion)	ORP 2010-11	Retail opportunity 2014-15 (Rs. Billion)	ORP 2014-15
NCR	NCR	-	1,260	30.1%	1,836	35.5%
Mumbai	Mumbai	-	1,204	28.2%	1,756	35.0%
Kolkata	Kolkata	-	463	20.2%	809	26.0%
Bangalore	Bangalore	-	247	39.9%	460	44.5%
Chennai	Chennai	-	361	28.3%	613	33.0%
Hyderabad	Hyderabad	-	326	21.2%	558	29.0%
Pune	Pune	-	210	23.5%	320	32.0%
Kochi	Kochi	-	52	15.4%	87	16.0%
Ahmedabad	Ahmedabad	-	256	21.2%	485	27.3%
TIA	Ludhiana, Surat, Jaipur, Lucknow, Coimbatore	Large population, medium ORP	487	14.9%	901	17.5%
TIB	Chandigarh, Vijaywada, Vizag	Smaller population, medium ORP, fast growth	206	17.1%	384	19.5%
T1C	Meerut, Aurangabad, Jalandhar, Agra	Smaller population, medium ORP,	141	8.7%	223	13.5%
T2A	Kanpur, Nagpur, Madurai, Indore, Nashik, Vadodara	Large population, low ORP	447	7.3%	839	9.5%
T2B	Raipur, Bhubaneshwar, Belgaum, Mangalore, Mysore, Salem, Rajkot	Smaller population,low ORP	198	7.1%	382	9.5%

(Source: CRISIL Research, Retailing, March 2011)

Jewellery Retailing in India

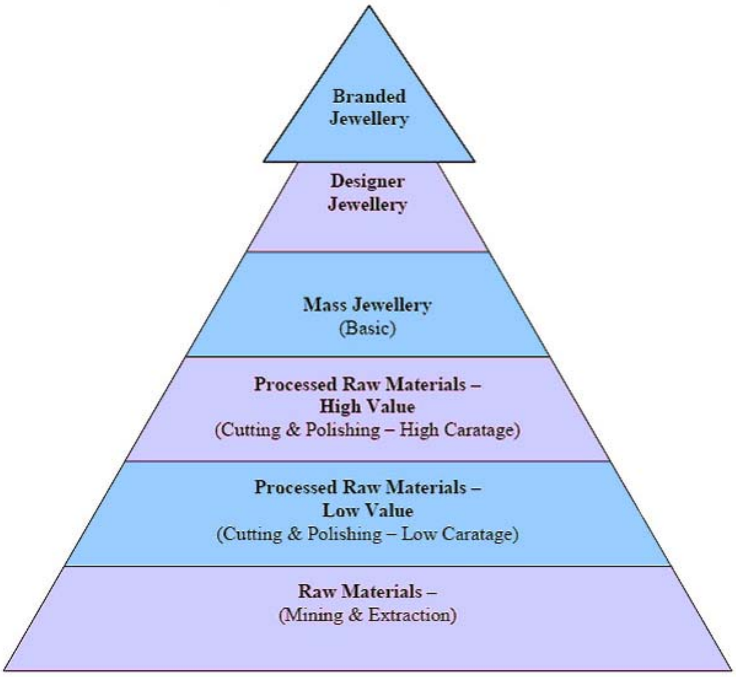
According to CRISIL Research, the Indian jewellery retailing market is estimated at ₹ 973 billion as of 2009-10. Within the jewellery retailing market in India, the share of gold jewellery is estimated to be around 80%, according to CARE Research.



Source: CARE Research, June 2010

The Indian jewellery retail industry is highly unorganized with organized market accounting for a mere 10% of the jewellery retail market, according to CRISIL Research. Jewellery in India is retailed mainly through three formats: national stores, regional stores and small family run businesses. The purchase of jewellery is largely based on trust exhibited by customers. According to CRISIL Research, there are over 300,000 jewellery retail outlets across the country, indicating a high level of fragmentation.

Gems and Jewellery Value Addition Ladder



Source: CARE Research, June 2010

Changing trends in the Indian Jewellery Retail Industry

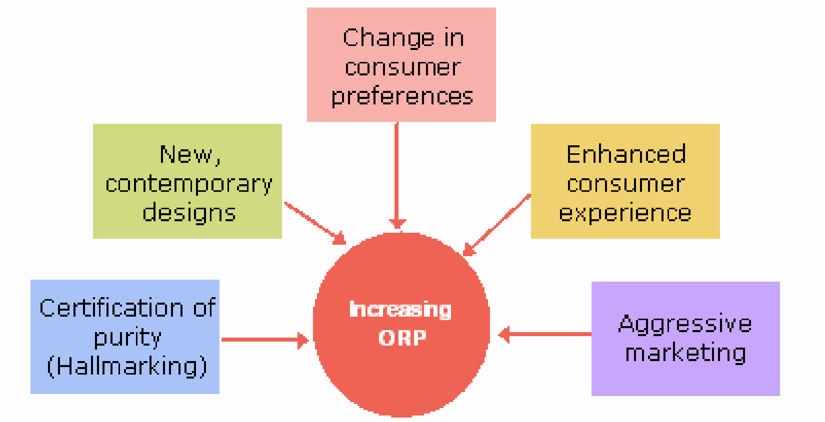
Traditional Practice	Emerging Trend
Gold jewellery consumption emanates from traditional and investment-related demand.	It is regarded as a fashion accessory by the growing young population.

Traditional Practice	Emerging Trend
Demand peaks during weddings and festival seasons.	They still remain the main demand drivers but its use for regular wearing and gifting has evened out the demand throughout the year.
Consumption of pure gold – preferred 22-carat. Traditional and ethnic designs preferred.	Lower caratage and light-weight jewellery preferred. Trend is more towards fashionable and contemporary designs.
Purchase from neighbourhood jewellers dominated. Hence the industry lacked transparency	Growing preference for brands, retail stores and e-retailing. Introduction of hallmarking and certifications
Pre-dominance of gold (yellow)-based jewellery.	Acceptance of white gold, platinum and diamond studded jewellery. Even imitation jewellery is gaining acceptance.
Jewellery largely sold on prevailing gold price, per gram, plus labour charges.	Branded players sell on a fixed-price basis.

Source: CARE Research, June 2010

Organized Jewellery Retailing in India

Recognizing the large untapped potential for organized retail within this space, Tanishq (part of Titan Industries, a Tata group company) was the first major retail player to make an entry into the branded jewellery retail space in 1996. Subsequently, many retail players have entered into the organized segment. Players such as Tribhovandas Bhimji Zaveri. Shree Ganesh, Joy Alukkas and Kirtilal Kalidas have been expanding their presence across geographies by setting up similar format stores. In order to build trust, jewellers have come up with buy-back offers and purity assurance. 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, hallmarking and aggressive marketing.



(Source: CRISIL Research, Retailing, January 2011)

The key factors contributing to increase in organized retail penetration in the jewellery segment are as follows:

1. The unique selling proposition of organised retailers in this segment is the quality certification (hallmarking in jewellery industry parlance). Organised players have gained significant leverage by providing certificates of quality for the goods sold at their outlets. Some players have even made available “karatmeters” in their stores whereby consumers can verify the purity of gold being used.

2. Most organised retailers have laid high emphasis on jewellery designing, providing consumers with a wider range of designs tailored for diverse purposes beyond the traditional Indian wedding jewellery.

3. Ornamental 'daily-wear' jewellery has rapidly gained acceptance and popularity in the Indian market. Similarly diamonds have rapidly gained importance. Organised players have capitalized on these trends, entering both of these emerging markets in an attempt to boost their market share.

4. Enhancing the overall consumer experience by providing a better ambience in the showrooms.

5. Most players have also adopted aggressive marketing strategies in order to attain visibility and brand value within the highly competitive jewellery retailing space. Improved customer segmentation, targeting mechanisms with specific designs and exclusive range and new usage styles has attracted a new set of consumers and created new occasions.

Revenue and Cost Analysis of Jewellery Retailing Industry

According to CRISIL Research, the jewellery retailing industry is characterized by low margins due to high raw material costs. Traditionally the jewellery retailers charged raw material cost plus 'making charges' as a fixed rupee amount per unit of raw material for jewellery to the consumers. However, some large branded jewellery retailers have started charging 'making charges' on a 'per piece' basis. Some retailers have also begun linking 'making charges' to raw material price by quoting a fixed percentage on the raw material cost. This enables them to earn higher margins in case the raw material price increases.

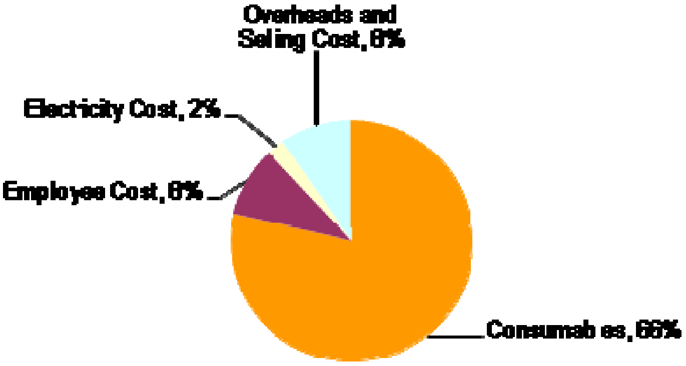
Gold jewellery constitutes the largest component of retailer revenues

The domestic jewellery industry has historically been dominated by gold jewellery. Despite the increasing popularity of diamonds in the recent years (buoyed by the entry of organised players and aggressive advertising campaigns) gold jewellery still accounts for a lion's share of revenues from jewellery retail outlets. According to CRISIL Research, on an overall basis, gold jewellery accounts for 80% of the overall sales in the industry. While certain stores in large cities sell exclusively diamond jewellery, it has been observed that the contribution of diamond jewellery to the overall industry sales varies from 25-30% in large cities to as low as 5 per cent in small cities. The share of diamond jewellery to jewellery retail sales in small cities is relatively low.

Raw material cost forms the largest cost component

The largest single constituent of cost for jewellery retailers is raw material cost (cost of gold/polished diamonds). The gross margins earned on gold jewellery are in the range of 8-10% whereas for diamond jewellery, these margins are as high as 40-45%. Consequently, the product mix for jewellery retailers is a key determinant of profitability. The chart given below depicts the cost break-up of an organised jewellery retailer having a 70:30 share of gold and diamond jewellery (by value):

The following chart gives the cost break-up of a typical jewellery retailer, according to CRISIL Research.



(Source: CRISIL Research, Retailing, January 2011)

Other major costs include employee cost (accounting for approximately 8% of sales) and administrative overheads and selling cost (which account for a further 8% of sales).

Product mix and lease rentals key determinants of returns

While most operational parameters in the industry such as employee and selling costs as percentage of sales remain largely constant throughout the industry, the two key factors determining the returns generated by an outlet are:

1. *Product mix*: Gross margins earned on diamond jewellery vary between 40-45% as compared to 8-10% for gold jewellery. Consequently, retail outlets which are able to garner a higher share of diamond jewellery in their sales mix earn higher gross margins.

2. *Lease rentals*: As is the case with all retailing verticals, location is an important cost decisive factor for jewellery retailing also. High street locations, which attract higher footfalls and larger ticket sizes, command far higher lease rentals. As a result, the trade-off between revenue generated per square foot and lease rentals is another key factor in determining project returns

Organized Jewellery Retail Players in India

Organized retailing in jewellery includes Tata-owned Tanishq, Tribhovandas Bhimji Zaveri, Gitanjali Group, Swarovski, Reliance Jewels, etc. who have set shop in major cities. Apart from specialty retail players, retail chains such as Shoppers Stop, Lifestyle and Big Bazaar now have "shop-in-shops" or jewellery counters from branded players such as Gitanjali, Orra, Kiah, etc. The last few years has also seen the entry of international luxury jewellery brands in India such as Cartier and Chopard. Further, jewellery exporters are also actively looking at the domestic market and plan to open their retail outlets.

Jewellery		Jewellery & fashion trinkets	Fashion trinkets
Bhima	D' Damas	Globus	Pantaloon
C Krishnaiah Chetty & Sons	JoyAlukkas group	Westside	Hypercity Retail India Pvt Ltd
Davanam	Khadim's Khazana	Shoppers Stop	Magnet
Ganjam Nagappa & Sons	Sona Khazana	Lifetstyle	Star India Bazaar
Gitanjali Group	Kirtilal Kalidas & Co	Ebony	Reliance Hyper
Jewels De Paragon	Mehrasons		Big Bazaar
Cygnus	MP Jewels		Spencers Retail Ltd
Zoya	Notandas		Spar Hypermarket
Kiah	PC Chandra		
Gili	Tanishq		
Orra	TBZ - The Original		
Reliance Jewels	Trendsmith		

(Source: CRISIL Research, Retailing, March 2011)

Due to shrinking margins, large diamond processing companies are adopting a forward integration strategy into the manufacturing or retailing of the jewellery business, both in the business to business ("B2B") and business to consumer ("B2C") segments. This is expected to lead to the entry of new jewellery retail stores and brands in the country, directed towards attracting the increasingly brand-conscious consumers and also enacting favourable exchange policies.

According to CARE Research, elevated gold prices, higher borrowing and operating costs, makes the survival for the family-owned jewellers difficult as well. Though the neighbourhood shop owners have their own advantages of high level of customization and strong customer relationships, they are weighed down by factors like purity, low branding, higher gold wastage (at 0.5%-1%) in manufacturing and weak exchange options. According to CARE Research, organized retail provides guarantee the exchange of goods by charging only about 2% of the total asset value as against 10-15% as charged by local shops.

The following table provides a snapshot of a few organized players in the jewellery retail industry in India:

Company	Sales (2009) (₹ Crore)	Number of Outlets	Announced Plans
Tanishq	2,370	117	Plans to triple turnover by opening new stores and focusing on improving the revenues per store of the existing ones
Gitanjali Group	1,275	1,246 including shops-in-shops	Announced plans for 100 stores in May 2009 of which 30-40 were to be lifestyle stores
Goldplus	390	30	Plan to reach Tier IV and Tier V cities representing the smaller towns and rural India with over 25 Goldplus stores across six states
Reliance Jewels	N/A	15	Plan to open 85 more in next 3 years
Big Bazaar (Navras)	N/A	60 shops-in-shops	Plan to go to 150 by 2011
Rajesh Exports	100	30	Expansion after consolidating current turnover

Source: CARE Research, June 2010

Branding and Certification

The Government of India has been protecting the consumer confidence from adulteration and sub-standard metal quality by launching the Hallmarking Scheme through the Bureau of Indian Standards (BIS). At present, there are 178 BIS-recognised assaying and hallmarking centres in India mostly in Tier I and Tier II cities *(Source: http://www.bis.org.in/cert/hallmarkass.htm, accessed on March 31, 2012)*. Consumers have become more informed about the quality and certification of gold jewellery and are now insisting for certification. Traditionally, gold has been purchased because of its investment value along with aesthetic value, unlike in foreign countries where it is bought only for ornamental purposes. With changing demographics, the branding of jewellery and the retail revolution, young customers (from age groups of 20-40 years) prefer buying jewellery for fashion rather than for investments. Many companies like Titan, Tribhovandas Bhimji Zaveri, Rosy Blue Group, Gitanjali Gems and Rajesh Exports have started investing in brand-building exercises for their products. All these efforts will lead to a much higher growth in the branded and therefore also organized jewellery market. The Central Government is considering making hallmarking mandatory for all gold jewellery in India. However, the final regulation is yet to come into force. According to WGC, some industry participants have predicted that this move will underpin demand or gold jewellery by reducing consumer concerns over quality assurance.

Industry Concerns

Some of the key concerns faced by the jewellery retailing industry, even as it is getting increasingly organized and a branded play, are as mentioned below.

Volatility in raw material prices

According to CARE Research, Indian consumers have a tendency to postpone their purchases until the prices seem reasonable and restrain from panic buying. It has been observed that consumers lay emphasis on stability of gold prices rather than absolute prices of gold to make their purchases. Retailers who quote making charges as a percentage of the raw material cost may be negatively impacted by a significant decline in gold or diamond prices.

High inventory requirements, low risk of inventory obsolescence

Jewellery retailers have high capital requirements for inventory, as the business requires a minimum range and amount of jewellery items to be stocked and these are high value items. But risk of inventory obsolescence is much lower as compared to other retail businesses. The metals and the gems can be reused and redesigned and there is no natural wear and tear.

Long gestation period

Retailers across verticals typically face long gestation periods for their projects. This is mainly because retailing (including jewellery retailing) is a low margin business. According to CRISIL Research, in case of jewellery retailing, profits earned by large organized players are exclusively on making charges. Apart from this, brand establishment is a long process and according to CRISIL Research it can take three to four years for a retailer to establish a presence in a market, due to the highly fragmented jewellery retailing market.

Increasing import and excise duties

For details of increase in duties of customs and excise payable for this Industry, see the section “Regulations and Policies” on page 124.

BUSINESS

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in 10 cities across five states, which have a total carpet area of approximately 48,818 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery and jadau jewellery. The design and manufacture of our products is done either in-house or by third parties. All of our showrooms trade under the name of "Tribhovandas Bhimji Zaveri". Our flagship showroom in Zaveri Bazar, Mumbai was established in 1864. Since 2001, we have opened several showrooms, including opening seven showrooms between August 2007 and October 2008.

Out of our 14 showrooms, 11 are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more) and three are what we term "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.). Four of our showrooms are in Mumbai, Maharashtra; one is in Thane, Maharashtra; one is in Pune, Maharashtra; two are in Hyderabad, Andhra Pradesh; one is in Vijayawada, Andhra Pradesh; one is in Ahmedabad, Gujarat; one is in Surat, Gujarat; one is in Rajkot, Gujarat; one is in Indore, Madhya Pradesh; and one is in Kochi, Kerala. Effective June 1, 2011, we surrendered the lease for one showroom to the lessor and on July 27, 2011 we opened a new showroom in Rajkot, Gujarat. We closed one small format showroom in Pune on March 31, 2012 and opened a large format showroom in Pune on April 1, 2012.

We plan to open an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 43 cities across 14 states.

We offer our customers a wide variety of jewellery from across India in order to cater to regional tastes. We also offer jewellery from various parts of the world such as Italy, Turkey and Thailand. We also customise jewellery for individual needs. We offer our jewellery across different price points so as to maximise our potential customer base.

We believe our more than 145-year old track-record signifies consumers' trust in the quality and purity of our products. This is enhanced by the fact that we offer a buy-back guarantee on our jewellery, subject to certain conditions. We began to offer this guarantee in 1931, and believe we were the first jewellery retailer in India to do so. Our belief in the trust that consumers place in us is also evidenced by the fact that we were awarded the *Readers Digest Trusted Brand Asia* in the category of Jewellery Shop in 2006, 2007 and 2008.

We have a dedicated design team, currently comprising 25 designers, 10 of whom are skilled in computer-aided design (CAD). All of our designers are focused on developing new products and designs that meet customers' requirements. We won both the "Best Collection" and the "Best Innovation" awards for our jewellery designs by *Diamond Trading Corporation ("DTC")* in 2007. We were also awarded the "Best Wedding Jewellery" in the gold category at the *Retail Jeweller India Awards* 2010 and won the *IJ Jewellers Choice Design Awards*, 2011 for best necklace design in the diamond category, best bridal design in the diamond category and best Kundan Mina Jewellery in the gold category.

We have our own manufacturing facilities for diamond-studded jewellery. In addition, we outsource the production of jewellery as well as purchase jewellery from third parties. We procure jewellery from suppliers in different regions across India, which we believe helps us gain an insight into differing regional preferences. We have a centralised procurement policy and generally purchase in large volumes in order to stock our 14 showrooms. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors in the unorganised sector, which enables us to sell our products at competitive prices.

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 17,739 sq. ft. It has an annual production capacity (based on one eight-hour shift 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. This facility was opened in Fiscal 2011. We also have another manufacturing facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. Prior to the opening of the new facility, all of our manufacturing was done at this facility. We shifted the majority of our production activity to the new facility during the third quarter of Fiscal 2011. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011.

In addition to the awards mentioned above, we have received other awards for both our products and our customer service, including the *DTC Best Showroom* award in 2004 and 2006, the *DTC Best Diamond Moments* award in 2005 for our customer interactions, the *DTC Best Showroom and Sales Person* award in 2006 and 2007, the *Jaipur Jewellery Show Gold Souk Awards* 2007, which honoured our contribution to the gem and jewellery industry in India, and the *Jamnalal Bajaj Uchit Vyavahar Puraskar* 2007 – Council for Fair Business Practices Award. We have also been awarded the "TV campaign of the year" at the *Retail Jewellers India Awards 2011* and "Best Advertising Campaign of the Year - Print" at the National Jewellery awards 2012.

Our marketing activities are focused on generating footfalls in our showrooms throughout the year. Our marketing includes campaigns such as our Bangles and Chains festival, Oodiyanam festival, Kerala jewellery festival and Mangalsutra festival. We also have an advance payment scheme called "Kalpavruksha", which encourages customers to pay advance amounts throughout a plan period. We offer plan periods of 12, 18 and 24 months and provide discounts on the purchase price of our products according to the plan length. We began this scheme in November 2008.

As at March 31, 2012, we had 1,192 employees. In Fiscal 2011, our revenue from operations was ₹ 11,939.31 million on a consolidated basis, of which 72.51% was from the sale of gold jewellery, 22.08% was from the sale of diamond-studded jewellery and 5.41% was from sale of other products. In the nine months ended December 31, 2011, our revenue from operations was ₹ 11,173.73 million on a consolidated basis, of which 72.48% was from the sale of gold jewellery, 25.20% was from the sale of diamond-studded jewellery and 2.32% was from sale of other products. Our profit after taxation for Fiscal 2011 and the nine months ended December 31, 2011 was ₹ 400.29 million and ₹ 503.13 million on a consolidated basis, respectively.

Our Competitive Strengths

We believe our primary competitive strengths include the following:

We Have a Long History and a Strong Brand Name

We believe the trade name "Tribhovandas Bhimji Zaveri" is trusted by consumers due to its more than 145-year history and the quality and purity of our products. Our belief in the trust that consumers place in us is evidenced by the fact that we were awarded the *Readers Digest Trusted Brand Asia* in the category of Jewellery Shop in 2006, 2007 and 2008. We have received other awards for both our products and our customer service, including the *Jaipur Jewellery Show Gold Souk Awards* 2007, which honoured our contribution to the gem and jewellery industry in India.

Design, Innovation and Product Range

We have a dedicated design team, currently comprising 25 designers, 10 of whom are skilled in computer-aided design (CAD). All of our designers are focused on developing new products and designs. The design team works to understand customer requirements through customer interactions, national and international jewellery trade shows and trend forecasting reports so as to introduce new designs in line with customer expectations. We also offer our customers a wide variety of jewellery from different regions in India in order to cater to regional tastes. Each showroom has a portion of its inventory dedicated to local designs and preferences. We also offer jewellery from various parts of the world such as Italy, Turkey and Thailand. In order to widen our customer base and loyalty, we endeavour to provide individually customised designs and products when it is possible.

We generally introduce eight to 10 new lines of jewellery design every year. Our jewellery design ability was recognised by *DTC*, who gave us the "Best Collection" and the "Best Innovation" awards in 2007. We also won the "Best Wedding Jewellery" award in the gold category at the *Retail Jeweller India Awards* 2010 and won the *IJ Jewellers Choice Design Awards*, 2011 for best necklace design in the diamond category, best bridal design in the diamond category and best Kundan Mina Jewellery in the gold category.

Well-Established Systems and Procedures

We have established systems and procedures for staffing, management processes and the implementation of current and long-term objectives. Our operational processes are set forth in an operating manual.

Efficient Inventory Management

Our inventory is bar-coded and monitored and controlled through Oracle E-Business Suite software. Our inventory for each showroom is planned at the beginning of each year in amounts determined to achieve the desired sales and inventory turnover. As part of our inventory management, we also rotate jewellery between different showrooms in an effort to increase turnover. Some of the products obtained from third parties that we are unable to sell are either returned to the vendors or exchanged for other products.

Strong Technology Architecture

We have implemented Oracle E-Business Suite software across all showrooms and offices in order to maintain greater control over business operations. The software allows for connectivity across all our showrooms and offices and transfers data in real time, allowing our management team to obtain real-time information. Additionally, we have implemented VMware infrastructure, which is a combination of server, storage and virtual network technologies. We also have backup support for all systems, and our data is protected by security measures.

Comprehensive Corporate Planning and Budgeting

We have 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 start the budget preparation process by reviewing our past sales performance, competitors' activities, customer reactions to prior marketing campaigns and product category performances and estimated demand. We then analyze the data in order to draw conclusions on our performance, and then we work out our sales objectives for the next financial year with a focus on same store sales growth by increasing footfalls, increasing footfall conversion and increasing average ticket size.

Thorough Review Procedures

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 specialising in such audits. Our organisational structure is also being reviewed by a qualified external consulting firm.

Expansion Experience

We have substantial experience in expanding operations and managing the launches of new showrooms. We opened seven new showrooms within a 15-month period from August 2007 to October 2008, which gave us invaluable experience in selecting potential markets, real estate locations, training staff and undertaking the marketing and advertising required to establish and support our newly launched showrooms. We launched a new showroom in Rajkot, Gujarat in July 2011 and launched a new large format showroom in Pune, Maharashtra on April 1, 2012. We believe this experience will enable us to achieve our planned expansion of showrooms on time and within budget.

We have our own Manufacturing Facilities

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 17,739 sq. ft. It has an annual production capacity (based on one eight-hour shift 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. This facility was opened in Fiscal 2011. We also have another manufacturing facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. Prior to the opening of the new facility, all of our manufacturing was done at this facility. We shifted the majority of our production activity to the new facility during the third quarter of Fiscal 2011. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011.

Our manufacturing facilities have state of the art equipment and machinery, including gem testing labs and karat meters, which helps in ensuring the high quality of our products. Having our own manufacturing facilities gives us the following advantages compared with competitors who do not have their own manufacturing facilities:

- We are able to control the quality of our products by determining which pieces of gold or diamonds to use in the manufacturing process.
- We are able to offer exclusive designs, which can command premium prices and offer customized designs.
- We are able to take advantage of a smoother supply chain process, which, among other things, results in less work-in-process time.
- We save on cost as we do not incur what are commonly known as handling charges on the diamond jewellery we manufacture.

Experienced Management

Shrikant Zaveri, our Chairman and Managing Director, has worked in the jewellery retail sector for more than 30 years. In addition to the experience and industry knowledge of Shrikant Zaveri, the majority of our senior management has been with the Company for at least five years and our CEO, R. K. Nagarkar, has been a part of the Company since 1992. R. K. Nagarkar holds a bachelor's degree in metallurgical engineering from the College of Engineering, Pune and has over 35 years of experience. Our CFO, Prem Hinduja, is qualified as a Chartered Accountant, Cost Accountant and Company Secretary and has over 32 years of experience.

Procurement Advantage

We source the majority of the jewellery that we sell from over 150 different suppliers in different regions in India, which we believe helps us gain an insight into differing regional preferences and access to a large number of designs. We have a centralised procurement policy and generally purchase in large volumes to supply to our 14 showrooms. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors in the unorganised sector, which enables us to sell our products at competitive prices.

Our Strategy

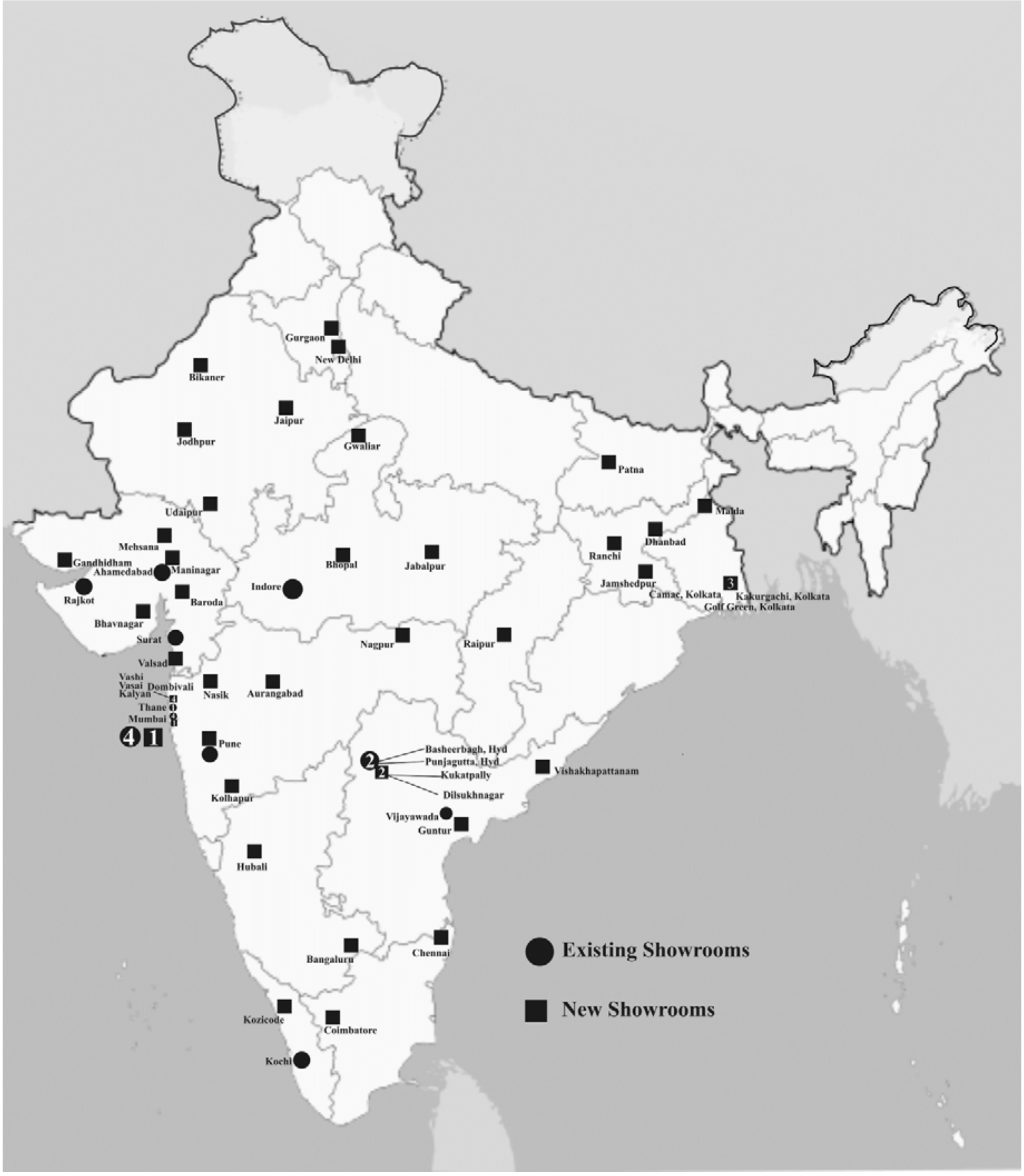
Our goal is to be the leading jewellery brand in India. We strive to achieve this goal by implementing the following key business strategies:

Expanding Our Retail Network

We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft) in cities across 14 states. As part of this strategy, we intend to use ₹ 191.94 million from the Net Proceeds to open nine new large format high street showrooms during Fiscal 2013. We have identified the following eight cities for the establishment of these new showrooms: Aurangabad; Gandhidham; Hyderabad; Kolkata; Nagpur; Vadodara; Valsad and Visakhapatnam. We propose to take the premises for the new large format high street showrooms on lease or on the basis of leave and licence agreements. We have not entered into any agreements for these new showrooms and we may not be able to negotiate commercially acceptable terms. Therefore, we may need to revise our plans. For further details, see the section titled "The Objects of the Issue – Details of the Objects" on page 75.

Prior to choosing the proposed locations for the 43 new showrooms, we conducted an analysis on the market in each location. We generally aim to enter jewellery markets where we can potentially gain market share from local companies by carving a niche through offering a diverse product mix, designs and price structure and utilizing our name and goodwill, which was established over our 145-year history. To test each potential location, we conduct exhibitions to identify market potential as well as opportunities for us to sell across all product categories. We also form two groups, each consisting of four staff members from our existing showrooms, to conduct detailed market surveys in each potential location. Our analysis must determine that opening a new showroom in the targeted market is feasible. Feasibility factors include the estimated size of jewellery sales in the targeted market and the sales mix of different products and the potential for growth in each category, market share of potential competitors in the target market and availability of labour and staffing resources.

The map of India below shows the locations of our current showrooms and our proposed new showrooms to be opened:



Focusing on Increasing Same Showroom Sales

In order to increase same showroom sales we are focused on increasing our footfalls, increasing our footfall conversion and increasing the average ticket size of each sale.

In order to increase footfalls, we plan to continue our marketing activities such as advertising, organising events, participating in exhibitions, promotions and launching new product lines such as the temple jewellery collection and men's jewellery collection. We intend to capitalise on existing jewellery buying occasions by combining product launches and discounts around traditional occasions as well creating new occasions, such as the TBZ Bangle and Chain Festival and Mangalsutra Mela.

One of our key focus areas is on the conversion of each footfall into a customer. We train our employees in sales techniques and increase their product knowledge in order to increase our conversion rate. We attempt to reduce the number of footfalls that walkout without purchasing from us by stocking a wide range of jewellery across different price points.

We plan to increase ticket sizes by training our employees in up-selling and selling complementary products such as pendants with earrings, and by introducing new lines of jewellery.

Increasing Diamond-Studded Jewellery Sales

Sales of diamond-studded jewellery have a higher profit margin than sales of gold jewellery. For example, in Fiscal 2011 and the nine months ended December 31, 2011, our gross profit margin on sales of diamond-studded jewellery was 29.26% and 36.23%, respectively, compared with 12.21% and 10.86%, respectively, for sales of gold jewellery. We plan to increase our overall profit margin by increasing the diamond-studded jewellery sales. Our plan for increasing our diamond-studded jewellery sales includes 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. In this context we have launched the Diamond Necklace Collection and the TBZ Solitaire Collection. In Fiscal 2011, 2010 and 2009 and the nine months ended December 31, 2011, sales of diamond-studded jewellery were ₹ 2,636.58 million, ₹ 1,912.9 million, ₹ 1,552.59 million and ₹ 2,805.58 million, respectively, on a consolidated basis representing 22.08%, 21.62%, 23.21% and 25.20% of revenue from operations for the respective periods.

Taking Advantage of Economies of Scale

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 from 2.70% in the nine months ended December 31, 2011 on a consolidated basis 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 costs as a percentage of revenue to decrease as our revenue from operations increases.

Increasing our In-house Manufacturing and Outsourced Manufacturing Activities

We intend to increase our in-house manufacturing and outsourced manufacturing activities. In this regard, in Fiscal 2011, we built a new facility in Kandivali, Mumbai with a carpet area of 17,739 sq. ft. and an annual production capacity (based on one eight-hour shift 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. This is our first in-house facility for gold refining. During the third quarter of Fiscal 2011, we shifted the majority of our production activity to the new facility from our old facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011. 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. We believe that this will improve our control over product quality, designs and profit margins.

Leveraging the "Tribhovandas Bhimji Zaveri" Brand Name and Continuing to Distinguish our Business from other Businesses Using Similar Names

We plan to leverage the "Tribhovandas Bhimji Zaveri" brand name by expanding the number of showrooms under the "Tribhovandas Bhimji Zaveri" brand name and continuing to distinguish our business from other businesses using similar names by including the words "The original since 1864" in our logo and emphasising "TBZ – THE ORIGINAL" in all our public communications and point of sale materials, giving our showrooms the same look and feel by maintaining uniformity in the external and internal appearances of our showrooms and by having our staff dress in our unique uniforms. We intend to convey to potential and current customers that while there may be other businesses with similar names, our Company owns the original flagship store in Zaveri Bazar. For further discussion of the use of similar names by other businesses and the risks involved, see sections titled "History and Certain Corporate Matters" on page 126 and "Risk Factors" on page 11.

Our Operations

Products

Our products consist of gold jewellery, diamond-studded jewellery, precious and semi-precious stone-studded jewellery, plain platinum jewellery, loose diamond solitaires, loose precious and semi-precious stones, jadau jewellery. In these categories, we offer wedding jewellery, festival jewellery, daily wear jewellery, men's jewellery and jewellery for personal occasions. We offer a wide variety of jewellery options, including rings, earrings, pendants, bracelets, necklaces, chains and bangles.

Our products represent designs 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, among others. 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.

The Company has agreed that it would not sell jadau jewellery in the city of Hyderabad for two years in terms of the agreements entered among the Company, Shrikant Zaveri and Parinda Bajaj dated June 22, 2011 from the date of these agreements. Our sales of jadau jewellery in Hyderabad in Fiscal 2011 were ₹ 84.28 million, which represented 0.71% of our revenue from operations on a consolidated basis for Fiscal 2011. For further details, see the section titled "History and Certain Corporate Matters – Material Agreements" on page 130.

Jewellery Design

We have a dedicated in-house design team, currently comprising of 25 designers, 10 of whom are skilled in computer-aided design (CAD). All of our jewellery designers are focused on developing new products and designs that meet customers' requirements. We were awarded both "Best Collection" and the "Best Innovation" awards for our jewellery designs by the *DTC* in 2007. We were also awarded the "Best Wedding Jewellery" in the gold category at the *Retail Jeweller India Awards* 2010 and won the *IJ Jewellers Choice Design Awards*, 2011 for best necklace design in the diamond category, best bridal design in the diamond category and best Kundan Mina Jewellery in the gold category.

Product Sourcing

Manufactured Goods

Outsourced Manufactured Goods

We pay making charges and supply gold to manufacturers who manufacture gold jewellery to either our designs or to designs approved by us. We outsource our manufacturing to approximately 150 external manufacturers in Andhra Pradesh, Kerala, Gujarat, Maharashtra, Karnataka and Rajasthan. We have not entered into written agreements for outsourcing our manufacturing.

In-house Manufactured Goods

Tribhovandas Bhimji Zaveri (Bombay) Limited, the Company's 100%-owned subsidiary, manufactures diamond-studded jewellery for sale in our showrooms at two facilities. Both are in Kandivali, Mumbai. Our new facility has a carpet area of 17,739 sq. ft. and an annual production capacity (based on one eight-hour shift per day) of 100,000 cts. of diamond-studded jewellery, 4,000 kgs of gold refining and manufacturing 4,500 kgs of gold jewellery components. The old facility has a carpet area of 5,755 sq. ft. We shifted the majority of our production activity from the old facility to the new facility during the third quarter of Fiscal 2011. We produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011. Tribhovandas Bhimji Zaveri (Bombay) Limited was a Promoter group company and became a subsidiary of the Company in October 2010.

As at March 31, 2012, we had 170 full-time employees and no part-time employees working at our manufacturing facilities. We also outsource manufacturing work to karigars.

Our manufacturing facilities have state of the art equipment and machinery, including gem testing labs and karat meters. The manufacturing facilities procure electricity from the state electricity board and water from the city mains system.

Procurement of Materials

We purchase gold bars from authorised bullion dealers and banks. The gold jewellery purchased though our buy-back or exchange scheme is refined into gold bars, which are used as the raw material for new products. At the end of each day we endeavour to purchase the same amount of gold in Rupee terms that was sold across all of our showrooms that day. Therefore, if the price of gold increases, we purchase less volume of gold compared with the volume of gold sold and vice versa. This practice helps to mitigate the risk of changes in gold prices. These daily purchases are the combination of new gold bullion and “old gold” that is purchased for refinement.

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.

Procurement of Ready-Made Products from Third Parties

We procure ready-made products from over 120 different vendors in different regions in India, Italy, Turkey and Thailand. Our ready-made gold jewellery is primarily sourced from vendors in Jaipur, Kolkata, Ahmedabad, Rajkot, Amritsar, Cochin and Hyderabad. Our ready-made diamond-studded jewellery is sourced from approximately 35 vendors within India and from a small number of vendors in Italy, Turkey and Thailand. We purchase ready-made diamond-studded platinum jewellery from three vendors in India.

We have a centralised procurement policy and generally purchase in large volumes in order to stock our 14 showrooms. By purchasing in large volumes, we believe we are able to purchase inventory at lower prices than competitors in the unorganised sector, which enables us to sell our products at competitive prices.

Quality Assurance

We have a stringent quality control process throughout our operations, from the point of procurement of raw materials to the sale of the finished products in our showrooms. Before gold jewellery is sent to a showroom, it must pass through two quality control checkpoints, one internal and one external. Our internal quality control department is comprised of seven people. This 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 are tested in our internal laboratory to check the quality. Once we receive completed jewellery from the manufacturer, we again check the quality of gold, diamonds and gemstones. Our quality control department also checks the finishing of the design at this time. In addition, we have a third party certify the quality of the diamonds we sell. Only upon passing all quality checkpoints will a piece of jewellery be distributed to one of our showrooms.

Inventory Management

We have an efficient inventory management system. A budget is created at the start of each year for the procurement of our gold and diamond-studded jewellery that takes into account the sales targets and inventory turnover in the prior year. At the end of each day we endeavour to purchase the same amount of gold in Rupee terms that was sold across all of our showrooms that day. This practice helps to mitigate the risk of changes in gold prices. From time to time, pieces of jewellery are purchased to replenish the stock sold and the total stock of inventory in each showroom is maintained at pre-set levels for peak and off-peak seasons. Our inventory is also rotated among showrooms to increase turnover, and some products that do not sell are exchanged or returned to suppliers.

Our logistics team is comprised of three people in each product segment. Before transporting any jewellery, at least two members of that product segment's team must check the products to be sent against the appropriate transfer documentation. Once the product is ready for transport, it is picked up and delivered by a secure logistics service provider.

Corporate Planning and Budgeting

We have 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 start the budget preparation process by reviewing our past sales performance, competitors' activities, customer reactions to prior marketing campaigns and product category performances and estimated demand. We then analyze the data in order to draw conclusions on our performance, and then we work out our sales objectives for the next financial year with a focus on same store sales growth by increasing footfalls, increasing footfall conversion and increasing average ticket size.

Sales and Marketing

We sell our products through our 14 showrooms in the trade name of "Tribhovandas Bhimji Zaveri", of which four are in Mumbai (Zaveri Bazar, Borivali, Santacruz and Ghatkopar) one is in Thane, Maharashtra, one is in Pune, Maharashtra, two are in Hyderabad (Punjagutta and Basheerbagh), one is in Vijayawada, Andhra Pradesh, one is in Ahmedabad, Gujarat, one is in Surat, Gujarat, one is in Rajkot, Gujarat, one is in Indore, Madhya Pradesh and one is in Kochi, Kerala. Out of these 14 showrooms, 11 are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more) and three are what we term a "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.)

All of our showrooms follow our standard operating procedure, which focuses on converting footfalls into customers. Our training programmes are designed to increase the efficiency of our sales teams and to increase conversion ratios and ticket sizes.

We track our sales on a daily basis using Oracle ERP software. We analyse our sales figures against an annually established sales budget and track any variances.

Our marketing activities mainly focus upon generating footfalls in our showrooms through above the line and below the line activities. Above the line activities are those that are implemented through mass media, such as television, radio, newspapers, magazines, billboards and the internet. Below the line activities focus upon customer contact through localised road shows, customer get-togethers and locally sponsored activities. We have also been awarded the "TV campaign of the year" at the *Retail Jewellers India Awards 2011.*

Our marketing plan aims to capitalise on jewellery buying occasions by combining product launches and discounts around traditional holidays and new age celebrations. We also launch new product lines, such as Oodiyanam, our pendant set collections, and our Turkish and Italian collections. We also attempt to create new occasions to purchase jewellery, such as at the TBZ Bangle and Chain Festival and Mangalsutra Mela.

We also feature jewellery sale campaigns centred around Mother's Day, Women's Day, Valentine's Day, and other occasions appealing to younger generations.

We capture customer data in our showrooms in order to send existing customers invitations for sales promotions, mailers on auspicious occasions and other communications. We run free seminars for consumers to help educate them on purchasing jewellery. In addition, we set up stalls at jewellery exhibitions and social gatherings.

We have an advance payment scheme called “Kalpavruksha”, which encourages customers to pay advance amounts throughout a plan period. We offer plan periods of 12, 18 and 24 months and provide discounts on the purchase price of our products according to the plan length. We began this scheme in November 2008. As at December 31, 2011, there were 22,924 members of this scheme. In Fiscal 2011, 5,127 members purchased ₹ 117.84 million worth of jewellery pursuant to the scheme, representing 0.89% of our revenue from operations on a consolidated basis for the period. In the nine months ended December 31, 2011, 1,858 members purchased ₹ 64.74 million of jewellery pursuant to the scheme, representing 0.58% of our revenue from operations on a consolidated basis for the period.

Customer Service

We are focused on building our business through customer-centric operations. We believe we were the first jewellery retailer to provide customers with a buy-back guarantee on gold jewellery, subject to certain conditions. A guiding principle of our Company has always been to understand customer requirements, learn the customer trends, and give the customers exactly what they want.

In order to deliver strong customer service, our sales teams have been trained to educate the customer as to the details of their potential jewellery purchase. We believe this allows the customer to make an informed choice they will be satisfied with. We also cater to any customer’s desire for personalized jewellery and have employed designers to create designs to meet customers’ personal specifications.

Security

To date, we have experienced minimal shrinkage. To minimize shrinkage, we have instituted stringent controls and mechanisms to monitor the movement of the jewellery within the showroom as well as during external transportation. Our 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. We have installed closed circuit television cameras in our showrooms to monitor customers and staff during working hours. We also have installed night vision cameras both inside and outside our showrooms for added security while the showrooms are closed. While a showroom is closed, all jewellery is stored in a showroom vault. We have also installed smoke detectors and panic alarms in each showroom.

We have hired external security agencies that provide around the clock security guards for each showroom. We have a monitoring system to ensure the security personnel are on duty at all times.

Information Technology

We have implemented Oracle E-Business Suite across all showrooms and offices in order to maintain greater control over business operations. The software allows for virtual connectivity across all our showrooms and offices and transfers all data in real time, allowing our management team to obtain real-time information. Additionally, we have implemented VMware infrastructure, which is a combination of server, storage and virtual network technologies. We also have backup support for all systems, and all of our data is protected by security measures. These information technology strategies help us to continuously consolidate workloads, maximise server utilization and decrease operational costs.

Intellectual Property

We have trademarked our logo, which includes the words “*tbz*” and “*The original since 1864*”.

We have registered the trade mark “Tribhovandas Bhimji Zaveri” and have the right to use the same as part of our trading and company name. Our business was carried on as a partnership firm from 1949 until July 2007, when our Company was incorporated. During this period, the partnership firm has been reconstituted several times owing to the retirement of partners. By the deeds of retirement, certain of these retiring partners have the right to use the brand name “Tribhovandas Bhimji Zaveri” with the modifications through prefixes and suffixes specified in the respective deeds. Two of the retiring partners have the right to use the brand name “Tribhovandas Bhimji Zaveri” with or without such modifications. In addition, one retiring partner has such right only outside India. Consequently, these retiring partners and their heirs use the name "Tribhovandas Bhimji Zaveri" with prefix or suffix as a part of their trade name or corporate name. To our knowledge, there are five other entities using similar names in a total of four cities: Mumbai; New Delhi; Bangaluru and Nagpur. For further details, see section titled "History and Certain Corporate Matters" on page 126. We believe that the name "Tribhovandas Bhimji Zaveri" has not been registered.

We have trademarked the logo for our Kalpavruksha scheme.

As we change the designs of our jewellery on a regular basis, we do not file for copyright protection for our designs.

Human Resources

As at March 31, 2012, we had 1,192 full-time employees and no part time employees. This includes our CEO, CFO, nine functional heads and 33 showroom managers and assistant managers. Of those employees, 721 were based at our showrooms, 301were based at offices as our corporate staff and 170 were based at our manufacturing facilities. Our attrition rate in the nine months ended December 31, 2011 was 20% at showrooms, 15% at the corporate office and 21% at the manufacturing facilities.

We conduct a training programme for our employees in two stages, with one being conducted in-house, and the other being an external programme. We operate an in-house training facility, focusing on upgrading the skills and efficiency of our staff. During the nine months ended December 31, 2011, our training managers ran 75 sessions, training 588 employees. Our showroom managers also conduct ongoing on the job training for our sales staff.

We also send select employees to participate in external training programmes with professional trainers or institutions to upgrade their skills, knowledge and business etiquette. External training courses and seminars are held by IIM Ahmedabad, NYUZ and DOOR Training and Consulting India Pvt. Ltd., World Gold Council, Platinum Guild India, and the India International Jewellery Show.

All our employees undergo monthly, quarterly, and semi-annual performance reviews.

Competition

There are approximately 300,000 unorganized traditional jewellers in India, which accounted for 94% of the retail jewellery market in 2009 (source: FICCI Technopak). In addition, we face competition from organised jewellery retailers on a national, regional and local level. Organised retailing in jewellery includes us, Tanishq, Gitanjali and Reliance Jewels. Apart from specialty retail players, retail chains such as Shoppers Stop, Lifestyle and Big Bazaar have "shop-in-shops" or jewellery counters from branded players such as Gitanjali, Orra and Kiah. The last few years has also seen the entry of international luxury jewellery brands in India such as Cartier and Chopard. Further, jewellery exporters are also actively looking at the domestic market and plan to open their own retail outlets.

Due to shrinking margins, some large diamond processing companies are planning to enter into the manufacturing and retailing of diamond jewellery. This is expected to lead to the entry of new jewellery retail brands in India. For more information concerning our competitors, see section titled "Industry Overview–Organized Jewellery Retail Players in India" on page 108.

Insurance

Set forth below is a summary of the insurance policies we have taken out:

Name of Insurance Policy	Type of Coverage	Policy Expires
Standard fire and special perils	Policy for loss caused to our property or assets by fire, special perils, burglary, housebreaking, robbery, hold up and theft, as well as from earthquakes, shock, floods and cyclones in the following: 1. Zaveri Bazar building (up to a maximum of ₹ 60.00 million); 2. Surat building (up to a maximum of ₹ 10.00 million); 3. Punjagutta building (up to a maximum of ₹ 20.00 million); 4. factory at Kandivali (up to a maximum of ₹ 70.00	June 25, 2012

Name of Insurance Policy	Type of Coverage	Policy Expires
	million).	
Group mediclaim	Covers all directors and our employees at all offices and showrooms for hospitalisation expenses (maximum varies depending on seniority from ₹ 1.0 - 0.1 million).	January 31, 2013
Jewellers block	Stock & stock in trade consisting of jewellery, gold or silver ornaments, plate, pearls and precious stones of any sort or kind whatsoever, cash and currency notes and/or other merchandise and materials usual to the conduct of our business belonging to us and/or held in trust or on commission for which we are responsible (up to a maximum of ₹ 6,849.30 million).	June 25, 2012
All Risk policy	Gold jewellery, platinum jewellery, diamond jewellery, jadau, silver items of every description, ornaments, jewellery watches, studded jewellery, etc., held in trust and or commission, or such other items pertaining to our trade, cash on hand, cash in till/counter and or in transit (up to a maximum of ₹ 155.00 million). This policy also covers property in transit to and from the venues of exhibition, photo shoot, fashion shows, film shootings, reward ceremony and judging throughout India	June 25, 2012
Money insurance	Money in transit from any where to any where throughout India for the purpose of our business activities and/or money in transit from customer's premises, exhibition locations, etc., to our premises, banks, etc, and/or vice versa (up to a maximum of ₹ 10,080.00 million).	June 25, 2012
Employee fidelity	Fidelity guarantee of all our employees at all our shops/office premises all over India (up to a maximum of ₹ 700.00 million).	June 25, 2012
Vehicle	Private vehicle package policy – 14 different policies (maximum varies from ₹ 4.97 – 0.02 million per vehicle).	Various from May 2012 to January 2013
Laptop computer insurance	Laptops (up to a maximum of ₹ 1.25 million).	June 25, 2012
Group personal accident	Covers employees and directors for death, loss of limbs, disability, weekly compensation for being unable to attend office (maximum varies depending on seniority from ₹ 8.0 -0.1 million).	November 21, 2012

Notwithstanding our insurance coverage, damage to our facilities, equipment and properties could nevertheless have a material adverse effect on our business, financial condition and results of operations to the extent such occurrences disrupt normal operations of our business or to the extent our insurance policies do not cover our economic loss resulting from such damage.

Properties

Set forth below is a summary of the properties we own:

Location	Nature of Property	Carpet Area (Square Footage)
Zaveri Bazar, Mumbai, Maharashtra	Showroom and back office	10,573
Kandivali, Mumbai, Maharashtra	Manufacturing facility	5,753(1)
Kandivali, Mumbai, Maharashtra	Manufacturing facility	17,739(2)
Punjagutta, Hyderabad, Andhra Pradesh	Showroom	2,361(3)
Surat, Gujarat	Showroom	2,790

(1) The total area of the land on which the facility is located is 2,248 sq. ft. We transferred most of our manufacturing from this facility to the other facility mentioned below in the third quarter of Fiscal 2011.

(2) The total area of the land on which the facility is to be located is 18,487 sq. ft.

[3] *We also lease 2,740 sq. ft. of this building, giving this showroom a total carpet area of 5,101 sq. ft.*

Set forth below is a summary of the properties we lease:

Location	Nature of Property	Carpet Area (Square Footage)	Lease Expires
Nariman Point, Mumbai, Maharashtra	Corporate office	6,058	December 24, 2012
Borivali, Mumbai, Maharashtra	Showroom	4,314	January 31, 2013[1]
Santacruz, Mumbai, Maharashtra	Showroom	4,050	November 15, 2015
Ghatkopar, Mumbai, Maharashtra	Showroom	1,808	October 31, 2024
Thane, Maharashtra	Showroom	3,441	May 31, 2017
Punjagutta, Hyderabad, Andhra Pradesh	Showroom	2,740[2]	March 31, 2014 and July 31, 2020[2]
Basheerbagh, Hyderabad, Andhra Pradesh	Showroom	1,670	October 4, 2018
Vijayawada, Andhra Pradesh	Showroom	2,342	December 31, 2016
Ahmedabad, Gujarat	Showroom	4,925	April 5, 2017
Rajkot, Gujarat	Showroom	3,250	May 31, 2020
Indore, Madhya Pradesh	Showroom	4,025	May 18, 2017
Kochi, Kerala	Showroom	3,250	March 23, 2017
Pune, Maharashtra	Former showroom	1,022	April 30, 2012[3]
Pune, Maharashtra	Showroom	3,059	October 15, 2020

[1] *We occupy shops at ground floor, first floor and one shop in the opposite building, all of which form part of this showroom, pursuant to leave and licence agreements that expire on January, 31, 2013, August 31, 2013 and May 13, 2016.*

[2] *We lease 1,190 sq. ft. of this showroom pursuant to a lease that expires on March 31, 2014 and we lease 1,550 sq. ft. of this showroom pursuant to a lease that expires on July 31, 2020. We also own 2,361 sq. ft. of this building, giving this showroom a total carpet area of 5,101 sq. ft.*

[3] *We closed this showroom on March 31, 2012 and opened a new showroom in Pune on April 1, 2012.*

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 ₹ 260.00 million. 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 ₹ 0.5 million paid by the Company.

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 ₹ 0.10 million 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 ₹ 0.10 million.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies, as prescribed by the GoI or State Governments which are applicable to the Company, its Subsidiaries. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designated not intended to substitute for professional legal advice.

There are no specific regulations governing the gems and jewellery industry in India. Set forth below are certain significant legislations and regulations that generally govern this industry in India:

Gem and Jewellery Export Promotion Council

The Government of India has designated the Gem and Jewellery Export Promotion Council ("GJEPC") as the importing and exporting authority in India in keeping with its international obligations under Section IV(b) of the Kimberley Process Certification Scheme ("KPCS"). The KPCS is a joint government, international diamond and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used by rebel movements to finance wars against legitimate governments. The KPCS comprises participating governments that represent 99.8% of the world trade in rough diamonds.

The KPCS has been implemented in India from January 1, 2003 by the Government of India through communication No. 12/13/2000-EP (GJ) dated November 13, 2002. The GJEPC has been notified as the nodal agency for trade in rough diamonds under para 2.2, chapter 2 of the foreign trade policy (2004-2009). Accordingly, the verification and issuance of Kimberley Process certificates is administered though the Mumbai and Surat offices of GJEPC.

The Indian government has provided an impetus to the gems and jewellery industry with the following foreign trade policies:

1. 100 per cent foreign direct investment ("FDI") in gems and jewellery through the automatic route is allowed.
2. The government has exempted rough coloured precious gems stones from customs duty.
3. Duty-free import of consumables for metals other than gold and platinum up to 2 per cent of freight on board value of exports.
4. Duty-free import entitlement for rejected jewellery up to 2 per cent of freight on board value of exports.
5. Import of gold of 18 carat and above under the replenishment scheme.
6. The government has raised the limit value of jewellery parcels for export through foreign post office (including via speed post) from US$50,000 to US$75,000 and the time period for re-import of branded jewellery remaining unsold has been extended from 180 days to 365 days.

Taxes and Duties

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. For example, effective March 17, 2012 the Government extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, the Government made the following increases to basic customs duty: gold bars other than tola bars from 2% to 4%; gold in any other form from 5% to 10%; platinum from 2% to 4%; and cut and polished coloured gemstones from nil to 2%, and increased countervailing duty on gold ores and concentrates from 1% to 2%. The Government had previously changed the basic customs duty on gold bars from ₹ 300 per 10 grams to 2% of the value with effect from January 17, 2012.

Labour Laws

The primary central legislation governing the manufacturing sector is the Factories Act, 1948, as amended. In addition to this, compliance has to be ensured with various labour related legislations, including the Payment of Gratuity Act 1972, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1956, the Minimum Wages Act, 1948, The Workmen's Compensation Act, 1923, the Employees State Insurance Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970, as amended.

Intellectual Property Laws

The law relating to intellectual property also apply to the Company.

The Trade Marks Act, 1999

The Trade Marks Act, 1999 ("Trademark Act") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks is absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for 10 years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark has to be obtained afresh.

While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 ("WPA"), the Air (Prevention and Control of Pollution) Act, 1981 ("APA") and the Environment Protection Act, 1986 ("EPA"). The Central Government may make rules for regulating environmental pollution.

Foreign Investment

For details in relation to the regulations regarding foreign investment, see section titled "Restrictions on Foreign Ownership of Indian Securities" on page 329.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of the Company

The business of the Company was carried on as a partnership between Tribhovandas Bhimji Zaveri and others and the first partnership deed was entered into on January 3, 1949. The business of the partnership was predominantly of goldsmiths and jewellers under the name of M/s Tribhovandas Bhimji Zaveri. The partnership was reconstituted at several points of time owing to the induction of new partners and retirement of existing partners.

The partners retired through deeds of retirement which detail the division of the assets and liabilities between the retiring partners and the continuing partners. By the deeds of retirement, certain of these retiring partners have the right to use the brand name "Tribhovandas Bhimji Zaveri" with the modifications through prefixes and suffixes specified in the respective deeds. Two of the retiring partners have the right to use the brand name "Tribhovandas Bhimji Zaveri" with or without such modifications. In addition, one retiring partner has such right only outside India. Consequently, these retiring partners and their heirs use the name "Tribhovandas Bhimji Zaveri" with prefix or suffix as a part of their trade name or corporate name.

Pursuant to the deeds of retirement, the continuing partners entered into deeds of reconstitution in which they restated the existing assets and liabilities of the business. The rights and liabilities of the partners as under the new partnership deed are mentioned including the division of profits and the management of the partnership.

Consequent to the retirement of several partners and family settlement arrangements, from the year 1991, the partnership consisted of Gopaldas Tribhovandas Zaveri, Nirmal Gopaldas Zaveri and Shrikant Gopaldas Zaveri. Gopaldas HUF and Nirmal Zaveri HUF were inducted as partners by the deed of partnership dated March 3, 1998. By the deed of retirement dated December 11, 2000, Nirmal Gopaldas Zaveri, Samrat Nirmal Zaveri, Nirmal Gopaldas Zaveri HUF and Gopaldas Tribhovandas Zaveri HUF retired from the partnership.

From 2000 until 2007, the partnership consisted of Kamlaben Gopaldas Zaveri, Shrikant Gopaldas Zaveri, Binaisha Shrikant Zaveri, Raashi Shrikant Zaveri and Bindu Shrikant Zaveri. The partnership as last reconstituted through a deed of reconstitution dated February 1, 2007. The members of the partnership, for the sake of better and effective management and to improve and advance the business, unanimously, by a resolution dated February 2, 2007, agreed to register the partnership as a company under Part IX of the Companies Act. The partners at the time of conversion of the partnership to a company were Shrikant Gopaldas Zaveri, Bindu Shrikant Zaveri, Binaisha Shrikant Zaveri, Raashi Shrikant Zaveri, Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited and Super Traditional Metal Crafts (Bombay) Private Limited.

Pursuant to conversion of the partnership to a private limited company under part IX of the Companies Act, the Company received a certificate of incorporation dated July 24, 2007 from the RoC and the partners at the time of conversion became members of the Company. Further, pursuant to conversion to a public limited company, the Company received a certificate of incorporation consequent to change of name to "Tribhovandas Bhimji Zaveri Limited" dated December 3, 2010 from the RoC.

Changes in Registered Office

There has been no change in the registered office of the Company since its incorporation.

The Main Objects of Company

The main objects, *inter alia*, contained in the Memorandum of Association of the Company are as follows:

1. *To register the company under Part IX of the Companies Act, 1956 for carrying on and continuing the business hithertofor carried on in the partnership firm in the name and style of M/s Tribhovandas Bhimji Zaveri.*

2. *To carry on the business of goldsmiths, silversmiths, jewellers, gem, merchants, gold and silver electroplaters, importers and exporters of bullion and to buy, sell, import and deal (wholesale and retail) in diamond, rubies, precious and semi precious stones, cups, shields, electro-plate, cutlery, watches, writing*

instrument, antiques, and other articles made of gold, silver, platinum, diamond, rubies, gems pearls and other precious metals and stones, bars and coins made of gold, silver, platinum and other metals, as also other decorative and precious objects of arts and crafts.

3. *To deal and undertake cutting, polishing and other processes in diamonds, precious and semi-precious stones, gold, silver and to export, import jewellery made out of it, and carry on business as designs of ornaments, jewellers and other articles.*

The main objects as contained in the Memorandum of Association enable the Company to carry on the business presently carried out as well as business proposed to be carried out and the activities proposed to be undertaken pursuant to the Objects of the Issue.

Amendments to the Memorandum of Association

Date of shareholders' resolution	Nature of Amendment
January 8, 2008	The authorised share capital of ₹ 2,000,000 divided into 200,000 Equity Shares was increased to ₹ 20,000,000 divided into 2,000,000 Equity Shares.
March 19, 2008	The authorised share capital of ₹ 20,000,000 divided into 2,000,000 Equity Shares was increased to ₹ 100,000,000 divided into 10,000,000 Equity Shares.
April 4, 2008	The authorised share capital of ₹ 100,000,000 divided into 10,000,000 Equity Shares was increased to ₹ 200,000,000 divided into 20,000,000 Equity Shares.
September 30, 2010	The authorised share capital of ₹ 200,000,000 divided into 20,000,000 Equity Shares was increased to ₹ 750,000,000 divided into 75,000,000 Equity Shares.
November 26, 2010	Conversion from a private limited company to a public limited company and change in name of the Company from Tribhovandas Bhimji Zaveri Private Limited to Tribhovandas Bhimji Zaveri Limited.

Major events of the Company

The table below sets forth some of the key events in the history of the Company:

Year	Event
1938	First jewellery house to offer buy back guarantee for jewellery purchased
1995	First jewellery house to launch light weight jewellery
2001	Division of business pursuant to deed of dissolution dated October 1, 2000
	Opening of second showroom at Hyderabad
	Introduced independent administration of each showroom by professionals
2004	Commenced retailing 100% pre-hallmarked jewellery
2007	Converted from the business from a partnership firm to a private limited company
2008	Opened seven additional stores in a period of 15 months starting from August 2007 to October 2008
	Retail footprint of the Company exceeded 42,000 sq. ft. across 13 cities
2009	Gross revenue on a standalone basis crossed ₹ 5,000 million in Fiscal 2009
	The company got its new brand identity.
2010	Corporate office established at Mumbai
	The Company reached out to national and global audience by the medium of television
2011	Volume of sales surpassed 4.11 tonnes of gold jewellery and 51995 carats of diamond-studded jewellery in Fiscal 2011
	Expansion of manufacturing unit situated at Kandivali, Mumbai

The Company has 10 members as of the date of this Red Herring Prospectus.

Awards and Recognition

Year	Award
1978	Award for outstanding export performance in sales to foreign tourists granted by Export Promotion Council
2003	Award of appreciation for participating in the Times Mumbai Gold Festival
2004	DTC Diamond Season – Best Showroom
2005	Award of appreciation for participation in Abha Exhibition conducted by the Jewellery, Machinery and Accessories Association, Mumbai
2005	DTC Diamond Season – Best Diamond Moments to the Ghatkopar showroom of the Company
2005	DTC Diamond Season – Best Showroom to the Hyderabad showroom of the Company
2006	Appreciation memento by Mumbai Textile Merchants Mahajan at Textile Festival 2006
2006	DTC Diamond Season – Best Showroom to the Ghatkopar showroom of the Company
2007	Jamnalal Bajaj Uchit Vyavahar Puraskar for customer fair business practice
2007	DTC Diamond Season – Best Collection
2007	DTC Diamond Season – Best Innovation
2007	JJS Gold Souk Award for contribution to gems and jewellery
2007	Best Store (Customer Interaction) – Regional Winner awarded by Platinum Guild International
2007	Reader's Digest Most Trusted Brand Asia for Jewellery Shop
2008	Award of appreciation by Madison
2010	Retail Jewellers India Awards – Gold Vivah Jewellery of the Year
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

Subsidiaries

Tribhovandas Bhimji Zaveri (Bombay) Limited ("TBZ Bombay")

Corporate Information:

TBZ Bombay was incorporated as a private limited company under the Companies Act on April 24, 1986, in Mumbai. It was converted into a public limited company and a certificate of incorporation dated December 27, 2010 was issued. TBZ Bombay is involved in the business of goldsmiths, silversmiths, gem merchants and other related activities.

99.98% of the equity share capital of the TBZ Bombay was acquired by the Company in October 2010 for integrating the manufacturing process of the business under the Company and to ensure greater efficiency in the business operations. TBZ Bombay was acquired by the Company at an acquisition price of ₹ 4,030 per equity share aggregating to ₹ 20.23 million. The valuation of the transfer was on book value of unaudited financial statement of TBZ Bombay and there was no independent valuation undertaken for this purpose.

On November 22, 2010, the Company sold five equity shares of TBZ Bombay to individuals at the acquisition price. On June 13, 2011, the Company bought six equity shares of TBZ Bombay on the basis of the book value based on audited financial statements as at and for the year ended March 31, 2011. Pursuant to this purchase, TBZ Bombay has become a wholly owned subsidiary of our Company.

Capital Structure:

	No. of equity shares of ₹ 100 each
Authorised capital	10,000
Issued, subscribed and paid-up capital	5,020

Shareholding Pattern:

The shareholding pattern of TBZ Bombay is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)
1.	Tribhovandas Bhimji Zaveri Limited	5,014	99.88
2.	Tribhovandas Bhimji Zaveri Limited jointly with Shrikant Zaveri	1	0.02
3.	Tribhovandas Bhimji Zaveri Limited jointly with Binaisha Zaveri	1	0.02
4.	Tribhovandas Bhimji Zaveri Limited jointly with Raashi Zaveri	1	0.02
5.	Tribhovandas Bhimji Zaveri Limited jointly with Bindu Zaveri	1	0.02
6.	Tribhovandas Bhimji Zaveri Limited jointly with Mayur Choksi	1	0.02
7.	Tribhovandas Bhimji Zaveri Limited jointly with Rajeev Sagar	1	0.02
Total		**5,020**	**100.00**

** The Company purchased 99.98% of Tribhovandas Bhimji Zaveri (Bombay) Limited on October 4, 2010. The consolidated financial statements of the Company includes Tribhovandas Bhimji Zaveri (Bombay) Limited from the effective date of acquisition i.e. October 4, 2010.*

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	**March 31, 2010**	**March 31, 2009**
1.	Equity Capital	502,000	502,000	502,000
2.	Reserves (excluding revaluation reserves) and surplus	22,041,130	19,162,044	17,602,786
3.	Income including other income	95,602,512	78,452,011	55,379,744
4.	Profit after tax	2,879,086	1,559,258	(5,951,373)
5.	Earnings per share (face value ₹ 100) (in ₹)	573.52	310.61	(1,185.53)
6.	Net asset value per share based on cost value of investments (in ₹)	4,490.66	3,917.14	3,606.53
7.	Net asset value per share based on market value of investments (in ₹)	4,749.13	4,086.69	3,617.04

Konfiaance Jewellery Private Limited ("KJPL")

Corporate Information:

KJPL was incorporated pursuant to a joint venture agreement between the Company and Parinda Bajaj dated June 25, 2009 (the "Joint Venture Agreement") and was incorporated on September 11, 2009. Pursuant to the termination of the Joint Venture Agreement by an agreement dated June 22, 2011, KJPL has become a wholly owned subsidiary of the Company. For Further details, see section titled "History and Certain Corporate Matter" on page 126. KJPL is involved in the business of manufacturing and marketing precious stones, gems, jadau jewellery and other ornaments and related activities.

Capital Structure:

	No. of equity shares of ₹ 10 each
Authorised capital	500,000
Issued, subscribed and paid-up capital	100,000

Shareholding Pattern:

The shareholding pattern of KJPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	Tribhovandas Bhimji Zaveri Limited	99,999	99.99
2.	Tribhovandas Bhimji Zaveri Limited jointly with Shrikant Zaveri	1	0.001
Total		**100,000**	**100.00**

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended	
		March 31, 2011	March 31, 2010
1.	Equity Capital	1,000,000	100,000
2.	Reserves (excluding revaluation reserves) and surplus	9,095,229	(201,548)
3.	Income including other income	341,754	-
4.	Profit after tax	278,777	(201,548)
5.	Earnings per share (face value ₹ 10) (in ₹)	3.84	(20.15)
6.	Net asset value per share	100.95	(10.15)

Interest of the Subsidiaries in the Company

The Subsidiaries do not hold any Equity Shares in the Company. The Company has not entered into any business contracts and arrangements with the Subsidiaries except as disclosed. For details, see section titled "Related Party Transactions" on page 154.

Common Pursuits of the Subsidiaries in the Company

The Subsidiaries do not have any interest in any venture that is involved in any activities similar to those conducted by the Company except as disclosed. The Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

Material Agreements

Joint Venture Agreement between the Company and Parinda Bajaj dated June 25, 2009

The Company has entered into a joint venture agreement with Parinda Bajaj on June 25, 2009 ("JV Agreement") for setting up a company in the name of Konfiaance Jewellery Private Limited ("KJPL") to market precious stones and gems and manufacture and sell jadau jewellery and other ornaments. KJPL was incorporated on September 11, 2009, in Mumbai.

Under the terms of the JV Agreement, the Company shall hold 60,000 equity shares (aggregating to 60% of the share capital) and Parinda Bajaj shall hold 40,000 equity shares (aggregating to 40% of the share capital).

The agreement was amended by amendment agreements dated September 28, 2009, April 15, 2010, August 25, 2010 and September 29, 2010 ("Amendments"). Pursuant to the Amendments, the Company had assigned the trademark

‘Krsala’ to Parinda Bajaj under an agreement dated June 25, 2009 making her the exclusive and beneficial owner of the trademark for a consideration of ₹ 0.1 million.

The Company, Shrikant Zaveri and Parinda Bajaj entered into an agreement dated June 22, 2011, pursuant to which the JV Agreement and its subsequent amendments have been terminated (“Termination Agreement”). Further, Parinda Bajaj shall be the sole owner of the brand name ‘Krsala’ with effect from June 1, 2011 and the Company shall discontinue using the brand name thereafter. Similarly, Parinda Bajaj or any of her business entities shall not use the brand name of the Company as ‘TBZ’ or ‘Tribhovandas Bhimji Zaveri’ in its entirety or in parts. The Company has also surrendered and has ceased to undertake operations from the showroom located at 1, ANR Centre, Banjara Hills, Hyderabad 500 034.

The Company, Shrikant Zaveri and Parinda Bajaj have also entered into a share purchase agreement dated June 22, 2011 (“Share Purchase Agreement”). Under the terms of the Share Purchase Agreement, the 40,000 equity shares of KJPL held by Parinda Bajaj have been transferred to the Company for an aggregate consideration of ₹ 400,000 thereby making KJPL a wholly owned subsidiary of the Company. Further, the Company shall not engage in the business of jadau jewellery in Hyderabad for a period of two years from the date of the Termination Agreement. Further the Company shall not use the brand name ‘Krsala’.

Financial and Strategic Partners

The Company does not have any financial or strategic partners.

MANAGEMENT

Board of Directors

Under the Articles of Association, the Company is required to have not less than three Directors and not more than 12 Directors. The Company currently has six Directors.

The following table sets forth details regarding the Board of Directors of the Company as of the date of the Red Herring Prospectus:

Name, Designation, Father's Name, Address, Occupation, Nationality and Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts in which the Director is a trustee
Shrikant Zaveri Chairman and Managing Director S/o Gopaldas Tribhovandas Zaveri *Address*: 31, Usha Kiran M.L. Dahanukar Marg Mumbai 400 026 *Occupation:* Business *Nationality:* Indian *Term:* Not liable to retire by rotation *DIN:* 00263725	52	***Public Companies*** 1. Tribhovandas Bhimji Zaveri (Bombay) Limited ***Private Companies*** 1. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited 2. Tribhovandas Bhimji Zaveri (TBZ) Private Limited 3. Super Traditional Metal Crafts (Bombay) Private Limited 4. Cupid Annibis Jewellery Private Limited 5. Konfiaance Jewellery Private Limited ***Partnerships*** 1. Tribhovandas Bhimji Zaveri Trading Co. 2. Trishant Corporation 3. Samrat Associates
Binaisha Zaveri Wholetime Director D/o Shrikant Zaveri Address: 31, Usha Kiran M.L. Dahanukar Marg Mumbai 400 026 Occupation: Business Nationality: Indian Term: Not liable to retire by rotation DIN: 00263657	29	***Public Companies*** 1. Tribhovandas Bhimji Zaveri (Bombay) Limited ***Private Companies*** 1. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited 2. Tribhovandas Bhimji Zaveri (TBZ) Private Limited 3. Super Traditional Metal Crafts (Bombay) Private Limited 4. Cupid Annibis Jewellery Private Limited 5. Konfiaance Jewellery Private Limited
Raashi Zaveri Wholetime Director D/o Shrikant Zaveri Address: 31, Usha Kiran	25	***Public Companies*** 1. Tribhovandas Bhimji Zaveri (Bombay) Limited ***Private Companies*** 1. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited 2. Tribhovandas Bhimji Zaveri (TBZ) Private

Name, Designation, Father's Name, Address, Occupation, Nationality and Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts in which the Director is a trustee
M.L. Dahanukar Marg Mumbai 400 026 Occupation: Business Nationality: Indian Term: Liable to retire by rotation DIN: 00713688		Limited 3. Super Traditional Metal Crafts (Bombay)Private Limited 4. Cupid Annibis Jewellery Private Limited
Kamlesh Vikamsey Independent Director S/o Shivji Kunverji Vikamsey *Address*: 194, Kalpataru Habitat, Tower-A Dr. S. S. Rao Road, Parel Mumbai 400 012 *Occupation:* Accountant *Nationality:* Indian *Term:* Liable to retire by rotation DIN: 00059620	51	***Public Companies*** 1. Navneet Publications (India) Limited 2. Ramky Infrastructure Limited 3. Aditya Birla Retail Limited 4. Neptune Developers Limited 5. Man Infraconstruction Limited ***Private Companies*** 1. HLB Offices and Services Private Limited 2. Fabmall (India) Private Limited 3. H.A.S. Two Holdings Private Limited 4. Trinethra Superretail Private Limited 5. Terrafirma Agroprocessing (India) Private Limited 6. Chekam Properties Private Limited 7. Varash Properties Private Limited 8. Neptune Ventures and Developers Private Limited 9. Electrotherm Renewables Private Limited 10. Palace Solar Energy Private Limited ***Statutory Companies*** 1. Deposit Insurance and Credit Guarantee Corporation of India ***Partnerships*** 1. Khimji Kunverji and Co.
Ajay Mehta Independent Director S/o Chimanlal Khimchand Mehta *Address*: Kejriwal House, 7, Nowroji Gamadia Road Mumbai 400 026 *Occupation:* Industrialist *Nationality:* Indian	52	***Public Companies*** 1. Deepak Nitrite Limited 2. Pune Restoration and Navigation Company Limited ***Private Companies*** 1. BlueShell Investments Private Limited 2. Prolific Credits and Capital Private Limited 3. Sofotel Infra Private Limited (Earlier Known as Sofotel Software Services Private Limited) 4. Superpose Credits and Capital Private Limited 5. Lakaki Works Private Limited 6. Deepak Asset Reconstruction Private Limited 7. Crossover Advisors Private Limited

Name, Designation, Father's Name, Address, Occupation, Nationality and Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts in which the Director is a trustee
Term: Liable to retire by rotation *Din:* 00028405		8. Crossover Trustees Private Limited 9. Nucore Capital Management Private Limited 10. Synergy Li Power Resources (India) Private Limited ***Section 25 Companies*** 1. National Agriculture and Food Analysis and Research Institute 2. Deepak Research and Development Foundation ***Foreign Companies*** 1. Deepak International Limited
Sanjay Asher Independent Director S/o Khatau Chaturbhuj Asher *Address*: 32, Mody Street Fort Mumbai 400 001 *Occupation:* Lawyer *Nationality:* Indian *Term:* Liable to retire by rotation *Din:* 00008221	48	***Public Companies*** 1. Ashok Leyland Limited 2. Bajaj Allianz General Insurance Company Limited 3. Bajaj Allianz Life Insurance Company Limited 4. Balkrishna Industries Limited 5. Finolex Cables Limited 6. Kryfs Power Components Limited 7. Mandhana Industries Limited 8. Repro India Limited 9. Sharp India Limited 10. Shree Renuka Sugars Limited 11. Sudarshan Chemical Industries Limited 12. Sanghvi Movers Limited 13. Innoventive Industries Limited 14. Finolex Industries Limited ***Private Companies*** 1. AL Movers Private Limited 2. AL Records Management Private Limited 3. Allied Pickfords India Private Limited 4. Diamant Boart Marketing Private Limited 5. Enam Infrastructure Trusteeship Services Private Limited 6. Finolex Plasson Industries Private Limited 7. Hoganas India Private Limited 8. ArjoHuntleigh Healthcare India Private Limited 9. Morgan Stanley Investment Management Private Limited 10. N V Advisory Services Private Limited 11. Orbit Electricals Private Limited 12. Peass Industrial Engineers Private Limited 13. Siporex India Private Limited 14. ValueQb Consulting Private Limited 15. Zinser Textile Systems Private Limited 16. India Cookery Private Limited 17. Indofill Elastomer Private Limited 18. Master Voss International Projects Private Limited 19. Schlafhorst Machines Private Limited

Name, Designation, Father's Name, Address, Occupation, Nationality and Term and DIN	Age (in years)	Other Directorships/Partnerships/Trusts in which the Director is a trustee
		20. LR Scandpower Risk Consultancy Private Limited 21. Golden Turtle Real Estates Private Limited 22. Liza Real Estates Private Limited 23. Royal Orchid Conreal Estates Private Limited 24. HH Print Management India Private Limited ***Partnerships*** 1. M/s Crawford Bayley and Co.

Relationship between the Directors

S.No.	Name of the Director	Related to	Nature of Relationship
1.	Shrikant Zaveri	Binaisha Zaveri Raashi Zaveri	Father Father
2.	Binaisha Zaveri	Shrikant Zaveri Raashi Zaveri	Daughter Sister
3.	Raashi Zaveri	Shrikant Zaveri Binaisha Zaveri	Daughter Sister

Brief Biographies

1. **Shrikant Zaveri**, aged 52 years, is the Chairman and Managing Director of the Company. He has completed his education upto matriculation. He has more than 30 years of experience in the gems and jewellery industry. He took over as the managing partner of the business in 2001. He was the founding member and chairman of the Gems and Jewellery Trade Federation. He has been awarded the Retail Jeweller Award for lifetime achievement in the year 2007.

2. **Binaisha Zaveri**, aged 29 years, is a whole-time Director of the Company. She holds a bachelor's degree in marketing and finance from Stern School of Business, New York. She joined the business in 2004 has an experience of seven years. She is involved in all aspects of the business including human capital management, operations, finance, business development, marketing and merchandising. She has been actively involved in expansion activities and has enabled the opening of showrooms across five states.

3. **Raashi Zaveri**, aged 25 years, is a whole-time Director of the Company. She holds a bachelor's degree in finance and entrepreneurship from Kelly school of Business, Indiana University and is a graduate gemologist from Gemological Institute of America. She joined the business in 2008 and has an experience of over two years. She is involved in the implementation of the Company's enterprise resource planning systems and is actively engaged in accounting, merchandising and general corporate management.

4. **Kamlesh Vikamsey**, aged 51 years, is an independent Director of the Company. He has a bachelor's degree in commerce from the University of Mumbai and is a qualified chartered accountant. He became a director of the Company in 2010. He has over 29 years of experience in accounting and finance, corporate advisory services. He is a member of the audit advisory committee of the UNDP, a member of the appellate authority of the ICAI and a past president of ICAI. Amongst other, he was also a member of the expert committee constituted by the Central Government for the promotion of the gems and jewellery industry in 2007 and was a member of the Accounting Standards Committee of SEBI in the year 2005-2006.

5. **Ajay Mehta**, aged 52 years, is an independent Director of the Company. He has a bachelor's degree in science from University of Mumbai and a master's degree in chemical engineering from the University of Texas. He became a director of the Company in 2010. He has over 24 years of experience with chemical, petrochemical, fertiliser, manufacturing and investment companies. He is presently the managing director

of Deepak Nitrate Limited. He is a member of the executive committee of Maharashtra Chamber of Commerce, Industries and Agriculture and National Agriculture and Food Analysis and Research Institute.

6. **Sanjay Asher**, aged 48 years, is an independent Director of the Company. He has bachelor's degree in commerce and a bachelor's degree in law from the University of Bombay. He is also a qualified chartered accountant and a solicitor. He became a director of the Company in 2010. He has over 20 years of experience in the field of law and corporate matters. He is presently a partner at Crawford Bayley and Co., and deals with corporate laws and laws of mergers and acquisitions.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of this Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

None of the Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Terms of Appointment of executive Directors

The remuneration of the executive Directors of the Company is pursuant to the terms of appointment summarised below:

Agreement dated January 11, 2011 between Shrikant Zaveri and the Company

Pursuant to Board and shareholders' resolutions dated August 22, 2007 and April 15, 2008, respectively, Shrikant Zaveri has been appointed as the Managing Director of the Company for a period of five years with effect from July 24, 2007. The Board has, by its resolution dated January 11, 2011 resolved to amend the terms and conditions of his appointment and this has been approved at the EGM held on January 12, 2011.

The Company has entered into an agreement dated January 11, 2011 ("MD Agreement") with Shrikant Zaveri for the appointment of Shrikant Zaveri as the Managing Director of the Company for a period of five years. The MD Agreement, *inter alia,* provides that Shrikant Zaveri is entitled to a monthly salary of ₹ 7.5 million for the Fiscal 2011, ₹ 9 million for the Fiscal 2012 and ₹ 10.8 million for the Fiscal 2013. He shall have the general control, management and superintendence of the business of the Company.

Agreement dated January 11, 2011 between Binaisha Zaveri and the Company

Pursuant to Board and shareholders' resolutions dated August 22, 2007 and April 15, 2008, respectively, Binaisha Zaveri has been appointed as a whole-time Director of the Company for a period of five years with effect from July 24, 2007. The Board has, by its resolution dated January 11, 2011 resolved to amend the terms and conditions of her appointment and this has been approved at the EGM held on January 12, 2011.

The Company has entered into an agreement dated January 11, 2011 with Binaisha Zaveri for the appointment of Binaisha Zaveri as a whole-time Director of the Company for a period of five years. It, *inter alia,* provides that Binaisha Zaveri is entitled to monthly salary of ₹ 1.5 million for the Fiscal 2011, ₹ 1.8 million for the Fiscal 2012 and ₹ 2.16 million for the Fiscal 2013.

Agreement dated January 11, 2011 between Raashi Zaveri and the Company

Pursuant to Board and shareholders' resolutions dated June 30, 2008 and September 30, 2009, respectively, Raashi Zaveri has been appointed as a whole-time Director of the Company for a period of five years with effect from July 1, 2008. The Board has, by its resolution dated January 11, 2011 resolved to amend the terms and conditions of her appointment and this has been approved at the EGM held on January 12, 2011.

The Company has entered into an agreement dated January 11, 2011 with Raashi Zaveri for the appointment of Raashi Zaveri as a whole-time Director of the Company for a period of five years. It, *inter alia,* provides that Raashi Zaveri is entitled to monthly salary of ₹ 1.5 million for the Fiscal 2011, ₹ 1.8 million for the Fiscal 2012 and ₹ 2.16 million for the Fiscal 2013.

Payment or benefit to Directors/ officers of the Company

The sitting fees/other remuneration paid to the Directors for the last Fiscal are as follows:

1. Remuneration to executive Directors:

The aggregate value of salary and perquisites paid for Fiscal 2011 to the executive Directors of the Company are set forth in the table below

S. No	Name of the Director	Salary (in ₹ million)
1.	Shrikant Zaveri	90.00
2.	Binaisha Zaveri	12.00
3.	Raashi Zaveri	12.00

2. Remuneration to non-executive Directors:

Pursuant to the resolution of the Board and shareholders dated March 1, 2011 and March 28, 2011, respectively, the Board has been authorised to decide on the payment of an annual commission to the non-executive Directors for a period of three years commencing from January 1, 2011, provided the aggregate commission paid to the non-executive Directors shall not exceed one percent of the net profits of the Company for the respective Fiscal.

In furtherance of the above, the Board, by its resolution dated May 27, 2011, has approved the payment of ₹ 750,000 to each of the three non-executive Directors, aggregating to ₹ 2,250,000, for Fiscal 2011, in accordance with the provisions of the Companies Act.

Shareholding of Directors

The shareholding of the Directors as of the date of this Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
Shrikant Zaveri	33,392,275
Binaisha Zaveri	5,285,000
Raashi Zaveri	4,572,500

Borrowing Powers of Board

In accordance with the Articles of Association, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the money to be borrowed together with the money already borrowed (apart from temporary loan obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in a general meeting.

On December 6, 2010, the shareholders passed a ordinary resolution empowering the Board to borrow monies which together with monies already borrowed might exceed the paid up share capital and free reserves of the Company then existing, but in the aggregate not exceeding ₹ 5,000 million at any one time. Pursuant to a shareholders meeting held on July 4, 2011, this limit has been increased to ₹ 10,000 million.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. The Company believes that it is in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Company has a Board of Directors constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides the Board of Directors detailed reports on its performance periodically.

Currently the Board has six Directors, of which the Chairman of the Board is the Managing Director. In compliance with the requirements of Clause 49 of the Listing Agreement, the Company has three executive Directors and three non-executive Directors, who are all independent Directors, on the Board.

Committees of the Board under Clause 49 of the listing agreement.

Audit Committee

The members of the Audit Committee are:

1. Shrikant Zaveri*, Managing Director*
2. Kamlesh Vikamsey, *Independent Director*; and
3. Ajay Mehta, *Independent Director.*

The Audit Committee was constituted by a meeting of the Board of Directors held on December 14, 2010. The chairman of the Audit Committee is Kamlesh Vikamsey, an independent Director of the Company. The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement and its terms of reference include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information;
2. Recommending to the Board the appointment, re-appointment and replacement of statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions; and
    g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

5A. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

7. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;.

8. Discussion with internal auditors on any significant findings and follow up there on;

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

12. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and

13. Review of management discussion and analysis of financial condition and results of operations, statements of significant related party transactions submitted by management, internal audit reports relating to internal control weaknesses, and the appointment, removal and terms of remuneration of the internal auditor.

The powers of the audit committee shall include the power to:

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 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 Audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement. The Audit Committee met has held four meetings in Fiscal 2012.

Remuneration Committee

The members of the Remuneration Committee are:

1. Ajay Mehta, *Independent Director*;
2. Kamlesh Vikamsey, *Independent Director*; and
3. Sanjay Asher, *Independent Director*.

The Remuneration Committee was constituted by a meeting of the Board of Directors held on December 14, 2010. The chairman of the Remuneration Committee is Ajay Mehta, an independent Director of the Company. The terms of reference of the Remuneration Committee include the following:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
    (i) The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
3. Approve the remuneration of executive Directors of the Company as may be required pursuant to the provisions of the Companies Act, 1956.
4. Perform such functions as are required to be performed by the Remuneration Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, in particular, those stated in Clause 5 of the ESOP Guidelines.
5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee."

The Remuneration Committee has not held any meetings in Fiscal 2012.

Shareholders/Investors Grievance Committee

The members of the Shareholders/Investors Grievance Committee are:

1. Shrikant Zaveri, *Managing Director*;
2. Binaisha Zaveri, *Wholetime Director*;
3. Raashi Zaveri, *Wholetime Director*; and
4. Ajay Mehta, *Independent Director*.

The Shareholders/Investors Grievance Committee was constituted by the Board of Directors at their meeting held on December 14, 2010. The chairman of the Shareholders/Investors Grievance Committee is Ajay Mehta, an independent Director of the Company. This Committee is responsible for the redressal of shareholder grievances. The terms of reference of the Shareholders/Investors Grievance Committee of the Company include the following:

1. Efficient transfer of shares including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;

4. Allotment and listing of shares in future;

5. Review of cases for refusal of transfer / transmission of shares and debentures;

6. Reference to statutory and regulatory authorities regarding investor grievances;

7. Ensure proper and timely attendance and redressal of investor queries and grievances; and

8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Shareholders/Investors Grievance Committee has held four meetings in Fiscal 2012.

Employee Stock Options Scheme

For details, see section titled “Capital Structure” on page 62.

Interest of Directors

All of the Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors have no interest in any property acquired or proposed to be acquired by the Company within two years from the date of this Red Herring Prospectus. For details of the interest of the Directors who are also Promoters of the Company, see section titled “Promoter and Promoter Group” on page 145.

Except as stated in this section titled “Management” on page 132, no amount or benefit has been paid within the two preceding years or is intended to be paid or given to any of the Company’s officers including the Directors and key management personnel. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of the Company. Additionally, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which the Directors were selected as a Director of the Company or any key management person was selected. Further, except statutory benefits upon termination of their employment in the Company or retirement, no officer of the Company, including the Directors and the key management personnel of the Company, are entitled to any benefits upon termination of employment.

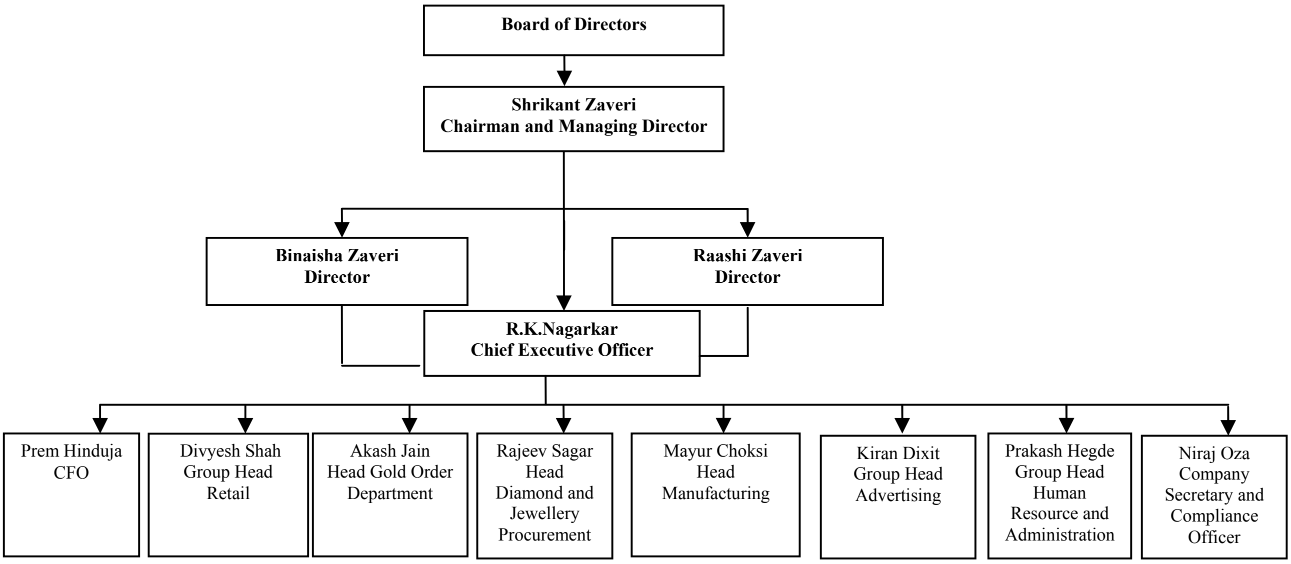
No loans have been availed by the Directors or the key management personnel from the Company.

Except as stated in the section titled “Related Party Transactions” on page 154 and described in this section, the Directors do not have any other interest in the business of the Company.

Changes in the Board of Directors in the last three years

Name	Date of Appointment/ Change/ Cessation	Reason
Kamlesh Vikamsey	August 26, 2010	Appointment
Ajay Mehta	December 14, 2010	Appointment
Sanjay Asher	December 14, 2010	Appointment

Management Organisation Structure



Key Management Personnel

The details of the key management personnel, other than the whole-time Directors, as of the date of this Red Herring Prospectus, are as follows:

R K Nagarkar, aged 60 years, is the chief executive officer of the Company. He holds a bachelor’s degree in metallurgical engineering from the College of Engineering, Pune. He joined the business in 1992. Prior to joining the Company, he was a plant manager at Uniferro International Limited. He has over 35 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 4.4 million.

Prem Hinduja, aged 60 years, is the chief financial officer of the Company. He has a bachelor’s degree in commerce from Mumbai University. He is also a qualified chartered accountant, company secretary and a cost accountant. He joined the business in 2004. Prior to joining the Company, he was associated with companies such as Kamat Hotels (I) Limited and Shaw Wallace Limited amongst other. He has over 32 years of experience in the field of accounts and finance. The gross compensation paid to him during the Fiscal 2011 was ₹ 4.21 million.

Divyesh Shah, aged 38 years, is the head of the retail sales department. He holds a bachelors degree in commerce from the Kolkata University. He joined the business in 1997. Prior to joining the Company, he was a sales executive. He has over 14 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 3.41 million.

Akash Jain, aged 36 years, is the head of the gold order department. He is a qualified chartered accountant and company secretary. He joined the business in 2005. Prior to joining the Company, he was associated with CNS Metals Inc. and TA Traders in the U.S. as financial controller and KGK International as financial controller. He has over 10 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 3.41 million.

Rajeev Sagar, aged 34 years, is the head of the diamond procurement department. He holds a bachelor’s degree in commerce from University of Mumbai. He joined the business in 2000. He has over 10 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 3.50 million.

Kiran Dixit, aged 38 years, is the head of advertising and marketing department. He holds a master’s degree in marketing from Institute of Technology and Management, Mumbai and a post-graduate diploma in advertising and public relations from K.C. College of Management Studies, Mumbai. He joined the business in 2005. Prior to joining the Company, he was associated with Apex Advertising as accounts director. He has over 15 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 2.06 million.

Prakash Hegde, aged 44 years, is the head of human resource. He holds a bachelor's degree in English literature from Karnataka University and a master's degree in social work (human resource) and a master's degree in business management (human resource) from SIBER College, Kolhapur. He joined the Company in 2008. Prior to joining the Company, he was associated with Bharat Gears, Thakkar Auto Ancillary India Limited and Next Retail India Private Limited. He has over 16 years of experience. The gross compensation paid to him during the Fiscal 2011 was ₹ 2.06 million.

Niraj Oza, aged 41 years, is the Company Secretary and Compliance Officer of the Company. He holds bachelor's degree in commerce and law from University of Mumbai and is an associate member of the Institute of Company Secretaries in India. He has over 14 years of experience in the field of finance, secretarial and law. He joined the Company in November 2010. The gross compensation paid to him during the Fiscal 2011 was ₹ 0.45 million

Mayur Choksi, aged 43 years, is the head of the manufacturing process. He joined the business on December 1, 2011. Prior to joining the Company, he was associated with Super Traditional Metal Crafts (Bombay) Private Limited and Tribhovandas Bhimji Zaveri (Bombay) Limited. He has 20 years of experience.

Unless terminated or resigned earlier, all the key management personnel are permanent employees of the Company. The key management personnel shall continue in employment till they attain the age of 60 years, except for the chief financial officer and chief executive officer who will continue in employment till the age of 65 years.

None of the key management personnel are related to each other.

Shareholding of key management personnel

Rajeev Sagar holds 25,000 Equity Shares of the Company as the sole owner.

Mayur Choksi holds 25,000 equity shares of the Company as the sole owner. He also holds 225 equity shares as first holder jointly with Kamla Zaveri as second holder.

None of the other key management personnel hold any shares in the Company as of the date of this Red Herring Prospectus.

Bonus or profit sharing plan of the key management personnel

All key management personnel are entitled to an annual bonus of one month's salary.

Interests of key management personnel

The key management personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, the employee stock options held, if any and shareholding in the Company, if disclosed in the section "Management – Shareholding of key management personnel" on page 143.

Except as disclosed, none of the key management personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the key management personnel

The changes in the key management personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Niraj Oza	Company Secretary and Compliance Officer	November 17, 2010	Appointment
Mayur Choksi	Head of the Manufacturing Process	December 1, 2011	Appointment

Payment or benefit to officers of the Company

Except for the benefit from gratuity fund, group mediclaim insurance and group accident insurance and otherwise stated in this Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of the Company’s employees including the key management personnel and the Directors.

PROMOTERS AND PROMOTER GROUP

The Promoters of the Company are Shrikant Zaveri, Binaisha Zaveri and Raashi Zaveri.

Shrikant Zaveri, aged 52 years, is the Chairman and Managing Director of the Company. For further details, see section titled "Management" on page 132.

His voter identification number is ISD1781327.

Binaisha Zaveri, aged 29 years, is the wholetime Director of the Company. For further details, see section titled "Management" on page 132.

Her driving license number is MH01-20080039749.

Raashi Zaveri, aged 25 years, is the wholetime Director of the Company. For further details, see section titled "Management" on page 132.

Her driving license number is MH-01-2005/37019.

The Company confirms that the permanent account number, bank account number and passport number of Shrikant Zaveri, Binaisha Zaveri and Raashi Zaveri has been submitted to the Stock Exchanges, at the time of filing the Draft Red Herring Prospectus with them.

Interests of Promoters and Common Pursuits

The Promoters are interested in the Company to the extent that they have promoted the Company and hold Equity Shares in the Company. For details on the shareholding of the Promoters in the Company, see section titled "Capital Structure" on page 62. All Promoters are also Directors of the Company and hence may be interested to the extent of their remuneration and reimbursement payable to them by the Company. For further details see section titled "Management" on page 132.

The Company has under the leave and license agreement dated April 29, 2011 with effect from November 16, 2010, obtained on lease a property admeasuring approximately 200 sq. mtrs. on the ground floor and first floor, each, located at Prime Plaza, No. G/B99, S.V. Road, Santacruz (West), Mumbai 400 054 from Shrikant Zaveri, a promoter of the Company. The Company shall pay a lease rent of ₹ 1.20 million per month for the first year to Shrikant Zaveri under the agreement and the lease rent shall increase by 5% annually. The lease is valid for a period of five years expiring on November 15, 2015.

Further, the Company has guaranteed, along with other guarantors, the loans availed by its Promoters, namely, Shrikant Zaveri and Raashi Zaveri from HDFC Bank Limited by issuing letters of continuing guarantee dated July 31, 2010 for an amount of ₹ 100 million and ₹ 40 million, respectively.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to the Promoters in respect of the contracts, agreements or arrangements which are proposed to be made with the Promoters including the properties purchased by the Company other than in the normal course of business.

Other than as disclosed in the section "Group Companies", the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by the Company. The Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

Payment of benefits to the Promoters

Except as stated in the section titled "Related Party Transactions" on page 154, there has been no payment of benefits to the Promoters during the two years preceding the filing of this Red Herring Prospectus.

Companies with which the Promoters have disassociated in the last three years

New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited have ceased to exist with effect from January 26, 2011 and January 24, 2011 respectively, in accordance Section 560 of the Companies Act through the Easy Exit Scheme of 2010. Accordingly, the Promoters disassociate from these companies.

Confirmations

Further, the Promoters have not been declared wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or pending against them.

The Promoter Group

In addition to the Promoters named above, the following individuals and entities form a part of the Promoter Group:

1. **Natural persons who are part of the Promoter Group**

   The natural persons who are part of the Promoter Group (due to their relationship with the Promoters), other than the Promoters, are as follows:

Name of the promoter	Name of the relative	Relationship with Promoter
Shrikant Zaveri	Kamla Zaveri	Mother
	Bindu Zaveri	Wife
	Indira Choksi	Sister
	Kumud Sagar	Sister
	Jasmine Sagar	Sister
	Amratlal Choksi	Father of spouse
	Jaya Choksi	Mother of spouse
	Chetan Choksi	Brother of spouse
	Ashwin Choksi	Brother of spouse
Binaisha Zaveri	Bindu Zaveri	Mother
	Rupen Jhaveri	Spouse
	Ria Jhaveri	Daughter
	Mukesh Jhaveri	Father of spouse
	Chitra Jhaveri	Mother of spouse
	Kavita Mehta	Sister of spouse
	Puja Kothari	Sister of Spouse

Name of the promoter	Name of the relative	Relationship with Promoter
Raashi Zaveri	Bindu Zaveri	Mother

2. Corporate entities forming part of the Promoter Group

Companies

1. Cupid Annibis Jewellery Private Limited
2. Super Traditional Metal Crafts (Bombay) Private Limited
3. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
4. Tribhovandas Bhimji Zaveri (TBZ) Private Limited

Partnership firms

1. Tribhovandas Bhimji Zaveri Trading Company
2. Samrat Associates
3. Trishant Corporation

3. Hindu Undivided Families

1. Shrikant Gopaldas Zaveri HUF
2. Gopaldas Tribhovandas Zaveri HUF

4. Trusts

1. Seth Tribhovandas Bhimji Zaveri Public Charitable Trust

GROUP COMPANIES

Companies forming part of the Group Companies

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up. Further, all the Group Companies are unlisted companies and they have not made any public issue of securities in the preceding three years. The information provided in this section is as of the date of this Red Herring Prospectus.

The Group Companies are as follows:

Companies

- Cupid Annibis Jewellery Private Limited
- Super Traditional Metal Crafts (Bombay) Private Limited
- Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
- Tribhovandas Bhimji Zaveri (TBZ) Private Limited

Partnership firms

- Tribhovandas Bhimji Zaveri Trading Company
- Samrat Associates
- Trishant Corporation

Trust

- Seth Tribhovandas Bhimji Zaveri Public Charitable Trust

HUF

- Shrikant Gopaldas Zaveri HUF
- Gopaldas Tribhovandas Zaveri HUF

A. Details of Group Companies

Companies

1. Cupid Annibis Jewellery Private Limited ("CAJPL")

Corporate Information

CAJPL was incorporated under the Companies Act on October 16, 2003 in Mumbai. It is involved in the business of dealing with diamonds, gold, silver and other precious metals and stones. Its registered office is situated at 241/43, Zaveri Bazar, Mumbai 400 002.

Interest of the Promoter

Name of the Promoter	Shareholding in CAJPL as of December 31, 2011	Percentage
Shrikant Zaveri	23,999	99.99
Binaisha Zaveri	1	0.01

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Equity Capital	2,400,000	2,400,000	2,400,000
2.	Reserves (excluding revaluation reserve) and surplus	(5,443,494)	(4,699,726)	(5,016,590)
3.	Income including other income	25,733	1,237,901	6,036,753
4.	Profit/ (Loss) after tax	(743,769)	316,864	(1,929,668)
5.	Earnings per share (face value of ₹ 100 each) (basic and diluted)	(30.99)	13.20	(80.40)
6.	Net asset value	(126.81)	(95.82)	(109.02)

2. Super Traditional Metal Crafts (Bombay) Private Limited ("STMCBPL")

Corporate Information

STMCBPL was incorporated under the Companies Act on December 20, 1993 in Mumbai. It is involved in the business of dealing with diamonds, gold, silver and other precious metals and stones. Its registered office is situated at 241/43, Zaveri Bazar, Mumbai 400 002.

Interest of the Promoter

Name of the Promoter	Shareholding in STMCBPL as of December 31, 2011	Percentage
Shrikant Zaveri	23,999	90.56
Binaisha Zaveri	1	0.01

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Equity Capital	2,650,000	500,000	500,000
2.	Reserves (excluding revaluation reserve) and surplus	21,964,048	2,511,786	2,612,562
3.	Income including other income	25,120,000	Nil	20,416
4.	Profit/ (Loss) after tax	19,452,262	(100,776)	(141,485)
5.	Earnings per share (face value of ₹ 100 each) (basic and diluted)	734.05	(20.16)	(28.30)
6.	Net asset value	928.83	602.36	622.51

3. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited ("TBZJMPL")

Corporate Information

TBZJMPL was incorporated under the Companies Act on November 13, 2006 in Mumbai. It is involved in the business of dealing with diamonds, gold, silver and other precious metals and stones. Its registered office is situated at 241/43, Zaveri Bazar, Mumbai 400 002.

Interest of the Promoter

Name of the Promoter	Shareholding in TBZJMPL as of December 31, 2011	Percentage
Shrikant Zaveri	9,900	99
Binaisha Zaveri	100	1

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Equity Capital	100,000	100,000	100,000
2.	Reserves (excluding revaluation reserve) and surplus	1,533,177	1,625,784	1,722,139
3.	Income including other income	Nil	Nil	Nil
4.	Profit/ (Loss) after tax	(92,607)	(96,355)	(107,102)
5.	Earnings per share (face value of ₹ 10 each) (basic and diluted)	(9.26)	(9.64)	(10.71)
6.	Net asset value	163.32	172.58	182.21

4. Tribhovandas Bhimji Zaveri (TBZ) Private Limited ("TBZPL")

Corporate Information

TBZPL was incorporated under the Companies Act on November 10, 2006 in Mumbai. It is involved in the business of dealing with diamonds, gold, silver and other precious metals and stones. Its registered office is situated at 241/43, Zaveri Bazar, Mumbai 400 002.

Interest of the Promoter

Name of the Promoter	Equity Shares held in TBZPL as of December 31, 2011	Percentage
Shrikant Zaveri	9,900	99
Binaisha Zaveri	100	1

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Equity Capital	100,000	100,000	100,000
2.	Reserves (excluding revaluation reserve) and surplus	1,532,137	1,624,730	1,720,371
3.	Income including other income	Nil	Nil	Nil
4.	Profit/ (Loss) after tax	(92,593)	(95,641)	(107,102)
5.	Earnings per share (basic and diluted)	(9.26)	(9.56)	(10.71)
6.	Net asset value	163.21	172.47	182.04

Partnerships

5. Tribhovandas Bhimji Zaveri Trading Company ("TBZTC")

Corporate Information

TBZTC is a registered partnership firm formed on March 16, 1992. This partnership is engaged in goldsmith, silversmith and jewellers and other related activities.

Interest of the Promoter

Name of the Promoter	Profit or loss sharing ratio in percentage as of December 31, 2011
Shrikant Zaveri	90

Financial Performance

The summary audited financial information are as follows:

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Capital	15,680,037	15,594,150	17,769,625
2.	Income including other income	120,000	126,027	120,000
3.	Profit/ (Loss) after tax	85,887	49,556	54,689

6. Samrat Associates ("Samrat Associates")

Corporate Information

Samrat Associates is a registered partnership firm formed on August 6, 1992. This partnership is engaged in the business of dealing and manufacturing jewellery.

Interest of the Promoter

The profit / (loss) sharing ratio of Shrikant Zaveri as a Karta of Shrikant Zaveri HUF in Samrat Associates is 33.34%.

Financial Performance

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Capital	1,050,728	1,050,728	1,050,793
2.	Income including other income	Nil	Nil	Nil
3.	Profit/ (Loss) after tax	(5,515)	(3,926)	(2,874)

7. Trishant Corporation ("Trishant Corporation")

Corporate Information

Trishant Corporation is a registered partnership firm formed on June 6, 1985. This partnership is engaged in business of dealing and manufacturing jewellery.

Interest of the Promoter

The profit / (loss) sharing ratio of Shrikant Zaveri as a Karta of Shrikant Zaveri HUF in Trishant Corporation is 33.34%.

Financial Performance

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Capital	12,663	12,663	12,663
2.	Income including other income	Nil	Nil	Nil
3.	Profit/ (Loss) after tax	(5,515)	(3,861)	(3,114)

Trust

8. Seth Tribhovandas Bhimji Zaveri Public Charitable Trust ("Seth Tribhovandas Trust")

Corporate Information

Seth Tribhovandas Trust was formed vide deed dated February 27, 1974 for the purpose of charity.

Interest of the Promoter

Shrikant Zaveri is a trustee of the Seth Tribhovandas Trust.

Hindu Undivided Family

9. Shrikant Gopaldas Zaveri HUF

Shrikant Gopaldas Zaveri HUF is a Hindu un-divided family and was formed on June 30, 1984. Shrikant Zaveri is the Karta of the HUF.

Financial Performance

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Capital	30,821,805	30,700,451	31,525,197
2.	Income including other income	23,355	17,991	18,358

10. Gopaldas Tribhovandas Zaveri HUF

Gopaldas Tribhovandas Zaveri HUF is a Hindu un-divided family and was formed on January 15, 1949. Shrikant Zaveri is the Karta of the HUF.

Financial Performance

(in ₹)

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
1.	Capital	464,989	319,343	387,543

Sr. No.	Particulars	For the year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
2.	Income including other income	53,714	45,929	46,279

Nature and Extent of Interest of Group Companies

(a) In the promotion of the Company

None of the Group Companies have any interest in the promotion of the Company, except to the extent of their shareholding in the Company at the time of its incorporation, in their capacity as partners of the partnership firm which was converted into the Company under Part IX of the Companies Act.

(b) In the properties acquired in the past two years before filing the Draft Red Herring Prospectus with SEBI or proposed to be acquired by the Company

The Company has not acquired nor does it propose to acquire any properties from its Group Companies.

(c) In transactions for acquisition of land, construction of building and supply of machinery

None of the Group Companies have any interest in any transactions for acquisition of land, construction of building and supply of machinery by the Company.

Common Pursuits amongst the Group Companies with the Company

Except as disclosed, none of the Group Companies are in the business of the Company and there are no common pursuits.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of the Company

For details, see section titled “Related Party Transactions” on page 154.

Sale/Purchase between Group Companies, Subsidiaries

For details, see section titled “Related Party Transactions” on page 154.

Business Interest of Group Companies, Subsidiaries in the Company

Except as disclosed below, and in sections titled “Business” and “Related Party Transactions”, none of the Group Companies and Subsidiaries have any business interest in the Company.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, see sections titled "Standalone Financial Statements – Related Party Transactions" and "Consolidated Financial Statements – Related Party Transactions" on pages 176 and 220, respectively.

DIVIDEND POLICY

The declaration and payment of dividend, if any, will be recommended by the Board of Directors and approved by the shareholders of the Company at their discretion, subject to the provision of the Articles and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to, the earnings, general financial conditions, capital requirements and surplus, contractual restrictions, applicable Indian legal restrictions and overall financial position of the Company and other factors considered relevant by the Board. The Board may, from time to time, pay interim dividend. The Company has no stated dividend policy and has not declared any dividends in the past.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The Board of Directors
Tribhovandas Bhimji Zaveri Limited
241/43, Zaveri Bazar
MUMBAI 400 002

11 April 2012

Dear Sirs

1 We have examined the attached financial information of Tribhovandas Bhimji Zaveri Limited ('the Company') as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ('SEBI Regulations'), and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 8 January 2011 in connection with the proposed issue of equity shares of the Company.

This information has been extracted by the Management from Consolidated financial statements for the period / year ended 31 December 2011, 31 March 2011 and 31 March 2010 and the Standalone financial statements for period / year ended 31 December 2011, 31 March 2011, 31 March 2010, 31 March 2009, 31 March 2008 and 31 March 2007. The audit for the financial year ended 31 March 2008 and 31 March 2007 was conducted by previous auditor K.M. Modi & Associates and reliance has been placed on the financial statements audited by them. The financials of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financials for the period from 24 July 2007 to 31 March 2008 have been consolidated for the purpose of restatement. This consolidated financial statement has been audited by K.M. Modi & Associates. Accordingly, our examination of the restated financial information of the Company for the financial year ended 31 March 2008 and 31 March 2007 are based solely on financial statements audited by them.

The financial information for the above years/periods was examined for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

2 In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we further report that:

(a) The Summary statement of Consolidated Assets and Liabilities, as restated as at 31 December 2011, 31 March 2011 and 31 March 2010 and the Summary statement of Standalone Assets and Liabilities, as restated as at 31 December 2011, 31 March 2011, 31 March 2010, 31 March 2009, 31 March 2008 and 31 March 2007 examined by us, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in 'Notes on adjustments for Consolidated Restated Financial Statements, as restated under Indian GAAP' (Refer Annexure IV) and in the 'Notes on adjustments for Standalone Restated Financial Statements, as restated under Indian GAAP' (Refer Annexure IV). For the financial year ended 31 March 2008 and 31 March 2007 reliance has been placed by us on the financial statements audited by K.M. Modi & Associates, Chartered Accountants.

(b) The Summary statement of Consolidated Profit and losses of the Company, as restated and the Summary statement of Consolidated Cash Flows as restated for the period/ year ended 31 December 2011, 31 March 2011 and 31 March 2010; and the Summary statement of Standalone Profit and losses, as restated for the period / year ended 31 December 2011, 31 March 2011, 31 March 2010, 31 March 2009, 31 March 2008 and 31 March 2007 and the Summary statement of Standalone Cash Flows as restated for the period / year ended 31 December 2011, 31 March 2011, 31 March 2010, 31 March 2009, 31 March 2008 and 31 March 2007 (together with Summary statement of Consolidated Restated Assets and Liabilities as restated/ Summary Statement of Standalone Assets and Liabilities as restated), examined by us, as set out in Annexure II, III and I respectively to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in 'Notes on adjustments for Standalone Restated Financial Statements, as restated under Indian GAAP' and 'Notes on adjustments for Restated Consolidated Financial Statements, as restated under Indian GAAP' (Refer Annexure IV). For the financial year ended 31 March 2008 and 31 March 2007, reliance has been placed by us on the financial statements audited by K.M. Modi & Associates, Chartered Accountants.

3 Without qualifying our opinion and as further elaborated in Note 3.2 (i) appearing in Annexure IV, we draw attention to the fact that for the purpose of these Restated Summary Statements, due to practical difficulties, the written down values as per the Income tax Act, 1961 as on 1 April 2003 has been considered for depreciation calculation for the financial years 31 March 2004 and onwards.

4 Based on the above, and also as per the reliance placed on the financial statements audited by previous auditors, K.M. Modi & Associates, we are of the opinion that the restated financial information have been made after incorporating:

i. adjustments for the changes in accounting policies retrospectively in respective financial years/periods to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

ii. adjustments for the material amounts in the respective financial years/ periods to which they relate;

iii. and there are no extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.

5 We have also examined the following other financial information set out in the Annexures prepared by the management and approved by the Board of Directors relating to the Company for the period / year ended 31 December 2011, 31 March 2011, 31 March 2010, 31 March 2009, 31 March 2008 and 31 March 2007.

i. Statement of Standalone Other Income as appearing in Annexure V ;

ii. Statement of Standalone Share Capital as appearing in Annexure VI ;

iii. Statement of Standalone Reserves and Surplus as appearing in Annexure VII ;

iv. Statement of Standalone Long Term Borrowings as appearing in Annexure VIII;

v. Statement of Standalone Short Term Borrowings, as appearing in Annexure IX ;

vi. Statement of Standalone Provisions, as appearing in Annexure X ;

vii. Statement of Standalone Loans and Advances, as appearing in Annexure XI

viii. Statement of Standalone Trade Receivables, as appearing in Annexure XII

ix. Statement of Standalone Other Non-Current Assets, Other Current Assets, Other Long Term Liabilities and Other Current Liabilities as appearing in Annexure XIII

x. Statement of principal terms of Secured Loans and Assets Charged as Security, as appearing in Annexure XIV ;

xi. Statement of Standalone Capitalization as at 31 December 2011 as appearing in Annexure XV;

xii. Statement of Standalone Accounting Ratios, as appearing in Annexure XVI ; and

xiii. Statement of Tax Shelter, as appearing in Annexure XVII.

We have also examined the Consolidated restated financial information, of the Company and its subsidiary, Konfiaance Jewellery Private Limited ('KJPL') and Tribhovandas Bhimji Zaveri (Bombay) Limited ('TBZBL') as approved by the board of directors of the Company, (the "Financial Information") for the periods / year ended 31 December 2011, 31 March 2011 and 31 March 2010 comprising:

i. Statement of Consolidated Other Income as appearing in Annexure V ;

ii. Statement of Consolidated Share Capital as appearing in Annexure VI ;

iii. Statement of Consolidated Reserves and Surplus as appearing in Annexure VII ;

iv. Statement of Consolidated Long Term Borrowings as appearing in Annexure VIII;

v. Statement of Consolidated Short Term Borrowings, as appearing in Annexure IX ;

vi. Statement of Consolidated Provisions, as appearing in Annexure X ;

vii. Statement of Consolidated Loans and Advances, as appearing in Annexure XI

viii. Statement of Consolidated Trade Receivables, as appearing in Annexure XII

ix. Statement of Consolidated Other Non-Current Assets, Other Current Assets, Other Long Term Liabilities and Other Current Liabilities as appearing in Annexure XIII

x. Statement of principal terms of Secured Loans and Assets Charged as Security, as appearing in Annexure XIV ;

xi. Statement of Consolidated Capitalization as at 31 December 2011 as appearing in Annexure XV; and

xii. Statement of Consolidated Accounting Ratios, as appearing in Annexure XVI ;

For the purposes of making adjustments to the financial information for the financial years ended 31 March 2008 and 31 March 2007 with respect to the financial statements of the Company, reliance has been placed on the financial statements audited by K.M. Modi & Associates.

The consolidated financial information has been prepared by the management from the audited consolidated financial statements of the Company for the period / years ended 31 December 2011, 31 March 2011 and 31 March 2010 audited by us.

The consolidated financial information of the Company for the financial years ended 31 March 2009, 31 March 2008 and 31 March 2007 have not been prepared by the management, as the Company did not have any subsidiaries during these years.

6 The report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us.

7 We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8 In our opinion the financial information contained in Annexure I to XVII of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures)

prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Paragraph B, Part II of Schedule II of the Act and the SEBI Regulations.

9 Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

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

Vijay Mathur
Partner
Membership No: 046476

ANNEXURE I: SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Non-current assets						
Fixed assets						
- Tangible assets	487.91	466.87	401.60	358.47	151.07	61.05
- Intangible assets	20.19	24.08	-	-	-	-
- Capital work-in-progress	-	-	21.14	3.60	19.46	-
- Intangible assets under development	-	-	11.47	-	-	-
Non-current Investments						
- Investments in Equity instruments	30.25	29.82	0.06	-	-	-
Deferred tax asset (net)	32.37	22.48	12.87	4.91	1.30	-
Long-term loans and advances	75.25	84.81	65.44	50.85	39.22	30.88
Other non-current assets	-	-	34.27	31.19	-	-
Total non-current assets	**645.97**	**628.06**	**546.85**	**449.02**	**211.05**	**91.93**
Current assets						
Inventories	5,078.28	4,253.40	2,865.46	2,280.24	1,467.48	969.90
Trade Receivables	53.64	83.74	30.55	20.03	41.86	14.23
Cash and cash equivalents	192.01	90.73	28.68	25.11	137.46	47.30
Short-term loans and advances	61.16	49.44	18.39	39.09	23.01	49.91
Other current assets	44.53	29.96	-	-	-	-
Total current assets	**5,429.62**	**4,507.27**	**2,943.08**	**2,364.47**	**1,669.81**	**1,081.34**
Non-current liabilities						
Long-term borrowings	29.81	56.56	41.15	128.18	9.67	1.40
Deferred tax liabilities (net)	-	-	-	-	-	1.60
Other long term liabilities	5.40	-	-	-	-	-
Long-term provisions	50.21	39.47	26.64	18.00	11.10	7.61
Total non-current liabilities	**85.42**	**96.03**	**67.79**	**146.18**	**20.77**	**10.61**
Current liabilities						
Short-term borrowings	2,015.81	2,052.91	1,918.54	1,628.64	1,288.23	901.55
Trade payables	1,141.02	1,075.86	494.28	373.03	436.23	218.64
Other current liabilities	1,033.91	684.75	321.13	145.90	73.82	40.47
Short-term provisions	193.14	126.71	3.58	4.49	0.90	-
Total current liabilities	**4,383.88**	**3,940.23**	**2,737.53**	**2,152.06**	**1,799.18**	**1,160.66**
Net worth	**1,606.29**	**1,099.07**	**684.61**	**515.25**	**60.91**	**2.00**
Net worth represented by:						
Shareholders' Funds						
Share capital						
Equity share capital	500.00	500.00	100.00	100.00	2.00	2.00
Reserves and surplus						
Securities premium	-	-	340.00	340.00	-	-
Employee stock options outstanding account	12.49	10.25	-	-	-	-
Profit and loss account	1,093.80	588.82	244.61	75.25	58.91	-

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net worth	**1,606.29**	**1,099.07**	**684.61**	**515.25**	**60.91**	**2.00**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Standalone Assets and Liabilities as restated.

Notes:

iv. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956. Share capital disclosed for these years / period represents partner's capital in the partnership firm.

v. For the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008. Profit for the combined period is allocated to partner's current account (unsecured loans) and accumulated profit proportionately.

vi. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

ANNEXURE II : SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
INCOME						
Revenue from operations	11,173.73	11,939.31	8,848.95	6,687.43	4,393.53	3,051.55
Other income	12.04	5.26	3.57	1.34	3.64	2.67
Total revenue	**11,185.77**	**11,944.57**	**8,852.52**	**6,688.77**	**4,397.17**	**3,054.22**
EXPENDITURE						
Cost of raw material and components consumed	7,437.97	8,168.86	6,931.43	5,217.06	3,465.63	2,466.79
Purchase of traded goods	2,152.44	2,776.44	1,215.58	1,315.51	774.52	390.10
Changes in inventories of finished goods and traded goods	(390.97)	(885.54)	(580.00)	(789.05)	(497.15)	(317.10)
Employee benefits expenses	334.56	405.16	307.22	264.28	210.43	160.53
Other expenses	614.33	606.47	503.61	358.89	205.65	139.33
Speculation loss	-	-	-	-	-	20.92
Total expenditure	**10,148.33**	**11,071.39**	**8,377.84**	**6,366.69**	**4,159.08**	**2,860.57**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,037.44**	**873.18**	**474.68**	**322.08**	**238.09**	**193.65**
Depreciation	38.12	40.10	30.74	29.34	15.83	8.21
Finance charges	236.23	228.17	196.08	140.24	82.95	65.06
Profit before tax	**762.09**	**604.91**	**247.86**	**152.50**	**139.31**	**120.38**
Less: Tax expense						
Current tax	267.00	210.31	86.46	51.77	67.26	44.50
Deferred tax (credit) / charge	(9.89)	(9.61)	(7.96)	(3.61)	(2.90)	1.34
Total tax expense	**257.11**	**200.70**	**78.50**	**48.16**	**64.36**	**45.84**
Profit after taxation	**504.98**	**404.21**	**169.36**	**104.34**	**74.95**	**74.54**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Profit and Loss as restated.

Notes:

iv. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956.

v. Further for the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008. Profit for the combined period is allocated to partner's current account (unsecured loans) and accumulated profit proportionately.

vi. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

ANNEXURE III : SUMMARY STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
A. Cash flow from operating activities						
Net profit before prior period item, tax and extraordinary items	762.09	604.91	247.86	152.50	139.31	120.38
Adjustment for:						
Depreciation	39.12	40.10	30.74	29.34	15.83	8.21
Interest expenses	236.23	228.17	196.08	140.24	82.95	65.05
Debit balances written off	-	-	0.03	-	-	-
Profit on sale of fixed assets	(0.13)	(0.16)	-	-	(1.57)	(1.27)
Employee stock options scheme provision	2.24	10.25	-	-	-	-
Foreign exchange gain	(0.18)	0.58	-	-	-	-
Provision for bad debts	8.18	3.48	-	-	-	-
Interest income	(2.52)	(3.51)	(3.42)	(1.34)	(0.53)	-
Operating profit before working capital changes	1,045.03	883.82	471.29	320.74	235.99	192.38
Adjustment for						
Increase in inventories	(824.86)	(1,387.95)	(585.23)	(812.75)	(497.58)	(317.62)
Increase in long term provisions	10.75	12.83	4.14	10.49	4.40	2.10
Increase in long term liabilities	5.40	-	-	-	-	-
Increase / (decrease) in trade payables	65.16	579.01	121.25	(63.20)	217.59	17.80
Increase in short term provisions	3.51	6.58	3.58	-	-	-
Increase in other current liabilities	345.11	364.46	186.62	73.25	33.35	9.04
Increase in long term loans and advances	(3.53)	(50.56)	(16.40)	(18.92)	(8.33)	(7.31)
Increase in other non-current assets	-	-	(3.08)	(31.19)	-	-
Decrease / (increase) in trade receivables	22.09	(57.25)	(9.41)	21.83	(27.64)	(3.65)
Increase in other current assets	(14.57)	(29.96)	-	-	-	-
(Increase) / decrease in short term loans and advances	(11.73)	12.15	12.89	24.40	(6.76)	30.20
Cash generated from / (utilised in) operations	624.36	333.13	185.65	(473.35)	(35.46)	(77.06)
Income taxes paid (net of refunds)	(190.99)	(110.58)	(91.00)	(53.78)	(47.12)	(48.13)
Net cash generated / (utilized) from operating activities	**451.37**	**222.55**	**94.65**	**(529.13)**	**(82.58)**	**(125.19)**
B. Cash flow from investing activities						
Purchase of fixed assets	(56.76)	(84.88)	(100.92)	(220.88)	(126.82)	(33.98)
Sale of fixed assets	4.66	0.81	-	-	3.07	2.46
Purchase of non-current investment	(0.43)	(29.78)	(0.06)	-	-	-
Sale of non-current investment	-	0.02	-	-	-	-
Bank fixed deposits with original maturity more than 12 months	-	30.00	-	(30.00)	-	-
Interest received	2.52	3.51	(0.85)	0.15	0.53	-

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net cash utilized in investing activities	**(50.01)**	**(80.32)**	**(101.83)**	**(250.73)**	**(123.22)**	**(31.52)**
C. Cash from Financing activities						
Interest paid	(236.23)	(225.92)	(196.08)	(140.24)	(82.95)	(65.06)
Proceeds from shares issued		-	-	-	-	-
(Repayments) / proceeds of long term borrowings	(26.75)	13.62	(86.64)	118.12	8.27	0.44)
(Repayment) / proceeds of short term borrowings	(37.10)	134.37	293.47	689.63	370.64	176.29
Net cash generated from / (utilised in) financing activities	**(300.08)**	**(80.18)**	**10.75**	**667.51**	**295.96**	**111.67**
Net Increase / (decrease) in cash and cash equivalents	**101.28**	**62.05**	**3.57**	**(112.35)**	**90.16**	**(45.04)**
Cash and cash equivalents at the beginning of the year	**90.73**	**28.68**	**25.11**	**137.46**	**47.30**	**92.34**
Cash and cash equivalents at the end of the year	**192.01**	**90.73**	**28.68**	**25.11**	**137.46**	**47.30**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Cash Flows as restated.

Notes:

iv. For the purpose of the above Standalone Restated Financial Statements, the accounts of the partnership firm for the year / period ended 31 March 2007 and 23 July 2007 have been recast in accordance with the requirements of Schedule VI of the Companies Act 1956.

v. Further for the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008.

vi. The above statement has been prepared under the ‘indirect method’ as set out in Accounting Standard 3 on Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

ANNEXURE IV: NOTES ON ADJUSTMENTS FOR STANDALONE RESTATED FINANCIAL STATEMENTS

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 precious metals and stones such as gold, diamond, silver, platinum, etc. Currently the Company has 14 show rooms located across India. The Standalone Restated Financial Statements relate to the Company and have been prepared specifically for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering (IPO). The Standalone Restated Financial Statements consist of the Summary Statement of Standalone Assets and Liabilities, as Restated of the Company as at 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 December 2011, the related Summary Statement of Standalone Profit And Losses as Restated for the years / period ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 December 2011, and the related Summary Statement Of Standalone Cash Flows, as Restated for each of the years / period ended 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 December 2011, (these Standalone Restated Financial Statements hereinafter are collectively referred to as "Standalone Restated Financial Statements"). The Standalone Restated Financial Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("the SEBI Regulations") notified by SEBI on August 26, 2009, as amended from time to time. The Company was a partnership firm until 23 July 2007. The Company's management has recast the financial statements of the partnership accounts to proforma accounts in the form required under schedule VI of the Companies Act for the purpose of Restated Statements. Further for the purpose of Restated Statements, the Company's management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008. Also refer note 3.2 (v) below for the effect of the combination of the aforesaid periods. On 4 October 2010, the Company has acquired 99.98% (as on 31 December 2011, the percentage holding reduced to 99.88%) of the share capital of Tribhovandas Bhimji Zaveri (Bombay) Limited thereby making it a subsidiary of the Company (also refer note 4.(i)). As assessed by Management, the book value of the assets transferred and the total income of the showroom transferred is less than 20% of the total income of the of the total pre transferred book value of the assets / total income of the Company. Accordingly the proforma financials statements of the transferred showroom have not been disclosed as required by ICDR. The Act and the SEBI Regulations require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five years immediately preceding the issue of the Prospectus. Pursuant to the agreement, on 1 June 2011, the Company has transferred one showroom to Mrs. Parinda Bajaj.

2. Significant Accounting Policies adopted by the Company in preparing its financial statements

2.1 Basis of Preparation

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 Company has followed the same accounting policies in preparation of the interim financial statements for the period ended 31 December 2011 as those followed in preparation of the annual financial statements for the earlier years.

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

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 the period of lease. Computer software is capitalised and amortised over a period of five years. Assets individually costing upto Rs. 5,000 are fully depreciated in the year of purchase.

2.4 Impairment of assets

In accordance with Accounting Standard 28-'Impairment of Assets', where there is an indication of impairment in any of the Company’s asset, the carrying amounts of the Company’s material assets and/or cash generating unit 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 at weighted average cost; and

ii) in case of diamond jewellery, jadau jewellery, stones, pearls and watches, at specific cost

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 cost 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 discount).

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 year are recognized in the profit and loss account of that year.

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 realized.

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.

3.1 Impact of material adjustments

The Company has been converted to a public limited company w.e.f. 3 December 2010. As the Company was a partnership firm till 23 July 2007, the Management has recast the financial statements of the partnership accounts to proforma accounts in the form required under schedule VI of the Companies Act for the purpose of Standalone Restated Financial Statements. Further for the purpose of Standalone Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2008 by combining the financial statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the financial statements of the Company for the period from 24 July 2007 to 31 March 2008.

Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profit and losses and assets and liabilities of the Company is as under. These adjustments are carried out on proforma basis and accounting entries for the same are not passed in books of accounts.

Impact on Profits / Losses (non-cumulative)

(Rupees in million)

Particulars	**For the year/period ended**						
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**Prior to 01-Apr-06**
Adjustment due to conversion of partnership firm into the Company							
Other income							
- Profit on sale of fixed assets (refer note 3.2(i))	-	-	-	-	(1.57)	(0.38)	-
Depreciation (refer note 3.2(i)and (v))	0.33	0.11	0.48	0.85	0.67	8.21	47.86
Other adjustments							
Sales (refer note 3.2(iii))	-	-	-	0.18	0.01	-	0.91
Cost of goods produced							
- Purchases (refer note 3.2(ii))	-	-	-	(79.80)	29.45	(16.19)	66.54
- Stock (refer note 3.2(ii) and (v))	(0.91)	(1.56)	(6.47)	38.55	28.01	21.40	(78.99)
Personnel expenses							
- Provision for bonus (refer note 3.2(iv))	-	-	-	-	(1.99)	0.77	1.22
Other expenses							
- Lease rent (refer note 3.2(ii))	-	-	-	-	-	(0.11)	(0.11)
- Loss on sale of fixed assets (refer note 3.2(i))	-	-	-	-	-		0.15
- Miscellaneous expenses (refer note3.2(iii))	-	-	-	-	2.76	(0.01)	0.09
- Expenses grouped in Capital work in progress (refer note 3.2(iii))	-	-	-	-	-	(1.01)	1.01

Particulars	For the year/period ended						
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	Prior to 01-Apr-06
- Preliminary expenses (refer note 3.2(iii))	-	-	-	(0.65)	0.65	-	-
- Debit balances written off (refer note 3.2(iii))	-	-	(3.94)	-	-	-	-
- Repairs & maintenance (refer note 3.2(iii))	-	0.16		(0.16)	-	-	-
- Assets written off (refer note 3.2(vi)	-	(0.88)	0.09	0.50	0.84	-	-
Provision for tax (refer note 3.2(vii))							
- Income tax	(9.18)	(3.69)	(4.54)	16.77	1.03	44.50	(0.63)
- Fringe benefit tax	-	-	-	-	(2.10)	0.97	1.05
- Deferred tax	9.19	(4.15)	(0.76)	1.54	(3.17)	1.34	0.26
Prior period items							
- Provision for gratuity (refer note 3.2(ii))	-	-	-	(11.11)	3.50	2.10	5.51
- Provision for leave encashment (refer note 3.2(ii))	-	-	-	(0.90)	0.90	-	-
- Provision for bonus (refer note 3.2(ii))	-	-	-	(3.09)	3.09	-	-
- Lease rent (refer note 3.2(ii))	-	-	-	(7.92)	3.00	2.79	2.13
Depreciation (refer note 3.2(ii) & (vi))	-	0.04	(0.17)	8.07	(8.31)	-	-
- Inventories (refer note 3.2(ii))	-	-	-	(14.83)	14.83	-	-
Interest (refer note 3.2(ii))	-	-	(0.38)	0.38	-	-	-
Total	(0.57)	(9.97)	(15.69)	(51.62)	71.60	64.38	47.22

Impact on Assets and Liabilities (Cumulative)

(Rupees in million)

Particulars	As at						
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Adjustment due to conversion of partnership firm into the Company							
Tangible assets	0.92	1.44	1.55	2.03	11.11	(55.86)	(48.02)
Other adjustments							
Tangible assets	-	(0.91)	(1.83)	(1.57)	(0.92)	-	-
Capital Account / Unsecured loans	(113.49)	(113.49)	(113.49)	(113.49)	(113.49)	-	-
Capital work in progress	-	-	-	(2.76)	(2.76)	-	-

Particulars	As at						
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Inventories	-	(0.91)	(2.48)	(8.95)	14.76	57.60	78.99
Trade receivables	-	-	-	(1.10)	(0.92)	(0.91)	(0.91)
Long term loans and advances	-	-	-	-	-	-	(1.01)
Short term loans and advances	-	-	(1.41)	(6.02)	10.75	(45.96)	(0.51)
Short-term borrowings	-	-	-	(0.38)	-	-	(1.46)
Trade payables	-	-	-	-	(79.80)	(50.37)	(65.07)
Other current liabilities	-	-	0.17	0.17	(11.01)	(6.91)	(3.46)
Long term provisions	-	-	-	-	(12.00)	(7.61)	(5.51)
Short term provisions	11.47	2.29	-	-	-	-	-
Deferred tax asset / liability	(4.25)	4.94	0.79	0.03	1.57	(1.60)	(0.26)
Preliminary expenses	-	-	-	-	(0.65)	-	-

3.2 Notes on adjustments for restated statements

Changes in accounting policies

i. As a partnership firm, the Company had not computed depreciation. However depreciation was computed retrospectively and adjusted to the partners' capital account at the time of conversion of partnership firm to Company. Also the sale proceeds from sales of assets were credited to the block of assets. For the purpose of restatement, Profit / loss on sale of assets has been computed and credited to Profit and loss account. Consequent to the change in the Written down value, depreciation for the year ended 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 December 2011 have been restated. This adjustment has been carried on the written down value as per Income Tax Act 1961 as at 31 March 2003 due to non availability of data for prior years.

Other significant adjustments

ii. The Company recorded prior period expenses during the year ended 31 March 2009 and 31 March 2010, the effect of these items have been adjusted in the respective periods of origination. Further, similar rectification in respect of the following have also been carried out for the prior years:

- Inventory valuation
- Accounting for leases
- Provisioning for gratuity, leave encashment and bonus

iii. In the financial statements for the year ended 31 March 2010, certain debit balances pertaining to earlier years were charged to profit and loss account. For the purpose of restatement these amounts have been appropriately adjusted to respective years to which they relate

iv. For the purpose of restatement, to comply with the current accounting policy, some of the expenses have been adjusted on accrual basis.

v. Impact on account combining the Restated Statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the Company for the period from 24 July 2007 to 31 March 2008, included above during the period ended 31 March 2008 is as follows:

a) Inventory and restated profits have been understated by Rs. 21.76 million

b) Depreciation and restated profits have been understated by Rs.0.88 million

vi. During the year ended 31 March 2011, the Company has reconciled the fixed assets in the books of accounts with fixed assets verified physically. Adjustment entries passed during the year ended 31 March 2011 has been adjusted in the respective year of purchase.

Taxation

vii. During the partnership period, provision for income tax, fringe benefit tax and deferred tax has not been debited to profit and loss account in respective years. For the purpose of restatement, the same has been accounted. During the period ended 31 December 2011, the Company has credited excess provision for earlier years to profit and loss account, for the purpose of restatement the same is adjusted in respective years.

Non-Adjustment

viii. Jewellery manufactured includes jewellery procured from craftsmen and other suppliers on labour charges basis. In addition the Company also trades on the jewellery purchased. In absence of detailed break up of sale of such manufactured goods and traded goods, no bifurcation of sale of manufactured goods and sale of traded goods as required by the ICDR have been furnished.

4 Other significant financial information:

i. In the Board Meeting held on 4 October 2010, the Board has approved the purchase of 5019 equity shares of Rs. 100 each of Tribhovandas Bhimji Zaveri (Bombay) Limited (erstwhile known as Tribhovandas Bhimji Zaveri (Bombay) Private Limited) at a price of Rs. 4,030 per share amounting to Rs. 20.23 million. Consequent to the investment, Tribhovandas Bhimji Zaveri (Bombay) Limited is a subsidiary of the Company w.e.f. 4 October 2011. Subsequently the Company has sold 5 shares at its cost of acquisition. On 13 June 2011, the Company has purchased 6 shares at Rs. 4,490 per share for Rs, 26,940, consequent to the purchase Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became 100% subsidiary of the Company.

ii. In the Extraordinary General meeting held on 12 January 2011, the shareholders of the Company by a special resolution have approved and authorized the Company to Grant such number of Options and Restricted Stock Units under the TBZ Employee Stock Option Plan (‘ESOP’) 2011 (or any other stock option schemes), in one or more tranches, to the Employees that will, upon Exercise, result in a maximum of 208,433 Equity Shares. The TBZ ESOP 2011 shall be administered and supervised by the Remuneration Committee constituted by the Board.

iii. **Capital commitments and Contingent liabilities**

Details of contracts remaining to be executed on capital account and not provided for:

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Capital commitments (net of advances)	NIL	NIL	54.04	4.92	NIL	NIL

Contingent Liabilities

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Liability on account of Income tax (refer note a)	NIL	NIL	NIL	NIL	12.83	6.51
Guarantees given on behalf of the directors in respect of loans taken by them	140	140	NIL	NIL	NIL	NIL
Liability on account of KVAT (refer note b)	4.98	4.98	NIL	NIL	NIL	NIL

Notes:

a) Contingent liabilities on account of income tax disclosed above are based on assessment orders issued by the Assessing officer u/s 143 (3) of the Income Tax Act, 1961, wherein the demand was raised on the Company by disallowing deduction u/s 80-IB of the Income Tax Act, 1961. The High court has passed an order in favour of the Company.

b) 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 Rs.4.98 millions 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.

iv. **Operating lease obligations**

The Company has recognized the lease rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non-cancelable) included under 'Administrative and selling expenses' are as follows:

(Rupees in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Lease payments	78.71	83.91	70.31	63.20	31.38	23.90

The future minimum lease payments in respect of non-cancelable operating leases for rented premises are as follows:

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Amount due within one year from the balance sheet date	86.10	70.84	70.08	51.96	32.76	23.49
Amount due for the period after one year and before five years	217.52	211.44	172.60	155.45	85.61	75.84
Amount due for the period after five years	74.13	74.23	109.74	129.67	82.40	46.46
Total	**377.76**	**356.51**	**352.42**	**337.08**	**200.77**	**145.79**

v. **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 Rs. 149.93 per share and Exercise price of restricted stock units will be Rs.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 grant or date of listing whichever is later.

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

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

* Date of grant or date of listing whichever is later.

Maximum term of options granted (in years) **3.65**

Method of settlement **Equity settled**

Employee stock option activity under Scheme 2011 is as follows:

1) Options

Particulars	Apr-Dec 2011	2011	2010
Outstanding at beginning of the year	**111,309**	**Nil**	Nil
Granted during the year	**Nil**	**111,309**	Nil
Forfeited during the year	**Nil**	**Nil**	Nil
Exercised during the year	**Nil**	**Nil**	Nil
Outstanding at the end of the year	**111,309**	**111,309**	Nil
Vested and exercisable at the end of the year	**Nil**	**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 Rs 164,247 (2011: Rs. 400,361)

The total carrying amount as at 31 December 2011 on account of Options is Rs 564,608 (2011: Rs. 400,361)

2) Restricted Stock Units (RSUs)

Particulars	Apr-Dec 2011	2011	2010
Outstanding at beginning of the year	**97,124**	**Nil**	Nil
Granted during the year	**Nil**	**97,124**	Nil
Forfeited during the year	**Nil**	**Nil**	Nil
Exercised during the year	**Nil**	**Nil**	Nil
Outstanding at the end of the year	**97,124**	**97,124**	Nil
Vested and exercisable at the end of the year	**Nil**	**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 Rs 2,070,756 (2011: Rs. 9,854,324)

The total carrying amount as at 31 March 2011 on account of RSU is Rs 11,925,080 (2011: Rs. 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	Apr-Dec 2011	2011
Net Income as reported	504.98	404.21
Add: Intrinsic Value Compensation Cost	2.23	10.25
Less: Fair Value Compensation Cost	6.66	1.89
Adjusted Proforma Income	500.55	412.57
Earning Per Share: Basic		
As Reported	10.10	8.08
Adjusted Pro Forma	10.08	8.07

Particulars	Apr-Dec 2011	2011
Earning Per Share: Diluted		
As Reported	10.01	8.25
Adjusted Pro Forma	10.00	8.24

Particulars	Apr-Dec 2011		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 (Rs)	34.28	148.71	34.28	148.71
exercise price (Rs)	157	157	157	157
expected volatility	149.93	10.00	149.93	10.00
option life (comprising vesting period + exercise period)	0.00%	0.00%	0.00%	0.00%
expected dividends	2.62	2.46	2.62	2.46
risk-free interest rate	0.00%	0.00%	0.00%	0.00%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.	8.03%	8.03%	8.03%	8.03%
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility'.	Not applicable	Not applicable	Not applicable	Not applicable
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	Not applicable	Not applicable	Not applicable	Not applicable

vi. **Segment reporting**

The Company is engaged in manufacturing / trading and selling of jewellery which 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.

vii. **Disclosure as required by the Accounting Standard – 18 on ‘Related Party Disclosures’ are given below:**

Relationship

Name of the related party	Relation as at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Shrikant Zaveri	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Binaisha Zaveri	Key Manageria	Key Manageria	Key Manageria	Key Manageria	Key Manageria	Key Manageria

Name of the related party	Relation as at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
	l Personnel	l Personnel	l Personnel	l Personnel	l Personnel	l Personnel
Raashi Zaveri	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Relatives of Key Managerial Personnel (w.e.f. 23 July 2007)	Key Managerial Personnel
Bindu Zaveri	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Key Managerial Personnel
Kamla Zaveri	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel	Relatives of Key Managerial Personnel (retired from partnership on 31 January 2007)
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (w.e.f. 13 November 2006)					
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (w.e.f. 10 November 2006)					
Super Traditional Metal Crafts (Bombay) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence					
T B Zaveri Jewelleries Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (upto 20 March 2011)					
New Transmission & Power Technology Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (upto 16 March 2011)					
Tribhovandas Bhimji Zaveri Trading Co	Entities over which key managerial personnel and / or their relatives exercise significant influence					

Name of the related party	Relation as at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Cupid Annibis Jewellery Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence					
Shrikant G Zaveri (HUF)	Entities over which key managerial personnel and / or their relatives exercise significant influence					
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	Entities over which key managerial personnel and / or their relatives exercise significant influence					
Konfiaance Jewellery Private Limited	Subsidiary w.e.f 11 September 2009					
Tribhovandas Bhimji Zaveri (Bombay) Limited	Subsidiary w.e.f. 4 October 2010 (Entities over which key managerial personnel and / or their relatives exercise significant influence upto 3 October 2010)					

Tribhovandas Bhimji Zaveri was a partnership firm till 23 July 2007, post which it was converted to a private limited Company under Part IX of the Companies Act, 1956. The Company has been converted to a public limited company w.e.f. 3 December 2010.

Transaction between the Company and related parties and the status of outstanding balances are as follows:

(a) Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Remuneration						
- Shrikant Zaveri	67.50	90.00	90.00	90.00	85.21	60.15
- Binaisha Zaveri	13.50	12.00	12.00	4.80	18.93	40.10
- Raashi Zaveri	13.50	12.00	12.00	3.60	-	-
Interest expense						
- Shrikant Zaveri	-	-	-	-	11.34	19.91
- Binaisha Zaveri	-	0.35	0.14	-	2.40	2.36
- Raashi Zaveri	-	-	-	-	-	0.40
- Bindu Zaveri	-	-	-	-	-	2.10
Rent paid						
- Shrikant Zaveri	10.80	5.40	-	-	-	-
Share in profit of the						

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
firm						
- Shrikant Zaveri	-	-	-	-	9.62	44.72
- Binaisha Zaveri	-	-	-	-	1.60	7.45
- Raashi Zaveri	-	-	-	-	-	7.45
- Bindu Zaveri	-	-	-	-	-	7.45
Capital introduced						
- Shrikant Zaveri	-	-	-	-	-	143.19
- Binaisha Zaveri	-	-	-	-	-	49.91
- Raashi Zaveri	-	-	-	-	-	7.86
- Bindu Zaveri	-	-	-	-	-	19.40
Loan taken (interest bearing)						
- Binaisha Zaveri	-	6.50	-	-	-	-
Loan taken (non-interest bearing)						
- Shrikant Zaveri	61.28	221.97	159.05	164.93	163.41	-
- Binaisha Zaveri	-	11.34	18.50	4.80	24.88	-
- Raashi Zaveri	-	31.14	20.24	5.83	-	-
Drawings						
- Shrikant Zaveri	-	-	-	-	-	41.77
- Binaisha Zaveri	-	-	-	-	-	13.73
- Raashi Zaveri	-	-	-	-	-	2.51
- Bindu Zaveri	-	-	-	-	-	1.23
Loan repaid (interest bearing)						
- Binaisha Zaveri	-	6.50	-	-	-	-
Loan repaid (non-interest bearing)						
- Shrikant Zaveri	52.16	184.39	140.49	440.69	107.28	-
- Binaisha Zaveri	1.34	11.07	19.20	60.63	20.03	-
- Raashi Zaveri	0.62	20.26	12.86	5.83	-	-
Shares issued including bonus	-	-	-	-	-	-
- Shrikant Zaveri	-	-	-	351.57	1.40	-
- Binaisha Zaveri	-	-	-	63.75	0.20	-
- Raashi Zaveri	-	-	-	13.88	-	-
Closing balance						
Loans payable / (Receivable)						
- Shrikant Zaveri	67.71	16.08	21.00	2.44	278.20	238.26
- Binaisha Zaveri	(2.05)	(1.33)	(0.98)	(0.29)	55.54	53.15
- Raashi Zaveri	(0.02)	17.97	7.71	0.33	-	5.13

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
- Bindu Zaveri	-	-	-	-	-	22.88
Remuneration payable						
- Shrikant Zaveri	45.00	42.50	-	-	-	-
- Binaisha Zaveri	4.50	0.62	-	-	-	-
- Raashi Zaveri	4.50	0.62	-	-	-	-
Capital account						
- Shrikant Zaveri	-	-	-	-	-	1.20
- Binaisha Zaveri	-	-	-	-	-	0.20
- Raashi Zaveri	-	-	-	-	-	0.20
- Bindu Zaveri	-	-	-	-	-	0.20
- Kamla Zaveri						
Other receivable						
- Binaisha Zaveri	-	-	-	-	6.66	-
Deposit receivable						
- Shrikant Zaveri	7.20	7.20	-	-	-	-
Other payable						
- Shrikant Zaveri	-	4.86	-	-	-	-
Guarantees given on behalf of the directors in respect of loans taken by them						
- Shrikant Zaveri	100.00	100.00	-	-	-	-
- Raashi Zaveri	40.00	40.00	-	-	-	-

(b) Relatives of Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Interest paid						
- Kamla Zaveri	-	-	-	-	-	2.69
- Bindu Zaveri	-	-	-	-	1.27	-
- Raashi Zaveri	-	-	-	-	0.60	-
Share in profit of the firm						
- Kamla Zaveri	-	-	-	-	-	6.21
- Bindu Zaveri	-	-	-	-	1.60	-
- Raashi Zaveri	-	-	-	-	1.60	-
Shares issued including bonus						
- Raashi Zaveri	-	-	-	-	0.20	-

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Loan taken (non-interest bearing)						
- Kamla Zaveri	-	-	-	-	0.55	19.17
- Bindu Zaveri	-	-	0.13	3.05	5.58	-
- Raashi Zaveri	-	-	-	-	4.01	-
Loan repaid (non-interest bearing)						
- Kamla Zaveri	-	32.56	0.18	0.06	1.69	1.69
- Bindu Zaveri	-	0.00	10.97	3.78	16.47	-
- Raashi Zaveri	-	-	-	-	0.81	-
Closing balance						
Loan payable / (Receivable)						
- Bindu Zaveri	(2.05)	(2.05)	(2.04)	8.80	9.53	-
- Kamla Zaveri	1.26	1.26	33.82	33.99	34.05	33.69
- Raashi Zaveri	-	-	-	-	3.47	-

(c) Entities over which Key Managerial Personnel and / or their relatives exercise significant influence

(Rupees in million)

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Purchase (net of purchase return)						
- Cupid annibis Jewellery Private Limited	-	-	0.98	8.05	2.49	9.90
Sales (net of sales return)						
- Cupid annibis Jewellery Private Limited	-	-	-	-	-	1.71
Making, Melting and Repairing charges						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	75.84	52.82	52.93	40.00
Interest paid						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	2.49	2.09	2.15	1.01
Capital introduced						
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	-	-	0.06

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	-	-	0.06
Super Traditional Metal Crafts (Bombay) Private Limited	-	-	-	-	-	0.08
	-	-	-	-		
Share in profit of the firm	-	-	-	-		
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	-	0.49	0.37
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	-	0.49	0.37
Super Traditional Metal Crafts (Bombay) Private Limited	-	-	-	-	0.65	0.50
Loan taken (interest bearing)						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	4.36	19.79	2.15	12.81
Loan taken (non-interest bearing)						
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	-	-	-	31.95
- Shrikant G Zaveri (HUF)	-	-	-	-	-	8.25
- Cupid Annibis Jewellery Private Limited	0.36	-	-	-	-	-
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	-	0.49	0.37
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	-	0.49	0.37
Super Traditional Metal Crafts (Bombay) Private Limited	-	27.35	-	-	0.65	0.50
Loan given (non-interest bearing)						
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	0.03	0.03	0.27	-
Loan given received (non-interest bearing)						
- Tribhovandas Bhimji Zaveri Trading Co.	-	0.11	0.26	-	-	24.62
Loan repaid (interest bearing)						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	2.12	18.13	0.44	5.00

Nature of Transaction	**For the year/period ended**					
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Loan repaid (non-interest bearing)						
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	-	-	-	-
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.02	0.10	0.17	0.02	-	-
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.02	0.09	0.17	0.02	-	-
Super Traditional Metal Crafts (Bombay) Private Limited	0.02	5.67	0.19	0.02	-	-
- Shrikant G Zaveri (HUF)		5.87	0.04	-	2.96	0.01
- Cupid Annibis Jewellery Private Limited	18.03	0.09	-	-	-	-
- T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	-	0.54	-	-	-	-
Shares issued including bonus						
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	2.64	0.06	-
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	2.64	0.06	-
Super Traditional Metal Crafts (Bombay) Private Limited	-	-	-	3.52	0.08	-
Closing balance						
Loan payable						
- Tribhovandas Bhimji Zaveri (Bombay) Limited			27.13	24.89	23.23	21.52
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.63	1.65	1.74	1.83	1.85	-
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.63	1.65	1.74	1.83	1.85	-
Super Traditional Metal Crafts (Bombay) Private Limited	23.38	24.72	2.37	2.46	3.15	-
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	-	-	0.54	0.54	0.54	0.54
- Shrikant G Zaveri (HUF)	-	-	5.87	5.91	5.91	8.24
Loan receivable						
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	0.11	0.34	0.31	-
Capital Account (fixed)						

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
- Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	-	-	0.06
- Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	-	-	0.06
- Super Traditional Metal Crafts (Bombay) Private Limited	-	-	-	-	-	0.08
Current account payable						
- Cupid Annibis Jewellery Private Limited	0.09	17.76	-	-	-	13.24
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	-	-	-	9.19
- Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	-	-	-	-	-	0.37
- Tribhovandas Bhimji Zaveri (TBZ) Private Limited	-	-	-	-	-	0.37
- Super Traditional Metal Crafts (Bombay) Private Limited	-	-	-	-	-	0.50
Current account receivable						
- Cupid Annibis Jewellery Private Limited	-	-	-	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	-	-	-	-

(d) Subsidiary

(Rupees in million)

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Making, Melting and Repairing charges						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	103.01	92.85	-	-	-	-
Interest paid						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	0.32	2.71	-	-	-	-
- Konfiaance Jewellery Private Limited	0.25	0.34	-	-	-	-
Rent received						

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
- Tribhovandas Bhimji Zaveri (Bombay) Limited	8.10	1.50	-	-	-	-
Reimbursement on behalf of						
- Konfiaance Jewellery Private Limited	0.00	0.05	0.16	-	-	-
Share application money paid						
- Konfiaance Jewellery Private Limited	-	9.56	0.06	-	-	-
Loan taken						
- Konfiaance Jewellery Private Limited	-	10.21	-	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	1.37	2.44	-	-	-	-
Loan repaid						
- Konfiaance Jewellery Private Limited	10.46	-	-	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	30.94	-	-	-	-	-
Closing balance						
Loan payable						
- Konfiaance Jewellery Private Limited	-	10.21	-	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	17.79	29.57	-	-	-	-
Other receivable						
- Konfiaance Jewellery Private Limited	0.21	0.21	0.16	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	1.35	-	-	-	-
Other payable						
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	19.16	-	-	-	-
Investment						
- Konfiaance Jewellery Private Limited	10.02	9.62	0.06	-	-	-
- Tribhovandas Bhimji Zaveri (Bombay) Limited	20.23	20.21	-	-	-	-

(Rupees in million)

Nature of Transaction	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Guarantees given by the directors, relatives and corporate guarantees of shareholders	-	-	200.00	200.00	-	-
Guarantees given by the directors, relatives and corporate guarantees of shareholders / Companies under same management	200.00	200.00	-	-	-	-

viii. 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 became 100% subsidiary of the Company.

ANNEXURE V : STATEMENT OF STANDALONE OTHER INCOME

(Rupees in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Other income, as restated	12.04	5.26	3.57	1.34	3.64	2.67
Net profit / (loss) before tax, as restated	762.09	604.91	247.86	152.50	139.31	120.38
Other income as % of Net profit	1.58%	0.87%	1.44%	0.88%	2.61%	2.22%
Source of other income						
Recurring						
Interest - Bank	2.52	3.51	3.42	1.34	-	-
Interest – Others	1.06	-	0.01	-	0.54	-
Rental income	8.10	1.50	-	-	-	-
Non-recurring						
Sales tax refund	-	0.09	-	-	1.15	1.17
Exchange gain	0.18		0.04	-	0.12	-
Profit on sale of fixed assets (net)	0.13	0.16	-	-	1.57	1.27
Miscellaneous income	0.05	-	0.10	-	0.26	0.23

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of other income.

Notes:

1. The classification of 'Other income' as Recurring / Non-recurring to business activities is based on the current operations and business activities of the Company as determined by the management.

2. In accordance with the accounting treatment followed by the Company, exchange fluctuation gain / loss and profit / loss on sale of assets is disclosed net. Gross amounts in respect thereof are not readily determinable. Hence, net gain where applicable has been considered for the purpose of above disclosure.

3. The figures disclosed above are based on the summary statement of profits and losses, as restated, of the Company.

ANNEXURE VI : STATEMENT OF STANDALONE SHARE CAPITAL

(Rupees and numbers in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Authorised shares						
Equity shares of Rs. 10 each (Numbers)	75.00	75.00	20.00	20.00	10.00	-
Equity shares of Rs. 10 each (Rs.)	**750.00**	**750.00**	**200.00**	**200.00**	**100.00**	**-**
Issued, subscribed and fully paid up						
Equity shares of Rs. 10 each (Numbers)	50.00	50.00	10.00	10.00	0.200	-
Equity shares of Rs. 10 each (Rs.)	500.00	500.00	100.00	100.00	2.00	-
Capital account	-	-	-	-	-	2.00
	500.00	**500.00**	**100.00**	**100.00**	**2.00**	**2.00**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of share capital.

Notes:

1. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Annexure IV (v)

2. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
At the beginning of the period	500. 00	100.00	100.00	2.00	-	-
Subscription to MoA	-	-	-	-	2.00	-
Bonus issue	-	400.00	-	88.00	-	-
Issue of Equity Share against loans	-	-	-	10.00	-	-
Outstanding at the end of the period	**500.00**	**500.00**	**100.00**	**100.00**	**2.00**	**-**

3. Aggregate number of bonus shares issued during the period

(Numbers in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and reserves and surplus	-	40.00	-	8.80	-	-

4. Details of shareholders holding more than 5% equity shares in the Company

(Numbers in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Number of shares						
Shrikant Zaveri	33.39	36.74	7.13	7.13	0.14	-
Binaisha Zaveri	5.29	5.29	1.06	1.06	0.02	-
Raashi Zaveri	4.57	4.57	0.91	0.91	0.02	-
Bindu Zaveri	3.50	-	-	-	-	-
% holding in class						
Shrikant Zaveri	66.78%	73.48%	71.30%	71.30%	70.00%	-
Binaisha Zaveri	10.56%	10.56%	10.60%	10.60%	10.00%	-
Raashi Zaveri	9.14%	9.14%	9.10%	9.10%	10.00%	-
Bindu Zaveri	7.00%	-	-	-	-	-

5. The Company has only one class of equity shares having a par value of Rs.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 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.

6. The Company had increased its authorized share capital by Rs. 100 million consisting of 10,000,000 shares of Rs. 10 each in the Extraordinary General Meeting held on 4 April 2008. The Company has also increased its authorized share capital to Rs.750 million consisting of 75,000,000 shares of Rs.10 in the Annual General Meeting held on 31 December 2010.

7. Share capital includes 10,000,000 equity shares issued during the financial year 2008-09 at a premium of Rs.340 by conversion of unsecured loan into equity without payment being received in cash.

8. Share capital includes 8,800,000 equity shares of Rs.10 each fully paid issued for consideration other than cash as bonus shares by capitalization of profit and loss account aggregating Rs.88.00 million during the financial year 2008-09.

9. Share capital includes 40,000,000 equity shares of Rs.10 each fully paid issued for consideration other than cash as bonus shares by capitalization of profit and loss account amounting Rs.60.00 million and securities premium accounting aggregating Rs.340 million during the financial year 2010-11.

ANNEXURE VII : STATEMENT OF STANDALONE RESERVES AND SURPLUS

(Rupees and numbers in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Securities premium account						
Opening balance	-	340.00	340.00	-	-	-
Add: Premium on issue of equity shares	-	-	-	340.00	-	-
Less: Amount utilized towards issue of fully paid bonus shares	-	340.00	-	-	-	-
Closing balance	**-**	**-**	**340.00**	**340.00**	**-**	**-**
Employee stock options outstanding						
Gross employees stock compensation for options granted in earlier years	10.25	-	-	-	-	-
Add: Gross compensation for options granted during the year	2.24	10.25	-	-	-	-
Closing balance	**12.49**	**10.25**	**-**	**-**	**-**	**-**
Surplus / (deficit) in profit and loss account						
Opening balance	588.82	244.61	75.25	58.91	-	-
Add: Profit for the year	504.98	404.21	169.36	104.34	-	-
Less: Amount utilized towards issue of fully paid bonus shares	-	60.00	-	88.00	-	-
Closing balance	**1,093.80**	**588.82**	**244.61**	**75.25**	**-**	**-**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of reserves and surplus.

ANNEXURE VIII : STATEMENT OF STANDALONE LONG TERM BORROWINGS

(Rupees in million)

Particulars	**As at**											
	31-Dec-11		**31-Mar-11**		**31-Mar-10**		**31-Mar-09**		**31-Mar-08**		**31-Mar-07**	
	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities
Secured Long Term Borrowings												
Term loans from banks												
HDFC bank (refer note 1)	24.55	8.29	26.43	7.67	-	-	-	-	-	-	-	-
State bank of India (refer note 2)	-	36.12	28.09	37.50	40.67	65.69	123.33	40.00	-	-	-	-
Other loans and advances												
Finance lease obligations (refer note 3)	5.26	3.34	2.04	1.57	0.48	3.45	4.85	4.07	9.67	0.69	1.40	0.99
Total	**29.81**	**47.75**	**56.56**	**46.73**	**41.15**	**69.14**	**128.18**	**44.07**	**9.67**	**0.69**	**1.40**	**0.99**
The above amount includes												
Secured borrowings	29.81	47.75	56.56	46.73	41.15	69.14	128.18	44.07	9.67	0.69	1.40	0.99
Unsecured borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Amount disclosed under the head “other current	-	(47.75)	-	(46.73)	-	(69.14)	-	(44.07)	-	(0.69)	-	(0.99)

Particulars	As at											
	31-Dec-11		31-Mar-11		31-Mar-10		31-Mar-09		31-Mar-08		31-Mar-07	
	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities
liabilities”												
Total	**29.81**	**-**	**56.56**	**-**	**41.15**	**-**	**128.18**	**-**	**9.67**	**-**	**1.40**	**-**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of long term borrowings.

Notes:

1. The term loan from HDFC bank carries interest @ 13.25% p.a. The loan is repayable in 60 monthly installments as per repayment schedule provided by bank from the date of loan, viz., 7 May 2010. The loan is secured by hypothecation of exclusive charge on the properties situated at Punjagutta (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.

2. The term loan from State Bank of India carries interest @ 15.75% p.a. The loan is repayable in 45 monthly installment 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. Paripassu 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.

3. Finance lease obligation is secured by hypothecation of vehicles taken on lease.

4. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE IX : STATEMENT OF STANDALONE SHORT TERM BORROWINGS

Particulars	**As at**					
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Secured						
From banks						
Loans repayable on demand						
Working capital demand loan (refer note 1)	400.00	400.00	400.00	-	-	-
Cash credit from banks						
State bank of India (refer note 2)	1,412.77	1,422.20	1,362.25	1,195.69	624.61	507.81
HDFC bank (refer note 3)	95.46	90.54	60.02	352.84	249.59	-
Unsecured						
From directors / partners	65.64	50.78	27.73	2.49	333.74	319.42
From associates	42.73	50.40	36.76	34.82	33.21	32.24
From relatives of directors	(0.79)	(0.79)	31.78	42.80	47.06	33.69
From subsidiary	-	39.78	-	-	-	-
Loan from outsiders	-	-	-	-	-	8.39
Total	**2,015.81**	**2,052.91**	**1,918.54**	**1,628.64**	**1,288.23**	**901.55**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of short term borrowings.

Notes:

1. 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.
2. 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 along with collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of Rs. 30,000,000. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.
3. 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
4. Unsecured loans includes loans taken from one of the directors amounting to Rs 6.1 million which is interest bearing at the rate of 11%. Further, loan from another director of Rs 77.37 million is interest free from 24 July 2007 (as at 31 December 2011: Rs 105.34 million).
5. Unsecured loans are repayable on demand. It includes interest bearing loan from subsidiaries (Tribhovandas Bhimji Zaveri (Bombay) Limited a company under same management within the meaning of section 370(1B) of the Companies Act, 1956 upto 3 October 2010) at the rate of 10% p.a.
6. Loans from outsiders were payable on demand
7. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company

ANNEXURE X : STATEMENT OF STANDALONE PROVISIONS

(Rupees in million)

Particulars	As at											
	31-Dec-11		31-Mar-11		31-Mar-10		31-Mar-09		31-Mar-08		31-Mar-07	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
Provision for gratuity (Unfunded)	42.30	-	33.34	-	24.39	-	18.00	-	11.10	-	7.61	-
Provision for leave benefits (Unfunded)	7.91	13.51	6.13	10.00	2.25	3.58	-	4.49	-	0.90	-	-
Provision for tax	-	179.63	-	116.71	-	-	-	-	-	-	-	-
Total	**50.21**	**193.14**	**39.47**	**126.71**	**26.64**	**3.58**	**18.00**	**4.49**	**11.10**	**0.90**	**7.61**	**-**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of provisions.

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE XI : STATEMENT OF STANDALONE LOANS AND ADVANCES (Unsecured – considered good)

(Rupees in million)

Particulars	**As at**											
	31-Dec-11		**31-Mar-11**		**31-Mar-10**		**31-Mar-09**		**31-Mar-08**		**31-Mar-07**	
	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term
Capital Advances (Unsecured, considered good)	0.17	-	1.83	-	16.52	-	7.29	-	11.66	-	2.52	-
Deposits (Unsecured, considered good)	61.50	-	56.31	-	48.86	0.04	43.20	5.58	27.36	1.74	28.06	-
Loans and advances to related parties (Unsecured, considered good)	-	0.22	-	-	-	0.27	-	0.34	-	0.31	-	-
Other loans and advances												
- Advance tax (net of provision for taxation)	13.58	-	26.67	-	-	9.65	-	20.45	-	18.56	-	38.70
- Fringe benefit tax (net of provision for tax)	-	-	-	-	-	0.19	-	0.19	-	0.08	-	0.08
- Advance to suppliers	-	47.79	-	37.27	-	2.30	-	6.34	-	0.21	-	8.09
- Advance to employees and others	-	2.97	-	2.47	0.06	2.25	0.37	1.01	0.20	1.26	0.30	1.14
- Prepaid expenses	-	4.71	-	8.15	-	3.64	-	2.28	-	0.81	-	0.81
- Balance with government authorities	-	5.47	-	1.55	-	0.05	-	2.90	-	0.04	-	1.09
Total	**75.25**	**61.16**	**84.81**	**49.44**	**65.44**	**18.39**	**50.85**	**39.09**	**39.22**	**23.01**	**30.88**	**49.91**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of loans and advances.

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE XII : STATEMENT OF STANDALONE TRADE RECEIVABLES (UNSECURED)

(Rupees in million)

Particulars	As at					
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Debt outstanding for a period exceeding six months						
- Considered goods	22.17	7.65	6.88	4.94	1.61	1.71
- Considered doubtful	11.63	3.48	-	-	-	-
	33.80	11.13	6.88	4.94	1.61	1.71
Less: Provision for doubtful debts	11.63	3.48	-	-	-	-
	22.17	7.65	6.88	4.94	1.61	1.71
Other debts	31.47	76.09	23.67	15.09	40.25	12.52
Total	**53.64**	**83.74**	**30.55**	**20.03**	**41.86**	**14.23**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of trade receivables.

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE XIII : STATEMENT OF OTHER NON-CURRENT ASSETS, OTHER CURRENT ASSETS, OTHER LONG TERM LIABILITIES AND OTHER CURRENT LIABILITIES

(Rupees in million)

Particulars	As at					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
OTHER NON-CURRENT ASSETS						
Bank deposits with more than twelve months maturity	-	-	30.00	30.00	-	-
Interest accrued on bank deposits with more than twelve months maturity	-	-	4.27	1.19	-	-
Total – other non-current assets	**-**	**-**	**34.27**	**31.19**	**-**	**-**
OTHER CURRENT ASSETS						
IPO expenses	39.58	29.96	**-**	**-**	**-**	**-**
Other receivables	4.95	-	**-**	**-**	**-**	**-**
Total – other current assets	**44.53**	**29.96**	**-**	**-**	**-**	**-**
OTHER LONG TERM LIABILITIES						
Deposit taken for subsidiary	5.40	-	**-**	**-**	**-**	**-**
Total – other current assets	**5.40**	**-**	**-**	**-**	**-**	**-**
OTHER CURRENT LIABILITIES						
Current maturities of long-term debts (refer Annexure VIII)	44.41	45.17	65.69	40.00	-	-
Current maturities of finance lease obligations (refer Annexure VIII)	3.34	1.57	3.45	4.07	0.69	0.99
Advance from customers	723.09	521.44	208.17	73.19	51.98	29.86
Statutory liabilities	28.46	48.49	12.07	12.39	8.97	2.71
Interest accrued but not due on borrowings	6.07	3.91	3.57	-	-	-
Others	228.53	64.17	28.18	16.22	12.18	6.91
Total– Current liabilities	**1,033.91**	**684.75**	**321.13**	**145.90**	**73.82**	**40.47**

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of other current assets, other non-current assets, other long term liabilities and other current liabilities.

Note:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE XIV : STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in million)

Particulars	As at 31 Dec 2011	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
1. Term loan				
SBI-Term loan	36.12	Sanction amount Rs. 70.80 million Interest at State Bank Advance Rate (SBAR) with a minimum of 13.75%, rising or falling therewith	Primary security: Equitable Mortgage of Plot No.106 ABCD in Kandivali Industrial Estate, Charkop, Taluka Borivali, district Mumbai, admeasuring 1,712 sq.mtrs. (exclusive charge) Hypothecation charge on the fixed assets to be purchased (exclusive charge) Collateral security: (see note 1) Guarantee: (see note 2)	45 monthly installments ending in June 2013
HDFC-Term loan	32.84	Sanction amount Rs. 44.00 million Interest at 10.5%p.a. plus interest tax and any other statutory levy if and when applicable	Primary security: Exclusive charge over the property located at “Premises no.11, ground floor, Regency house, Green lands road, Panjagutta, Hyderabad Guarantee: (see note 2)	60 equated monthly installments commencing from July’ 2010
2. Working Capital Facility				
HDFC (CC / WCDL)	495.46	Sanction amount Rs. 480.00 million CC: Bank PLR – 3.50% plus Interest tax and any other statutory levy if and when applicable WCDL: The rate of interest for each tranche would be stipulated by the Bank at the time of disbursement of each tranche	First pari passu charge by way of hypothecation of Company’s entire stocks of raw materials, semi-finished finished goods, consumable stores and spares and such other movables and book debts, bills whether documentary or clean, outstanding monies, receivables, both present & future, on a form and manner satisfactory to the Bank First pari passu charge on the entire fixed assets of the company and properties located at 241/43, Zaveri Bazar First exclusive charge on the entire fixed assets of the company located at Santacruz Unconditional and irrevocable personal guarantees of directors / relatives of directors Corporate guarantees of Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited, Super Traditional Metal Crafts (Bombay) Limited	CC- on demand WCDL- Principal amount to be repaid as bullet payment on the maturity date
SBI (CC)	1,412.76	Sanction amount Rs. 1,400 million Interest at State Bank Advance Rate	Primary security: Pari passu hypothecation of Company’s stock of RM, SIP, FG and receivables and entire current assets	Repayable on demand

Particulars	As at 31 Dec 2011	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
		(SBAR) with a minimum of 13.75%, rising or falling therewith	Collateral security: (see note 1)	
3. Vehicle loan				
BMW Financial Services	2.32	Loan amount Rs. 3.50 million Interest: 8.69% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Jan' 2011
BMW Financial Services	2.29	Loan amount Rs. 2.87 million Interest: 10.75% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from June' 2011
HDFC Bank	1.92	Loan amount Rs. 2.48 million Interest: 9.90% p.a.	Secured by way of hypothecation of vehicle	35 monthly installments commencing from April' 2011
HDFC Bank	0.87	Loan amount Rs. 0.92 million Interest: 10.75% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from November' 2011
State Bank of India	1.20	Loan amount Rs. 1.20 million Interest: 11.25% p.a.	Secured by way of hypothecation of vehicle	60 monthly installments commencing from January' 2012

Notes:

1. **Collateral security**

   a. Equitable Mortgage of Building/Showroom at 241/243 Zaveri Bazar Market with paripassu charge of HDFC to the extent of their limit of Rs. 480.00 million.

   b. Liquid/cash collateral in the form of lien on fixed deposit of Rs. 30.00 million.

   c. Paripassu charge by way of hypothecation of the Company's entire current assets including stock of raw materials, semi-finished and finished good, consumables stores and spares and such other movable, book debts, bills whether documentary or clean, outstanding monies, receivables both present and future, on a form and manner satisfactory to the Bank.

   d. Extension of charge of fixed assets purchased / to be purchased out of bank finance (exclusive charge).

2. **Guarantee**

   Upto May 13, 2010, Personal guarantee of directors and relatives, thereafter Personal guarantee of directors

ANNEXURE XV : STATEMENT OF STANDALONE CAPITALISATION AS AT 31 Dec 2011

(Rupees in million)

Particulars	Pre issue	Post issue
Debt		
Long Term Debt (A)	29.81	
Short Term Debt	2,063.57	
Total Debt (B)	**2,093.38**	
Shareholders' funds		
Share Capital		
- Equity share capital	500.00	
Reserves		
- Security premium	-	
- Profit and loss account	1,093.81	
Total Shareholders' funds (C)	**1,593.81**	
Long Term Debt / Shareholders' funds (A / C)	**0.02**	
Total Debt / Shareholders' funds (B / C)	**1.31**	

Notes:

1. Short Term Debt represents amount repayable within one year from 31 December 2011.
2. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company as at 31 December 2011.
3. The corresponding post issue figures are not determinable at this stage pending the completion of the Book building process and hence have not been furnished.

ANNEXURE XVI : STATEMENT OF STANDALONE ACCOUNTING RATIOS

(Rupees)

Particulars	For the year/period ended					
	31-Dec-11	**31-Mar-11**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**
Earnings per share						
Basic* (Rs.)	10.10	8.08	3.39	2.14	1.67	1.66
Diluted* (Rs.)	10.08	8.07	3.39	2.14	1.67	1.66
Net Asset Value per share (Rs.)	32.13	21.98	68.46	57.25	52.77	43.04
Net Asset Value per share (Rs.) (considering issue of bonus shares)	32.13	21.98	13.69	10.31	10.55	8.61
Return on Net worth %	31.44%	36.78%	24.74%	20.25%	15.78%	19.24%
Weighted average no. of equity shares outstanding during the year	50,000,000	50,000,000	50,000,000	48,753,425	45,000,000	45,000,000
Total number of equity shares outstanding at the end of the year	50,000,000	50,000,000	10,000,000	10,000,000	9,000,000	9,000,000
Total number of equity shares outstanding at the end of the year (including bonus shares)	50,000,000	50,000,000	50,000,000	50,000,000	45,000,000	45,000,000
Number of shares considered as weighted average shares and potential shares outstanding	50,095,950	50,095,950				

* face value of Rs. 10 each

Notes on adjustments for Standalone Restated Financial Statements (Annexure IV) forms integral part of this Statement of accounting ratios.

Notes:

1. The ratios have been computed as below:

Earning per share (Rs.)

$$\frac{\text{Restated profit after tax}}{\text{Weighted average number of equity shares outstanding during the year}}$$

Net Asset Value per share (Rs.)

$$\frac{\text{Net worth at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

Return on Net worth %

$$\frac{\text{Restated profit after tax}}{\text{Net worth as at the end of the year}}$$

2. Net worth = Equity share capital + Security premium + Profit and loss account

3. The status of the Company prior to 24 July 2007 was that of partnership firm. Hence, EPS and NAV per share have been computed based on the shares outstanding as on 31 March 2008

   For the purpose of computing weighted average number of equity shares outstanding during the respective years, the impact of bonus shares issued aggregating 8,800,000 and 40,000,000 as at 30 June 2009 and 7 October 2010 respectively have been considered in all the respective years presented above. These bonus shares have been issued by capitalization of accumulated profits.

4. Net worth as at 31 March 2008 has been taken including amount transferred from partner’s capital account to unsecured loan account as on 23 July 2007.

5. The earnings per share (basic and diluted) have been computed based on the total number of shares considering the bonus issued on 4 April 2008 and 7 October 2010 in accordance with the requirement of Accounting Standard- 20 " Earnings per share"

ANNEXURE XVII : STATEMENT OF TAX SHELTER, AS RESTATED

(Rupees in million)

Particulars	For the year/period ended					
	31-Dec-11	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Profit / (loss) as restated	762.08	605.01	248.02	154.70	140.88	121.35
Tax rate (including surcharge and education cess)	33.22%	33.22%	33.99%	33.99%	33.99%	33.66%
Tax at notional rate on profits	**253.15**	**200.98**	**84.30**	**52.58**	**47.89**	**40.85**
Adjustments:						
Permanent Differences						
Donation under section 80G	0.08	0.85	0.10	0.30	0.06	0.33
Personal expenses disallowable	-	-	-	-	0.02	0.17
Speculation loss	-	-	-	-	-	20.92
Interest on tax	12.35	-	-	-	-	-
Expenses not debited during the year	-	-	-	-	0.65	-
Debtors written off	-	-	-	0.18	0.01	-
Miscellaneous expenses written off	-	-	-	0.38	2.76	-
Disallowances pursuant to Assessment / Appellate orders	-	-	-	-	1.30	1.50
(Profit) / loss on sale of asset	(0.13)	(0.16)			(1.57)	(1.27)
Deduction under section 80-IB	-	(27.27)	(17.46)	(14.58)	(21.20)	(20.25)
Book depreciation due to restatement	0.33	0.15	0.31	0.69	(7.64)	8.21
Stock adjustment on account of refinements	-	-	-	-	72.30	5.21
Total Permanent difference	**12.64**	**(26.43)**	**(17.05)**	**(13.03)**	**46.69**	**14.82**
Timing difference						
Difference between book and tax depreciation as per Return of Income	(5.17)	(14.62)	0.25	(1.10)	(0.79)	(9.54)
Provision for Gratuity, Leave encashment and Bonus	10.61	18.83	16.94	7.29	5.50	2.87
Assets written off /sold			0.09	0.50	0.84	-
Provision for ESOP	2.24	10.25				
Provision for expenses	21.34	11.13	6.14	3.93	3.00	2.69
Total Timing difference	**29.07**	**25.59**	**23.42**	**10.62**	**8.55**	**(3.98)**
Total Adjustments	**41.70**	**(0.84)**	**6.37**	**(2.41)**	**55.24**	**10.84**
Tax on adjustments	**13.85**	**(0.28)**	**2.17**	**(0.82)**	**18.78**	**3.65**
Taxable restated profit	**803.79**	**604.17**	**254.39**	**152.29**	**196.12**	**132.19**
Tax liability on restated profits	**267.00**	**200.69**	**86.47**	**51.76**	**66.66**	**44.50**

Notes:

1. The statement of tax shelter and adjustment have been prepared as per the summary statement of profits and losses, as restated, of the Company

2. Adjustment on account of restatement are considered in the tax shelter based on Return of Income filed for respective years and latest tax assessment status positions.

3. The permanent / timing difference also considers the income-tax returns filed by the Company.

4. Stock adjustment on account of refinements have been considered as permanent differences following the

policy of Conservatism, as these are determined only on pro-forma accounts of previous years. If the Company was to consider the same as temporary differences, the deferred tax credit for the years ended 31 March 2008 and 31 March 2007 would be higher by Rs 24.57 million and Rs 1.75 million respectively; resulting in an increase in profit after tax for these years by the same amounts.

ANNEXURE I : SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Non-current assets			
Fixed assets			
- Tangible assets	507.10	485.63	401.60
- Intangible assets	20.56	24.14	-
- Capital work-in-progress	-	-	21.14
- Intangible assets under development	-	-	11.47
Non-current Investments			
- Investments in Equity instruments	0.52	0.52	-
Deferred tax asset (net)	34.10	23.58	12.87
Long-term loans and advances	80.20	88.34	65.44
Other non-current assets	-	-	34.27
Total non-current assets	**642.48**	**622.21**	**546.79**
Current assets			
Inventories	5,078.41	4,253.43	2,865.47
Trade Receivables	53.65	85.13	30.55
Cash and cash equivalents	205.27	91.03	28.78
Short-term loans and advances	63.59	47.30	18.45
Other current assets	44.53	29.96	-
Total current assets	**5,445.45**	**4,506.95**	**2,943.85**
Non-current liabilities			
Long-term borrowings	32.63	61.77	41.15
Long-term provisions	54.02	43.68	26.64
Minority interest	-	4.07	-
Total non-current liabilities	**86.65**	**109.52**	**67.79**
Current liabilities			
Short-term borrowings	2,015.81	2,031.18	1,918.54
Trade payables	1,125.78	1,090.52	494.48
Other current liabilities	1,056.55	670.36	321.13
Short-term provisions	199.12	132.58	3.58
Total current liabilities	**4,397.26**	**3,924.64**	**2,737.73**
Net worth	**1,604.02**	**1,095.00**	**684.52**
Net worth represented by:			
Shareholders' Funds			
Share capital			
Equity share capital	500.00	500.00	100.00
Reserves and surplus			
Securities premium	-	-	340.00
Employee stock options outstanding account	12.49	10.25	-
Capital reserve	3.70	-	-
Profit and loss account	1,087.83	584.75	244.52
Net worth	**1,604.02**	**1,095.00**	**684.52**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Assets and Liabilities as restated.

Notes:

iii. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

iv. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Assets and Liabilities, as restated.

ANNEXURE II : SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
INCOME			
Revenue from operations	11,173.73	11,939.31	8,848.95
Other income	4.04	3.77	3.57
Total revenue	**11,177.77**	**11,943.08**	**8,852.52**
EXPENDITURE			
Cost of raw material and components consumed	7,335.76	8,147.31	6,931.43
Purchase of traded goods	2,152.44	2,776.44	1,215.58
Changes in inventories of finished goods and traded goods	(390.97)	(885.54)	(580.00)
Employee benefits expenses	364.24	422.72	307.22
Other expenses	680.87	609.69	503.81
Total expenditure	**10,142.34**	**11,070.62**	**8,378.04**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**1,035.43**	**872.46**	**474.48**
Depreciation	41.03	44.23	30.74
Finance charges	236.27	224.69	196.08
Profit before tax	**758.13**	**603.54**	**247.66**
Less: Tax expense			
Current tax	266.52	213.95	86.39
Deferred tax (credit) / charge	(10.52)	(10.70)	(7.96)
Total tax expense	**255.00**	**203.25**	**78.43**
Profit after taxation	**503.13**	**400.29**	**169.23**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Profit and Loss as restated.

Notes:

iii. In January 2011, the Company has approved TBZ ESOP Scheme 2011. Under this scheme the Company has granted 111,309 options and 97,124 restricted stock units together convertible into 208,433 Equity shares of face value of Rs. 10 each

iv. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Profit and Loss, as restated.

ANNEXURE III : SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
A. Cash flow from operating activities			
Net profit before prior period item, tax and extraordinary items	758.13	603.55	247.66
Adjustment for:			
Depreciation	41.03	41.82	30.74
Impairment of goodwill	-	2.40	-
Interest expenses	236.27	224.69	196.08
Debit balances written off	-	-	0.03
Profit on sale of fixed assets	(0.13)	(0.16)	-
Excess provision written off	-	(0.17)	-
Employee stock options scheme expenses	2.24	10.25	-
Foreign exchange gain	(0.18)	0.58	-
Provision for bad debts	8.22	3.48	-
Interest income	(3.63)	(3.52)	(3.42)
Operating profit before working capital changes	1,041.95	882.92	471.25
Adjustment for			
Increase in inventories	(824.88)	(1,388.07)	(585.23)
Increase in long term provisions	10.34	17.04	8.64
Increase in trade payables	35.26	597.18	121.45
Increase / (decrease) in short term provisions	4.28	(2.13)	(0.91)
Increase in other current liabilities	386.19	350.03	186.47
Increase in long term loans and advances	(4.35)	(71.66)	(16.40)
Increase in other non-current assets	-	-	(3.08)
Decrease / (increase) in trade receivables	22.44	(50.52)	(9.41)
Increase in other current assets	(14.57)	(29.96)	-
(Increase) / decrease/in short term loans and advances	(14.28)	40.72	12.87
Cash generated from operations	643.38	345.55	185.65
Income taxes paid (net of refunds)	(192.78)	(103.87)	(91.00)
Net cash from operating activities	**450.60**	**241.68**	**94.66**
B. Cash flow generated from investing activities			
Purchase of fixed assets	(63.44)	(101.90)	(100.92)
Sale of fixed assets	4.66	0.81	-
Purchase of non-current investment	(0.43)	(19.00)	-
Bank fixed deposits with original maturity more than 12 months	-	30.00	-
Interest received	3.63	3.52	(0.85)
Net cash utilized for investing activities	**(55.58)**	**(86.57)**	**(101.77)**
C. Cash from Financing activities			
Interest paid	(236.27)	(224.69)	(196.08)
Minority interest	-	0.36	0.04
(Repayments) / proceeds of long term borrowings	(29.14)	18.83	(86.64)
(Repayments) / proceeds of short term borrowings	(15.37)	112.64	293.47
Net cash (utilized) / generated from financing activities	**(280.78)**	**(92.86)**	**10.79**
Net increase in cash and cash equivalents	**114.24**	**62.25**	**3.67**
Cash and cash equivalents at the beginning of the year	**91.03**	**28.78**	**25.11**
Cash and cash equivalents at the end of the year	**205.27**	**91.03**	**28.78**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Summary Statement of Consolidated Cash Flows as restated.

Notes:

iii. The above statement has been prepared under the ‘indirect method’ as set out in Accounting Standard 3 on Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.

iv. Also refer note (i) and (ii) of Annexure I: Summary Statement of Standalone Cash Flows, as restated.

ANNEXURE IV : NOTES ON ADJUSTMENTS FOR CONSOLIDATED RESTATED FINANCIAL STATEMENTS

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 precious metals and stones such as gold, diamond, silver, platinum, etc. Currently the Company has 14 show rooms located across India. The Consolidated Restated financial statements relate to the Company and have been prepared specifically for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering (IPO). The Consolidated Restated Financial Statements consist of the Summary Statement of Consolidated Assets and Liabilities, as Restated of the Company as at 31 March 2010, 31 March 2011 and 31 Dec 2011, the related Summary Statement of Consolidated Profit and Losses as Restated for the year / period ended 31 March 2010, 31 March 2011 and 31 Dec 2011, and the related Summary Statement of Consolidated Cash Flows, as Restated for each of the year / period ended 31 March 2010, 31 March 2011 and 31 Dec 2011, (these Consolidated restated financial statements hereinafter are collectively referred to as "Consolidated Restated Statements"). The Company did not prepare consolidated financial statements prior to the year ended 31 March 2010 as it did not have any subsidiaries prior to that. The Consolidated Restated Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("the SEBI Regulations") notified by SEBI on August 26, 2009, as amended from time to time. On 4 October 2010, the Company has acquired 99.98% of the share capital of Tribhovandas Bhimji Zaveri (Bombay) Private Limited thereby making it a subsidiary of the Company (also refer note 4.(i)).. As assessed by Management, the book value of the assets transferred and the total income of the showroom transferred is less than 20% of the total income of the of the total pre-transferred book value of the assets / total income of the Company. Accordingly the proforma financials statements of the transferred showroom have not been disclosed as required by ICDR. The Act and the SEBI Regulations require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five years immediately preceding the issue of the Prospectus. Pursuant to the agreement, on 1 June 2011, the Company has transferred one showroom to Mrs. Parinda Bajaj.

2. Significant Accounting Policies adopted by the Company in preparing its financial statements

2.1 Basis of Preparation

The Company prepares and presents financial statements of Tribhovandas Bhimji Zaveri Limited and its subsidiaries 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 Company has followed the same accounting policies in preparation of the interim financial statements for the period ended 31 December 2011 as those followed in preparation of the annual financial statements for the earlier years.

2.2 Use of estimates

The preparation of consolidated 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 Fixed assets and depreciation

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 the period of lease. Computer software is capitalised and amortised over a period of five years. Assets individually costing upto Rs. 5,000 are fully depreciated in the year of purchase

2.4 Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the net tangible assets of an acquired subsidiary at the date of acquisition. 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.

2.5 Impairment of assets

In accordance with Accounting Standard 28-'Impairment of Assets', where there is an indication of impairment in any of the Group’s asset, the carrying amounts of the Group’s material assets and/or cash generating unit 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.

2.6 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 at weighted average cost; 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. 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.

Cost of finished goods include cost of raw material, direct labour and other directly attributable expenses incurred in bringing such goods to their present location and condition.

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

2.8 Revenue recognition

Revenue from sale of goods 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.

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 year.

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 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.

2.11 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.

2.12 Leases

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

2.13 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) 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 realized.

2.14 Earnings per share (EPS)

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

2.15 Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may or may not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.1 Details of Subsidiaries

The subsidiary company considered in the consolidated financial statements is:

Name of Company	Country of Incorporation	% of voting power	Accounting period
Konfiaance Jewellery Private Limited (acquired on 11 September 2009)	India	100%	1 April - 31 March
Tribhovandas Bhimji Zaveri (Bombay) Limited	India	100%	1 April - 31March

(acquired on 4 October 2010 (also refer note 4.(i)))

3.2 Principles of Consolidation

(i) The consolidated financial statements of Tribhovandas Bhimji Zaveri Private Limited together with audited financial statements of its subsidiaries ('the group') as described in note 3.1 have been considered for the purpose of consolidation.

(ii) The financial statements of the parent company and its subsidiaries 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.

(iv) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately. Losses applicable to minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group.

3.3 Impact of material adjustments

Summary of results of restatements made in the audited financial statements of the Company for the respective year and their impact on the profit and losses and assets and liabilities of the Company is as under. These adjustments are carried out on proforma basis and accounting entries for the same are not passed in books of accounts.

Impact on Profits / Losses (non-cumulative)

(Rupees in million)

Particulars	For the year/period ended			
	31-Dec-11	31-Mar-11	31-Mar-10	Prior to 01 April-09
Other income				
- Profit on sale of fixed assets (refer note 3.4(i))	-	-	-	(1.95)
Depreciation (refer note 3.4(i)and (v))	0.33	(1.17)	0.31	57.35

Particulars	For the year/period ended			
	31-Dec-11	31-Mar-11	31-Mar-10	Prior to 01 April-09
Sales (refer note 3.4(iii))	-	-	-	1.10
Cost of goods produced				
- Stock (refer note 3.4(ii) and (v))	(0.91)	(1.56)	(6.47)	8.97
Administrative and selling expenses				
- Loss on sale of fixed assets (refer note 3.4(i))	-	-	-	0.15
- Miscellaneous expenses (refer note3.4(iii) & (vi))	-	-	-	2.84
- Debit balances written off (refer note 3.4(iii))	-	-	(3.94)	-
- Repairs & maintenance (refer note 3.4(iii))	-	0.17	-	(0.17)
- Assets written off (refer note 3.4(vi))	-	(0.93)	0.09	1.34
Provision for tax (refer note 3.4(vii))				
- Income tax	(9.86)	(0.88)	(4.61)	61.67
- Excess provision for Income Tax	-	1.36	-	-
- Fringe benefit tax		-	-	(0.08)
- Deferred tax	8.55	(4.08)	(0.76)	(0.03)
Prior period items				
Interest (refer note 3.4(ii))	-	-	(0.38)	0.38
Total	(1.89)	(7.09)	(15.76)	131.57

Impact on Assets and Liabilities (Cumulative)

(Rupees in million)

Particulars	As at			
	31-Dec-11	31-Mar-11	31-Mar-10	1 April 2009
Gross block	56.70	56.70	55.78	55.87
Accumulated depreciation	(54.42)	(54.09)	(55.26)	(54.95)
Capital work in progress				(2.76)
Capital Account / Unsecured loans	(113.49)	(113.49)	(113.49)	(113.49)
Inventories	-	(0.91)	(2.47)	(8.95)
Sundry debtors	-	-	-	(1.10)
Short term loans and advances	-	-	(1.34)	(6.02)
Short term borrowings	-	-	-	(0.38)
Other current liabilities	-	-	0.17	0.17
Short term provisions	8.06	(1.81)	-	-

Particulars	As at			
	31-Dec-11	31-Mar-11	31-Mar-10	1 April 2009
Deferred tax asset / liability	(3.70)	4.88	0.80	0.04

3.4 Notes on adjustments for consolidated restated statements

Changes in accounting policies

i. As a partnership firm, the Company had not computed depreciation. However depreciation was computed retrospectively and adjusted to the partners' capital account at the time of conversion of partnership firm to Company. Also the sale proceeds from sales of assets were credited to the block of assets. For the purpose of restatement, profit / loss on sale of assets has been computed and credited to Profit and loss account. Consequent to the change in the Written down value, depreciation for the years ended 31 March 2008, 31 March 2009, 31 March 2010, 31 March 2011 and 31 Dec 2011 have been restated. This adjustment has been carried on the written down value as per Income Tax Act 1961 as at 31 March 2003 due to non availability of data for prior years.

Other significant adjustments

ii. The Company recorded prior period expenses during the year ended 31 March 2010, the effect of these items have been adjusted in the respective periods of origination. Further, similar rectification in respect of the following have also been carried out for the prior years:

- Inventory valuation
- Accounting for leases
- Provisioning for gratuity, leave encashment and bonus

iii. In the financial statements for the year ended 31 March 2010, certain debit balances pertaining to earlier years were charged to profit and loss account, for the purpose of restatement these amounts have been appropriately adjusted to respective years to which they relate

iv. For the purpose of restatement, to comply with the current accounting policy, some of the expenses have been adjusted on accrual basis.

v. Impact on account combining the Restated Statements of the partnership firm for the period from 1 April 2007 to 23 July 2007 and the Company for the period from 24 July 2007 to 31 March 2008 , included during the period ended 31 March 2008 is as follows:

a) Inventory and restated profits have been understated by Rs. 21.76 million

b) Depreciation and restated profits have been understated by Rs. 0.88 million

vi. During the year ended 31 March 2011, the Group has reconciled the fixed assets in the books of accounts with fixed assets verified physically. Adjustment entries passed during the year ended 31 March 2011 has been adjusted in the respective year of purchase / goodwill.

Taxation

vii. During the partnership period, provision for income tax, fringe benefit tax and deferred tax has not been debited to profit and loss account in respective years. For the purpose of restatement, the same has been accounted. During the period ended 31 December 2011, the Company has credited excess provision for earlier years to profit and loss account, for the purpose of restatement the same is adjusted in respective years.

During the year ended 31 March 2011, the subsidiary company, Tribhovandas Bhimji Zaveri (Bombay) Limited has reversed excess provision for earlier years, for the purpose of restatement the same is adjusted against goodwill.

Non-Adjustment

viii. Jewellery manufactured includes jewellery procured from craftsmen and other suppliers on labour charges basis. In addition the Company also trades on the jewellery purchased. In absence of detailed break up of sale of such manufactured goods and traded goods, no bifurcation of sale of manufactured goods and sale of traded goods as required by the ICDR have been furnished.

4 Other significant financial information:

i. In the Board Meeting held on 4 October 2010, the Board has approved the purchase of 5019 equity shares of Rs. 100 each of Tribhovandas Bhimji Zaveri (Bombay) Limited (erstwhile known as Tribhovandas Bhimji Zaveri (Bombay) Private Limited) at a price of Rs. 4,030 per share amounting to Rs. 20.23 million. Consequent to the investment, Tribhovandas Bhimji Zaveri (Bombay) Limited is a subsidiary of the Company w.e.f. 4 October 2011. Subsequently the Company has sold 5 shares at its cost of acquisition. On 13 June 2011, the Company has purchased 6 shares at Rs. 4,490 per share for Rs, 26,940, consequent to the purchase Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited) became 100% subsidiary of the Company.

ii. In the Extraordinary General meeting held on 12 January 2011, the shareholders of the Company by a special resolution have approved and authorized the Company to Grant such number of Options and Restricted Stock Units under the TBZ Employee Stock Option Plan ('ESOP') 2011 (or any other stock option schemes), in one or more tranches, to the Employees that will, upon Exercise, result in a maximum of 208,433 Equity Shares. The TBZ ESOP 2011 shall be administered and supervised by the Remuneration Committee constituted by the Board

iii. **Capital commitments and Contingent liabilities**

Details of contracts remaining to be executed on capital account and not provided for:

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Capital commitments (net of advances)	NIL	NIL	54.04

Contingent Liabilities

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Guarantees given on behalf of the directors in respect of loans taken by them	140	140	NIL
Liability on account of KVAT (refer note a)	4.98	4.98	NIL

Notes:

1. 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 Rs.4.98 millions 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.

iv. **Operating lease obligations**

The Company has recognized the lease rent expenses in the books of accounts on straight line basis. Rental expenses under operating leases (including cancelable and non-cancelable) included under 'Administrative and selling expenses' are as follows:

(Rupees in million)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Lease payments	78.71	83.91	70.31

The future minimum lease payments in respect of non-cancelable operating leases for rented premises are as follows:

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Amount due within one year from the balance sheet date	86.10	70.84	70.08
Amount due for the period after one year and before five years	217.52	211.44	172.60
Amount due for the period after five years	74.13	74.23	109.74
Total	**377.76**	**356.51**	**352.42**

v. **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 Rs. 149.93 per share and Exercise price of restricted stock units will be Rs.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 grant or date of listing whichever is later.

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

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

* Date of grant or date of listing whichever is later.

Maximum term of options granted (in years) **3.65**

Method of settlement **Equity settled**

Employee stock option activity under Scheme 2011 is as follows:

1) Options

Particulars	Apr-Dec 2011	2011	2010
Outstanding at beginning of the year	**111,309**	**Nil**	Nil
Granted during the year	**Nil**	**111,309**	Nil
Forfeited during the year	**Nil**	**Nil**	Nil
Exercised during the year	**Nil**	**Nil**	Nil
Outstanding at the end of the year	**111,309**	**111,309**	Nil
Vested and exercisable at the end of the year	**Nil**	**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 Rs 164,247 (2011: Rs. 400,361)

The total carrying amount as at 31 March 2011 on account of Options is Rs 509,063 (2011: Rs. 400,361)

2) Restricted Stock Units (RSUs)

Particulars	Apr-Dec 2011	2011	2010
Outstanding at beginning of the year	**97,124**	**Nil**	Nil
Granted during the year	**Nil**	**97,124**	Nil
Forfeited during the year	**Nil**	**Nil**	Nil
Exercised during the year	**Nil**	**Nil**	Nil
Outstanding at the end of the year	**97,124**	**97,124**	Nil
Vested and exercisable at the end of the year	**Nil**	**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 Rs 2,070,756 (2011: Rs. 9,854,324)

The total carrying amount as at 31 March 2011 on account of RSU is Rs 11,232,318 (2011: Rs. 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	Apr-Dec 2011	2011
Net Income as reported	503.13	400.29
Add: Intrinsic Value Compensation Cost	2.23	10.25
Less: Fair Value Compensation Cost	6.66	1.89
Adjusted Proforma Income	498.70	408.65
Earning Per Share: Basic		

Particulars	Apr-Dec 2011	2011
As Reported	10.06	8.01
Adjusted Pro Forma	9.97	8.17
Earning Per Share: Diluted		
As Reported	10.04	7.99
Adjusted Pro Forma	9.95	8.16

Particulars	Apr-Dec 2011		2011	
	Options	Options	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	34.28	34.28	148.71
- Option pricing model used	Black Scholes	Black Scholes	Black Scholes	
- Inputs to that model including -				
weighted average share price (Rs)	34.28	34.28	34.28	148.71
exercise price (Rs)	157	157	157	157
expected volatility	149.93	149.93	149.93	10.00
option life (comprising vesting period + exercise period)	0.00%	0.00%	0.00%	0.00%
expected dividends	2.62	2.62	2.62	2.46
risk-free interest rate	0.00%	0.00%	0.00%	0.00%
any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.	8.03%	8.03%	8.03%	8.03%
- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility'.	Not applicable	Not applicable	Not applicable	Not applicable
- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	Not applicable	Not applicable	Not applicable	Not applicable

vi. **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.

vii. **Disclosure as required by the Accounting Standard – 18 on 'Related Party Disclosures' are given below:**

Relationship

Name of the related party		Relation as at	
	31-Dec-11	31-Mar-11	31-Mar-10
Shrikant Zaveri	Key Managerial Personnel		
Binaisha Zaveri	Key Managerial Personnel		
Raashi Zaveri	Key Managerial Personnel		

Name of the related party		Relation as at	
	31-Dec-11	31-Mar-11	31-Mar-10
Parinda Bajaj	Key Managerial Personnel		
Mayur Choksi	Key Managerial Personnel		
Bindu Zaveri	Relatives of Key Managerial Personnel		
Kamla Zaveri	Relatives of Key Managerial Personnel		
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (w.e.f. 13 November 2006)		
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (w.e.f 10 November 2006)		
Super Traditional Metal Crafts (Bombay) Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence		
T B Zaveri Jewelleries Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (upto 20 March 2011)		
New Transmission & Power Technology Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence (upto 16 March 2011)		
Tribhovandas Bhimji Zaveri Trading Co	Entities over which key managerial personnel and / or their relatives exercise significant influence		
Cupid Annibis Jewellery Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence		
Shrikant G Zaveri (HUF)	Entities over which key managerial personnel and / or their relatives exercise significant influence		
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	Entities over which key managerial personnel and / or their relatives exercise significant influence		
Tribhovandas Bhimji Zaveri (Bombay) Limited (formerly Tribhovandas Bhimji Zaveri (Bombay) Private Limited)	Entities over which key managerial personnel and / or their relatives exercise significant influence (upto 4 October 2010)		

Transaction between the Company and related parties and the status of outstanding balances are as follows:

(a) Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Remuneration			
- Shrikant Zaveri	67.50	90.00	90.00
- Binaisha Zaveri	13.50	12.00	12.00
- Raashi Zaveri	13.50	12.00	12.00
- Parinda Bajaj	-	25.91	15.14
- Mayur Choksi	3.13	0.78	-
Interest expense			
- Binaisha Zaveri	-	0.35	0.14
Interest received			
- Mayur Choksi	0.00	0.00	-

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Rent paid			
- Shrikant Zaveri	10.80	5.40	-
Loan taken (interest bearing)			
- Binaisha Zaveri	-	6.50	-
Loan taken (non-interest bearing)			
- Shrikant Zaveri	61.28	221.97	159.05
- Binaisha Zaveri		11.34	18.50
- Raashi Zaveri		31.14	20.24
- Mayur Choksi	0.00	-	-
Loan repaid (interest bearing)	-	6.50	0.00
- Binaisha Zaveri			
Loan repaid (non-interest bearing)			
- Shrikant Zaveri	52.16	184.39	140.49
- Binaisha Zaveri	1.34	11.07	19.20
- Raashi Zaveri		20.26	12.86
- Mayur Choksi	0.36	-	-
Loan given (interest bearing)			
- Mayur Choksi	-	0.46	-
Loan given received (interest bearing)			
- Mayur Choksi	-	0.10	-
Deposit given			
- Shrikant Zaveri	-	7.20	-
Closing balance			
Loans payable / (Receivable)			
- Shrikant Zaveri	67.71	16.08	21.00
- Binaisha Zaveri	(2.05)	(1.33)	(0.98)
- Raashi Zaveri	(0.02)	17.97	7.71
-Mayur Choksi	-	0.36	-
Remuneration payable			
- Shrikant Zaveri	45.00	42.50	-
- Binaisha Zaveri	4.50	0.62	-
- Raashi Zaveri	4.50	0.62	-
Deposit receivable			
- Shrikant Zaveri	7.20	7.20	-
Other payable			
- Shrikant Zaveri	-	4.86	-

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Guarantees given on behalf of the directors in respect of loans taken by them			
- Shrikant Zaveri	100.00	100.00	-
- Raashi Zaveri	40.00	40.00	-

(b) Relatives of Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Loan taken (non-interest bearing)			
- Bindu Zaveri	-	-	0.13
Loan repaid (non-interest bearing)			
- Kamla Zaveri	-	32.56	0.18
- Bindu Zaveri	-	0.00	10.97
Closing balance			
Loan payable / (Receivable)			
- Bindu Zaveri	(2.05)	(2.05)	(2.04)
- Kamla Zaveri	1.26	1.26	33.82

(c) Entities over which Key Managerial Personnel and / or their relatives exercise significant influence

(Rupees in million)

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Purchase (net of purchase return)			
- Cupid Annibis Jewellery Private Limited	-	-	0.98
Making, Melting and Repairing charges			
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	46.26	75.84
Interest paid			
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	1.39	2.49
Loan taken (interest bearing)			
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	1.39	4.36
Loan taken (non-interest bearing)			

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
-Super Traditional Metal Crafts (Bombay) Private Limited	-	27.35	-
- Cupid Annibis Jewellery Private Limited	0.36	-	-
Loan given (non-interest bearing)			
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	0.03
Loan given received (non-interest bearing)			
- Tribhovandas Bhimji Zaveri Trading Co.	-	0.11	0.26
- New Transmission & Power Technology Private Limited	-	0.11	-
Loan repaid (interest bearing)			
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	2.12
Loan repaid (non-interest bearing)			
-Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.02	0.10	0.17
-Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.02	0.09	0.17
-Super Traditional Metal Crafts (Bombay) Private Limited	0.02	5.67	0.19
- Shrikant G Zaveri (HUF)	-	5.87	0.04
- Cupid Annibis Jewellery Private Limited	18.03	0.09	-
- T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	-	0.54	-
Closing balance			
Loan payable			
- Tribhovandas Bhimji Zaveri (Bombay) Limited	-	-	27.13
-Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.63	1.65	1.74
-Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.63	1.65	1.74
-Super Traditional Metal Crafts (Bombay) Private Limited	23.38	24.72	2.37
-T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	-	-	0.54
-Shrikant G Zaveri (HUF)	-	-	5.87
Loan receivable			

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
- Tribhovandas Bhimji Zaveri Trading Co.	-	-	0.11
Current account payable			
- Cupid Annibis Jewellery Private Limited	0.09	17.76	-

(d)

(Rupees in million)

Nature of Transaction	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Guarantees given by the directors, relatives and corporate guarantees of shareholders	-	-	200.00
Guarantees given by the directors, relatives and corporate guarantees of shareholders / Companies under same management	200.00	200.00	-

viii. 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 became 100% subsidiary of the Company.

ANNEXURE V : STATEMENT OF CONSOLIDATED OTHER INCOME

(Rupees in million)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Other income, as restated	4.04	3.77	3.57
Net profit / (loss) before tax, as restated	758.13	603.54	247.66
Other income as % of Net profit	0.53%	0.62%	1.44%
Source of other income			
Recurring			
Interest – Bank	2.52	3.52	3.42
Interest – Others	1.11	0.01	0.01
Non-recurring			
Dividend income	0.05	0.03	
Exchange gain	0.18		0.04
Profit on sale of fixed assets (net)	0.13	0.16	
Miscellaneous income	0.05	0.05	0.10

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of Consolidated other income.

Notes:

1. The classification of 'Other income' as Recurring / Non-recurring to business activities is based on the current operations and business activities of the group as determined by the management.

2. In accordance with the accounting treatment followed by the group, exchange fluctuation gain / loss and profit / loss on sale of assets is disclosed net. Gross amounts in respect thereof are not readily determinable. Hence, net gain where applicable has been considered for the purpose of above disclosure.

3. The figures disclosed above are based on the Summary statement of restated consolidated profits and losses of the group.

ANNEXURE VI : STATEMENT OF CONSOLIDATED SHARE CAPITAL

(Rupees and numbers in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Authorised shares			
Equity shares of Rs. 10 each (Numbers)	75.00	75.00	20.00
Equity shares of Rs. 10 each (Rs.)	**750.00**	**750.00**	**200.00**
Issued, subscribed and fully paid up			
Equity shares of Rs. 10 each (Numbers)	50.00	50.00	10.00
Equity shares of Rs. 10 each (Rs.)	500.00	500.00	100.00
Capital account	-	-	-
	500.00	**500.00**	**100.00**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated share capital.

Notes:

1. For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer Annexure IV (v)

2. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
At the beginning of the period	500. 00	100.00	100.00
Subscription to MoA	-	-	-
Bonus issue	-	400.00	-
Issue of Equity Share against loans	-	-	-
Outstanding at the end of the period	**500.00**	**500.00**	**100.00**

3. Aggregate number of bonus shares issued during the period

(Numbers in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and reserves and surplus	-	40.00	-

4. Details of shareholders holding more than 5% equity shares in the Company

(Numbers in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Number of shares			
Shrikant Zaveri	33.39	36.74	7.13
Binaisha Zaveri	5.29	5.29	1.06
Raashi Zaveri	4.57	4.57	0.91
Bindu Zaveri	3.50	-	-
% holding in class			
Shrikant Zaveri	66.78%	73.48%	71.30%
Binaisha Zaveri	10.56%	10.56%	10.60%

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Raashi Zaveri	9.14%	9.14%	9.10%
Bindu Zaveri	7.00%	-	-

5. The Company has only one class of equity shares having a par value of Rs.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 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.

6. The Company has increased its authorized share capital by Rs. 100 million consisting of 10,000,000 shares of Rs. 10/- each in the Extraordinary General Meeting held on 4 April 2008. The Company has also increased its authorized share capital to Rs.750 million consisting of 75,000,000 shares of Rs.10/- in the Annual General Meeting held on 30 September 2010

7. Share capital includes 10,000,000 equity shares issued during the financial year 2008-09 at a premium of Rs.340 by conversion of unsecured loan into equity without payment being received in cash.

8. Share capital includes 8,800,000 equity shares of Rs.10 each fully paid issued for consideration other than cash as bonus shares by capitalization of profit and loss account aggregating Rs.88.00 million during the financial year 2008-09.

9. Share capital includes 40,000,000 equity shares of Rs.10 each fully paid issued for consideration other than cash as bonus shares by capitalization of profit and loss account amounting Rs.60.00 million and securities premium accounting aggregating Rs.340 million during the financial year 2010-11.

ANNEXURE VII : STATEMENT OF CONSOLIDATED RESERVES AND SURPLUS

(Rupees and numbers in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Securities premium account			
Opening balance	-	340.00	340.00
Add: Premium on issue of equity shares	-	-	-
Less: Amount utilized towards issue of fully paid bonus shares	-	340.00	-
Closing balance	**-**	**-**	**340.00**
Employee stock options outstanding			
Gross employees stock compensation for options granted in earlier years	10.25	-	-
Add: Gross compensation for options granted during the year	2.24	10.25	-
Closing balance	**12.49**	**10.25**	**-**
Capital reserves			
Balance as per the last financials statements	-	-	-
Add: Capital reserves on consolidation of subsidiary company	3.70	-	-
Closing balance	**3.70**	**-**	**-**
Surplus / (deficit) in profit and loss account			
Opening balance	584.75	244.52	75.25
Add: Profit for the year	503.13	400.29	169.23
Less: Amount utilized towards issue of fully paid bonus shares		(60.00)	-
Share of minority interest	(0.05)	(0.10)	0.08
Previous year adjustments of minority interest		0.04	(0.04)
Closing balance	**1,087.83**	**584.75**	**244.52**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated reserves and surplus.

ANNEXURE VIII : STATEMENT OF CONSOLIDATED LONG TERM BORROWINGS

(Rupees in million)

Particulars	As at					
	31-Dec-11		31-Mar-11		31-Mar-10	
	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities
Secured Long Term Borrowings						
Term loans from banks						
HDFC Bank (refer note 1)	24.55	8.29	26.43	7.67	-	-
State Bank of India (refer note 2)	-	36.12	28.09	37.50	40.67	65.69
Dena Bank (refer note 3)	2.82	2.06	5.21	1.67	-	-
Other loans and advances						
Finance lease obligations (refer note 4)	5.26	3.34	2.04	1.57	0.48	3.45
Total	**32.63**	**49.81**	**61.77**	**48.42**	**41.15**	**69.14**
The above amount includes						
Secured borrowings	32.63	49.81	66.20	48.42	41.15	69.14
Unsecured borrowings	-	-	-	-	-	-
Amount disclosed under the head "other current liabilities"	-	(49.81)	-	(48.42)	-	(69.14)
Total	**32.63**	**-**	**66.20**	**-**	**41.15**	**-**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms an integral part of this statement of consolidated long term borrowings.

Notes:

1. The term loan from HDFC Bank carries interest @ 13.25% p.a. The loan is repayable in 60 monthly installments as per repayment schedule provided by bank from the date of loan, viz., 7 May 2010. The loan is secured by hypothecation of exclusive charge on the properties situated at Punjagutta (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.

2. The term loan from State Bank of India carries interest @ 15.75% p.a. The loan is repayable in 45 monthly installments 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. Paripassu 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.

3. The term loan from Dena Bank carries interest @ 14.75% p.a. The loan is repayable in 78 equal monthly installments 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.

4. Finance lease obligation is secured by hypothecation of vehicles taken on lease.

5. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company.

ANNEXURE IX : STATEMENT OF CONSOLIDATED SHORT TERM BORROWINGS

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Secured			
From banks			
Loans repayable on demand			
Working capital demand loan (refer note 1)	400.00	400.00	400.00
Cash credit from banks			
State bank of India (refer note 2)	1,412.77	1,422.20	1,362.25
HDFC bank (refer note 3)	95.46	90.55	60.02
Unsecured			
From directors / partners	65.64	68.82	27.73
From associates	42.73	50.40	36.76
From relatives of directors	(0.79)	(0.79)	31.78
Total	**2,015.81**	**2,031.18**	**1,918.54**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated short term borrowings.

Notes:

1. 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.

2. 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 along with collateral security of Zaveri Bazar, and Surat property and Charkop factory, and fixed deposits of Rs. 30,000,000. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.

3. 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

4. Unsecured loans includes loans taken from one of the directors amounting to Rs 6.1 million which is interest bearing at the rate of 11%. Further, loan from another director of Rs 77.37 million is interest free from 24 July 2007 (as at 31 December 2011: Rs 105.34 million).

5. Unsecured loans are repayable on demand. It includes interest bearing loan from subsidiaries (Tribhovandas Bhimji Zaveri (Bombay) Limited a company under same management within the meaning of section 370(1B) of the Companies Act, 1956 upto 3 October 2010) at the rate of 10% p.a.

6. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company

ANNEXURE X : STATEMENT OF CONSOLIDATED PROVISIONS

(Rupees in million)

Particulars	As at					
	31-Dec-11		31-Mar-11		31-Mar-10	
	Long term	Short term	Long term	Short term	Long term	Short term
Provision for gratuity (Unfunded)	45.45	-	36.73	-	24.39	-
Provision for leave benefits (Unfunded)	8.57	16.05	6.95	11.77	2.25	3.58
Provision for tax	-	183.07	-	120.81	-	-
Total	**54.02**	**199.12**	**43.68**	**132.58**	**26.64**	**3.58**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated provisions.

Notes:

1. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company.

ANNEXURE XI : STATEMENT OF CONSOLIDATED LOANS AND ADVANCES (Unsecured – considered good)

(Rupees in million)

Particulars	**As at**					
	31-Dec-11		**31-Mar-11**		**31-Mar-10**	
	Long term	Short term	Long term	Short term	Long term	Short term
Capital Advances (Unsecured, considered good)	2.22	-	2.89	-	16.52	-
Deposits (Unsecured, considered good)	61.73	-	56.71	-	48.86	0.04
Loans and advances to related parties (Unsecured, considered good)	-	-	-	-	-	0.27
Other loans and advances						
- Advance tax (net of provision for taxation)	16.25	2.41	28.74	0.41	-	9.72
- Fringe benefit tax (net of provision for tax)	-	-	-	-	-	0.19
- Advance to suppliers	-	47.80	-	34.32	-	2.30
- Advance to employees and others	-	3.07	-	2.60	0.06	2.25
- Prepaid expenses	-	4.84	-	8.42	-	3.64
- Balance with government authorities	-	5.47	-	1.55	-	0.05
Total	**80.20**	**63.59**	**88.34**	**47.30**	**65.44**	**18.46**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated loans and advances.

Notes:

1. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company.

ANNEXURE XII : STATEMENT OF CONSOLIDATED TRADE RECEIVABLES (UNSECURED)

(Rupees in million)

Particulars	As at		
	31-Dec-11	31-Mar-11	31-Mar-10
Debt outstanding for a period exceeding six months			
- Considered goods	22.17	7.43	6.88
- Considered doubtful	11.63	3.48	-
	33.80	10.91	6.88
Less: Provision for doubtful debts	11.63	3.48	-
	22.17	7.43	6.88
Other debts	31.48	77.70	23.67
Total	**53.65**	**85.13**	**30.55**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated trade receivables.

Notes:

1. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company.

ANNEXURE XIII : STATEMENT OF CONSOLIDATED OTHER NON-CURRENT ASSETS, OTHER CURRENT ASSETS, OTHER LONG TERM LIABILITIES AND OTHER CURRENT LIABILITIES

(Rupees in million)

Particulars	As at		
	31-Dec-11	**31-Mar-11**	**31-Mar-10**
OTHER NON-CURRENT ASSETS			
Bank deposits with more than twelve months maturity	-	-	30.00
Interest accrued on bank deposits with more than twelve months maturity	-	-	4.27
Total – other non-current assets	**-**	**-**	**34.27**
OTHER CURRENT ASSETS			
IPO expenses	39.58	29.96	**-**
Other receivables	4.95	-	**-**
Total – other current assets	**44.53**	**29.96**	**-**
OTHER LONG TERM LIABILITIES			
Deposit taken for subsidiary	5.40	-	**-**
Total – other current assets	**5.40**	**-**	**-**
OTHER CURRENT LIABILITIES			
Current maturities of long-term debts (refer Annexure VIII)	46.47	46.84	65.69
Current maturities of finance lease obligations (refer Annexure VIII)	3.34	1.57	3.45
Advance from customers	723.09	501.94	208.17
Statutory liabilities	28.96	50.05	24.69
Interest accrued but not due on borrowings	6.07	3.91	3.57
Others	248.62	66.05	15.56
Total– Current liabilities	**1,056.55**	**670.36**	**321.13**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure IV) forms integral part of this Statement of consolidated non-current assets, current assets, other long term liabilities and other current liabilities.

Note:

1. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company.

ANNEXURE XIV : STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in million)

Particulars	As at 31 Dec 2011	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
1. Term loan				
SBI-Term loan	36.12	Sanction amount Rs. 70.80 million Interest at State Bank Advance Rate (SBAR) with a minimum of 13.75%, rising or falling therewith	Primary security: Equitable Mortgage of Plot No.106 ABCD in Kandivali Industrial Estate, Charkop, Taluka Borivali, district Mumbai, admeasuring 1712 sq.mtrs. (exclusive charge) Hypothecation charge on the fixed assets to be purchased (exclusive charge) Collateral security: (see note 1) Guarantee: (see note 2)	45 monthly installments ending in June 2013
HDFC-Term loan	32.84	Sanction amount Rs. 44.00 million Interest at 10.5%p.a. plus interest tax and any other statutory levy if and when applicable	Primary security: Exclusive charge over the property located at "Premises no.11, ground floor, Regency house, Green lands road, Panjagutta, Hyderabad Guarantee: (see note 2)	60 equated monthly installments commencing from July' 2010
Dena Bank-Term loan	4.87	Sanction amount Rs. 12.00 million Interest at 11.50% p.a.	Secured by way of registered mortgage of premises and furniture and fixtures to be acquired and Personal guarantee of Director	Seven years with a Moratorium of six months
2. Working Capital Facility				
HDFC (CC / WCDL)	495.46	Sanction amount Rs. 480.00 million CC: Bank PLR – 3.50% plus Interest tax and any other statutory levy if and when applicable WCDL: The rate of interest for each tranche would be stipulated by the Bank at the time of disbursement of each tranche	First pari passu charge by way of hypothecation of Company's entire stocks of raw materials, semi-finished finished goods, consumable stores and spares and such other movables and book debts, bills whether documentary or clean, outstanding monies, receivables, both present & future, on a form and manner satisfactory to the Bank First pari passu charge on the entire fixed assets of the company and properties located at 241/43, Zaveri Bazar First exclusive charge on the entire fixed assets of the company located at Santacruz Unconditional and irrevocable personal guarantees of directors / relatives of directors Corporate guarantees of Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited, Super	CC- on demand WCDL- Principal amount to be repaid as bullet payment on the maturity date

Particulars	As at 31 Dec 2011	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
			Traditional Metal Crafts (Bombay) Private Limited	
SBI (CC)	1,412.76	Sanction amount Rs. 1,400.00 million Interest at State Bank Advance Rate (SBAR) with a minimum of 13.75%, rising or falling therewith	Primary security: Pari passu hypothecation of Company's stock of RM, SIP, FG and receivables and entire current assets Collateral security: (see note 1)	Repayable on demand
3. Vehicle loan				
BMW Financial Services	2.32	Loan amount Rs. 3.50 million Interest: 8.69% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Jan' 2011
BMW Financial Services	2.29	Loan amount Rs. 2.87 million Interest: 10.75% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from June' 2011
HDFC Bank	1.92	Loan amount Rs. 2.48 million Interest: 9.90% p.a.	Secured by way of hypothecation of vehicle	35 monthly installments commencing from April' 2011
HDFC Bank	0.87	Loan amount Rs. 0.92 million Interest: 10.75% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from November' 2011
State Bank of India	1.20	Loan amount Rs. 1.20 million Interest: 11.25% p.a.	Secured by way of hypothecation of vehicle	60 monthly installments commencing from January' 2012

Notes:

1. Collateral security

a. Equitable Mortgage of Building/Showroom at 241/243 Zaveri Bazar Market with paripassu charge of HDFC to the extent of their limit of Rs. 480.00 million.

b. Liquid/cash collateral in the form of lien on fixed deposit of Rs. 30.00 million.

c. Paripassu charge by way of hypothecation of the firm's entire current assets including stock of raw materials, semi-finished and finished good, consumables stores and spares and such other movable, book debts, bills whether documentary or clean, outstanding monies, receivables both present and future, on a form and manner satisfactory to the Bank.

d. Extension of charge of fixed assets purchased / to be purchased out of bank finance (exclusive charge).

2. Guarantee

Upto May 13, 2010, Personal guarantee of directors and relatives, thereafter Personal guarantee of directors.

ANNEXURE XV : STATEMENT OF CONSOLIDATED CAPITALISATION AS AT 31 Dec 2011

(Rupees in million)

Particulars	Pre issue	Post issue
Debt		
Long Term Debt (A)	32.63	
Short Term Debt	2,065.62	
Total Debt (B)	**2,098.25**	
Shareholders' funds		
Share Capital		
- Equity share capital	500.00	
Reserves		
- Security premium	-	
- Profit and loss account	1,091.52	
Total Shareholders' funds (C)	**1,591.52**	
Long Term Debt / Shareholders' funds (A / C)	**0.02**	
Total Debt / Shareholders' funds (B / C)	**1.32**	

Notes:

1. Short Term Debt represents amount repayable within one year from 31 December 2011.

2. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the group as at 31 December 2011.

3. The corresponding post issue figures are not determinable at this stage pending the completion of the Book building process and hence have not been furnished.

ANNEXURE XVI : STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS

(Rupees)

Particulars	For the year/period ended		
	31-Dec-11	31-Mar-11	31-Mar-10
Earnings per share			
Basic* (Rs.)	10.06	8.00	3.38
Diluted* (Rs.)	10.04	8.00	3.88
Net Asset Value per share (Rs.)	32.08	21.70	68.45
Net Asset Value per share (Rs.) (considering issue of bonus shares)	32.08	21.70	13.69
Return on Net worth %	31.37%	36.90%	24.71%
Weighted average no. of equity shares outstanding during the year	50,000,000	50,000,000	50,000,000
Total number of equity shares outstanding at the end of the year	50,000,000	50,000,000	10,000,000
Total number of equity shares outstanding at the end of the year (including bonus shares)	50,000,000	50,000,000	
Number of shares considered as weighted average shares and potential shares outstanding	50,095,950	50,095,950	50,000,000

* face value of Rs. 10 each

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) forms integral part of this Statement of accounting ratios.

Notes:

1. The ratios have been computed as below:

$$\textbf{Earning per share (Rs.)} \quad \frac{\text{Consolidated Restated profit after tax}}{\text{Weighted average number of equity shares outstanding during the ye}}$$

$$\textbf{Net Asset Value per share (Rs.)} \quad \frac{\text{Net worth at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

$$\textbf{Return on Net worth \%} \quad \frac{\text{Consolidated Restated profit after tax}}{\text{Net worth as at the end of the year}}$$

2. Net worth = Equity share capital + Security premium + Profit and loss account

3. For the purpose of computing weighted average number of equity shares outstanding during the respective years, the impact of bonus shares issued aggregating 40,000,000 as at 7 October 2010 respectively have been considered in all the respective years presented above. These bonus shares have been issued by capitalization of accumulated profits.

4. The earnings per share (basic and diluted) for the year ended 31 March 2010 have been computed based on the total number of shares considering the bonus issued on 7 October 2010 in accordance with the requirement of Accounting Standard- 20 " Earnings per share"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based on, and should be read in conjunction with, our audited standalone financial statements, as restated, as at and for the nine months ended December 31, 2011 and the years ended March 31, 2011, 2010 and 2009. See the section titled "Financial Statements" on page 156.

This discussion contains forward-looking statements and reflects the current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Forward Looking Statements" and "Risk Factors", which discuss a number of factors and contingencies that could impact the Company's financial condition and results of operations.

In this section, unless the context requires otherwise, references to "we", "our" and "us" are to the Company on standalone basis and except where noted all financial numbers are stated on a standalone basis.

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in 10 cities across five states, which have a total carpet area of approximately 48,818 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery and jadau jewellery. The design and manufacture of our products is done either in-house or by third parties. All of our showrooms trade under the name of "Tribhovandas Bhimji Zaveri". Our flagship showroom in Zaveri Bazar, Mumbai was established in 1864. Since 2001, we have opened several showrooms, including opening seven showrooms between August 2007 and October 2008.

Out of our 14 showrooms, 11 are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more) and three are what we term "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.). Four of our showrooms are in Mumbai, Maharashtra; one is in Thane, Maharashtra; one is in Pune, Maharashtra; two are in Hyderabad, Andhra Pradesh; one is in Vijayawada, Andhra Pradesh; one is in Ahmedabad, Gujarat; one is in Surat, Gujarat; one is in Rajkot, Gujarat; one is in Indore, Madhya Pradesh; and one is in Kochi, Kerala. Effective June 1, 2011, we surrendered the lease for one showroom to the lessor and on July 27, 2011 we opened a new showroom in Rajkot, Gujarat. We closed one small format showroom in Pune on March 31, 2012 and opened a large format showroom in Pune on April 1, 2012.

We plan to open an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 43 cities across 14 states.

We have our own manufacturing facilities for diamond-studded jewellery. In addition, we outsource the production of jewellery as well as purchase jewellery from third parties. We procure jewellery and silverware from suppliers in different regions across India, which we believe helps us gain an insight into differing regional preferences. We have a centralised procurement policy and generally purchase in large volumes in order to stock our 14 showrooms. We believe that by purchasing in large volumes, we are able to purchase inventory at lower prices than our competitors in the unorganised sector, which enables us to sell our products at competitive prices.

Tribhovandas Bhimji Zaveri (Bombay) Limited, the Company's 100%-owned subsidiary, manufactures diamond-studded jewellery for sale in our showrooms at its facility in Kandivali, Mumbai, which has a carpet area of 17,739 sq. ft. This facility has an annual production capacity (based on one eight-hour shift 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. Production activity was shifted from the old facility having carpet area of 5,755 sq. ft. to the current facility during the third quarter of Fiscal 2011. Tribhovandas Bhimji Zaveri (Bombay) Limited produced 35,509 cts. of diamond-studded jewellery in Fiscal 2011 and 37,402 cts. of diamond-studded jewellery in the nine months ended December 31, 2011. Tribhovandas Bhimji Zaveri (Bombay) Limited was a Promoter group company and became a subsidiary of the Company in October 2010.

Note on Presentation

Prior to July 24, 2007, we were a partnership. On July 24, 2007, we became a company. The financial statements of the partnership firm for the period from April 1, 2007 to July 23, 2007 and the financial statements of the Company for the period from July 24, 2007 to March 31, 2008 have been consolidated for Fiscal 2008 for the purpose of restatement.

Comparison of Standalone and Consolidated Results of Operations and Financial Condition

The Company did not prepare consolidated financial statements until the year ended March 31, 2010 as it did not have any subsidiaries or joint ventures before that period. Details of the Company's subsidiaries are given below:

Name of the Subsidiary	Date of incorporation/ acquisition of the Company's interest	Company's percentage ownership as at March 31, 2010	Company's percentage ownership as at March 31, 2011	Company's percentage ownership as at December 31, 2011
Konfiaance Jewellery Private Limited	September 11, 2009	60%	60%	100%(1)
Tribhovandas Bhimji Zaveri (Bombay) Limited	October 4, 2010	N.A.	99.88%(2)	100%(3)

(1) Pursuant to a share purchase agreement dated June 22, 2011, the Company purchased 40,000 equity shares of this company from Parinda Bajaj, thus making it a wholly owned subsidiary of the Company.

(2) The Company purchased 5,019 equity shares of this company at a price of ₹4,030 per share amounting to ₹ 20.23 million on October 4, 2010, giving it a 99.98% ownership interest. On November 22, 2010, the Company sold five of the shares of this company at its cost of acquisition, giving it a 99.88% ownership interest.

(3) On June 13, 2011, the Company bought six shares of this company at a price of ₹ 4,490 per equity share, giving it a 100% ownership interest.

However, the effect of Konfiaance Jewellery Private Limited on our consolidated results of operations and financial condition for Fiscal 2011, Fiscal 2010 and the nine months ended December 31, 2011 was immaterial as Konfiaance Jewellery Private Limited has yet to begin operations. The consolidation of Tribhovandas Bhimji Zaveri (Bombay) Limited since October 4, 2010 did not have a material affect on our consolidated financial statements for Fiscal 2011 and the nine months ended December 31, 2011. Set forth below is a comparison of the Company's results of operations and financial condition on a standalone basis and on a consolidated basis as at and for the nine months ended December 31, 2011 and as at and for the years ended March 31, 2011 and 2010:

(₹ in million)

	As at and for the nine months ended December 31, 2011		As at and for the year ended March 31, 2011		As at and for the year ended March 31, 2010	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Total revenue	11,185.77	11,177.77	11,944.57	11,943.08	8,852.52	8,852.52
Profit before tax	762.09	758.13	604.91	603.54	247.86	247.60
Profit after taxation	504.98	503.13	404.21	400.29	169.36	169.23
Total assets	6,075.59	6,087.93	5,135.33	5,129.16	3,489,93	3,490.64
Total borrowings (Long-term and short-term borrowings)	2,093.37	2,156.20	2,028.83	1,800.89	1,298.59	903.94
Net worth	1,606.29	1,604.02	1,099.07	1,095.00	684.61	684.52

Factors Affecting Our Results of Operations, Cash Flows and Financial Condition

Our results of operations, cash flows and financial condition are affected by a number of factors, including the following:

Number, location and size of showrooms

Our results of operations are materially affected by the number and size of our showrooms. Set forth below is a table showing the number of showrooms we had at the end of the periods indicated, the total carpet area of our showrooms at end of the periods indicated, our revenue from operations and profit after taxation on a standalone basis for such periods.

Period	**Number of showrooms at the end of the period**	**Total carpet area of showrooms at the end of the period (sq. ft.)**	**Revenue from operations (₹ in million)**	**Revenue from operations per average[2] sq. ft. (₹)**	**Profit after taxation (₹ in million)**
Fiscal 2007	6(1)	20,731	3,051.55	147,197	74.54
Fiscal 2008	8	26,962	4,393.53	162,953	74.95
Fiscal 2009	13	42,526	6,687.43	157,255	104.34
Fiscal 2010	14	44,196	8,848.95	200,221	169.36
Fiscal 2011	14	44,196	11,939.31	270,145	404.21
Nine months ended December 31, 2011	14(3)	47,796(3)	11,173.73	233,780 (3)	504.98

(1) *We had four showrooms at the beginning of the period with a total carpet area of 15,481 sq. ft.*

(2) *Average sq. ft. is the average of the total carpet area at the beginning and end of the period.*

(3) *With effect from June 1, 2011, the Company surrendered the lease on a showroom at Banjara Hills, Hyderabad, which decreased the number of showrooms to 13 and the total carpet area to 42,996 sq. ft. For more details, see the section titled "History and Certain Corporate Matters – Material Agreements" on page 130. On July 27, 2011, the Company opened a new showroom in Rajkot, Gujarat with a carpet area of 3,250 sq. ft., which increased the number of showrooms to 14 and the total carpet area to 46,246 sq. ft. On September 23, 2011, the Company extended the showroom at Punjagutta, Hyderabad, Andhra Pradesh by a carpet area of 1,550 sq. ft., which increased the total carpet area of all showrooms to 47,796 sq. ft.*

We moved the location of our showroom in Pune, Mahrashtra, closing a showroom with a carpet area of 1,022 sq. ft on March 31, 2012 and opening a showroom with a carpet area of 3,059 sq. ft. on April 1, 2012, which gave us 14 showrooms with a total carpet area of 48,818 sq. ft. We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 43 showrooms (25 large format high street showrooms and 18 small format high street showrooms) by the end of Fiscal 2015, which would give us a total of 57 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 43 cities across 14 states.

We lease 12 out of 14 of our showrooms. If leases for showrooms are terminated or not renewed, we may suffer a disruption in operations and alternate premises may not be available at a similar costs or locations, which could have a material adverse effect on our business and results of operations. Further, any adverse impact on the ownership rights of our landlords may disrupt our operations. In addition, if these leases are renewed but on materially increased rent, it could adversely affect our results of operations.

Our ability to identify and respond to consumer demands and preferences

To compete successfully in our business, we must be able to identify and respond to consumer demands and preferences. If we fail to anticipate and meet industry trends and our products do not meet customers' preferences, our results of operations may be adversely affected.

Economies of scale

When we launch a new showroom, we increase our marketing and promotional activities to help establish the showroom. However, with an increase in the number of showrooms, over time we experience economies of scale in our advertising activities. While we expect our advertisement and sales promotion costs as a percentage of our revenue from operations to increase in the next few years from 2. 69% for the nine months ended December 31, 2011, over time we expect this percentage to decrease 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 costs as a percentage of revenue from operations to decrease as our revenue from operations increases.

Seasonality

Our industry has seasonal increases and decreases in revenues and profitability, corresponding with weddings and festivals. Historically, the descending order of revenue and profitability has generally been the third quarter, first quarter, fourth quarter and second quarter. We offer increased discounts and promotions in those quarters when there are fewer weddings and no important festivals in order to increase revenue. The effect of seasonality is expected to further decrease with greater geographical diversification.

Competition

The Indian retail jewellery industry is highly fragmented and dominated by the unorganized sector, from which the organized retail jewellery sector faces intense competition. The players in the unorganized sector offer their products at highly competitive prices and many of them are well established in their local area. We also compete against organised national, regional and local players. For further details, see the section titled “Business-Competition” on page 121.

Factors affecting discretionary consumer spending in India

Jewellery purchases are discretionary and the success of our business depends to a significant extent upon a number of factors affecting discretionary consumer spending in India. These factors include economic conditions and perceptions of such conditions by consumers, employment rates, the level of consumers’ disposable income, business conditions, interest rates, consumer debt levels, availability of credit and levels of taxation in regional and local markets in India where we sell our products.

Cost and availability of materials

We purchase gold, diamonds and other materials for the manufacture of jewellery. We also purchase manufactured jewellery for resale. If the cost of materials increase and we are unable to pass on such cost increases to our customers, our results of operations will be adversely affected. Further, while we have a network of approximately 150 suppliers, we do not have any long-term or exclusive contracts with our suppliers and vendors. If we are unable to renew our contracts or locate new suppliers, our operations would be adversely affected.

Changes in government duties and other taxes

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. For example, effective March 17, 2012 the Government further extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, the Government made the following increases to basic customs duty: gold bars other than tola bars from 2% to 4%; gold in any other form from 5% to 10%; platinum from 2% to 4%; and cut and polished coloured gemstones from nil to 2%, and increased countervailing duty on gold ores and concentrates from 1% to 2%. The Government had previously changed the basic customs duty on gold bars from ₹ 300 per 10 grams to 2% of the value with effect from January 17, 2012. In addition, the Finance Bill, 2012 proposes to impose tax collection at source at 1% of the sale consideration, if the sale is in cash and the sale consideration exceeds ₹ 200,000, with effect from July 1, 2012. Further increases on existing taxes and other levies or the imposition of any other taxes or levies by the Central and the State Governments may adversely affect our results of operations.

Value of inventory

The value of our inventory is directly related to the value of gold and diamonds. In the event such values decrease, the value of our inventory will be reduced. Our policy is to endeavour to buy the same Rupee value of gold at the end of each day that we sold across all of our showrooms that day. Although this reduces our exposure to volatility in the price of gold, it does not eliminate it. A pro-longed decline in the price of gold and diamonds would have an adverse effect on the value of our gold and diamond inventory, which would have an adverse effect on our results of operations and financial condition.

Interest costs on working capital borrowings

Our business requires a substantial amount of working capital to finance the purchase of gold, diamonds and other inventory. We avail the majority of our working capital from loans from various banks. As at December 31, 2011, we had ₹ 1,908.23 million in working capital loans outstanding, all of which are at floating rates of interest. Therefore, an increase or decrease in interest rates in India will have an effect on our results of operations.

Other factors

For a discussion of other factors that affect or could affect our results of operations, cash flows and financial condition, see the section titled "Risk Factors" on page 11.

Critical Accounting Policies

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. Our significant accounting policies are set forth in "*Financial Statements - Significant Accounting Policies*" on page 165.

Indian GAAP requires that we adopt accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements. The estimates and assumptions utilized our financial statements are based on management's evaluation of the relevant fact and circumstances as at the date of the financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant particular attention:

Fixed Assets and Depreciation

Fixed assets are stated at the cost of acquisition less accumulated depreciation/amortization and impairment. Cost includes the purchase price and other costs attributable to the 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, pro-rata to the period of use at the rates specified in schedule XIV of the Companies Act, which reflect the management's best estimate of the economic useful life of the assets. Lease hold improvements are amortised over the period of lease. Computer software is capitalised and amortised over a period of five years. Assets individually costing up to ₹ 5,000 are fully depreciated in the year of purchase

Impairment of Assets

In accordance with Accounting Standard 28-'Impairment of Assets', where there is an indication of impairment in any of the Company's asset, the carrying amounts of the Company's material assets and/or cash generating unit 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 to 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.

Value of Inventories

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

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

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 includes the cost 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 materials, i.e., gold, direct labour, other directly attributable expenses incurred in bringing such goods to their present location and condition and the cost of diamonds forming part of the jewellery as determined by our management based on the 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.

Revenue Recognition

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

Interest income is recognized on a time proportion basis.

Summary Statement of Standalone Restated Profits and Losses

	Nine months ended December 31, 2011		**Fiscal 2011**		**Fiscal 2010**		**Fiscal 2009**	
	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***
INCOME								
Revenue from operations	11,173.73	*99.89%*	11,939.31	*99.96%*	8,848.95	*99.96%*	6,687.43	*99.98%*
Other income	12.04	*0.11%*	5.26	*0.04%*	3.57	*0.04%*	1.34	*0.02%*
Total revenue	**11,185.77**	***100%***	**11,944.57**	***100%***	**8,852.52**	***100%***	**6,688.77**	***100%***
EXPENDITURE								
Cost of raw material and components consumed	7,437.97	*66.49%*	8,168.86	*68.39%*	6,931.43	*78.30%*	5,217.06	*78%*
Purchase of traded goods	2,152.44	*19.24.%*	2,776.44	*23.24%*	1,215.58	*13.73%*	1,315.51	*19.67%*
Changes in inventories of finished goods and traded goods	(390.97)	*(3.50)%*	(885.54)	*(7.41)%*	(580.00)	*(6.55)%*	(789.05)	*(11.80)%*
Employee benefit expenses	334.56	*2.99%*	405.16	*3.39%*	307.22	*3.47%*	264.28	*3.95%*
Other expenses	614.33	*5.49%*	606.47	*5.08%*	503.61	*5.69%*	358.89	*5.37%*
Total expenditure	**10,148.33**	***90.73%***	**11,071.39**	***92.69%***	**8,377.84**	***94.64%***	**6,366.69**	***95.18%***
Earnings before	**1,037.44**	***9.27%***	**873.18**	***7.31***	**474.68**	***5.36%***	**322.08**	***4.82%***

	Nine months ended December 31, 2011		Fiscal 2011		Fiscal 2010		Fiscal 2009	
	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*
interest, tax, depreciation and amortisation (EBITDA)								
Finance charges	236.23	*2.11%*	228.17	*1.91%*	196.08	*2.21%*	140.24	*2.10%*
Depreciation	38.12	*0.34%*	40.10	*0.34%*	30.74	*0.35%*	29.34	*0.44%*
Profit before tax	**762.09**	***6.81%***	**604.91**	***5.06%***	**247.86**	***2.80%***	**152.50**	***2.28%***
Less: tax expense								
Current tax	267.00	*2.39%*	210.31	*1.76%*	86.46	*0.98%*	51.77	*0.77%*
Deferred tax (credit) / charge	(9.89)	*(0.09)%*	(9.61)	*(0.08)%*	(7.96)	*(0.09)%*	(3.61)	*(0.05)%*
Profit after taxation	**504.98**	***4.51%***	**404.21**	***3.38%***	**169.36**	***1.91%***	**104.34**	***1.56%***

Income

Revenue from Operations

We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery and jadau jewellery. Set forth below is table showing our revenue from operations by product type and as a percentage of total revenue from operations for the periods indicated and year on year growth for Fiscal 2011 and Fiscal 2010.

(₹ in million, except percentages)

Product	**Nine months ended Dec. 31, 2011**	***% of revenue from operations***	**Fiscal 2011**	***% of revenue from operations***	***Y-o-Y Growth (%)***	**Fiscal 2010**	***% of revenue from operations***	***Y-o-Y Growth (%)***	**Fiscal 2009**	***% of revenue from operations***
Gold jewellery	8,068.38	*72.48%*	8,657.33	*72.51%*	*33.15%*	6,501.88	*73.48%*	*35.56%*	4,796.17	***71.72%***
Diamond-studded jewellery	2,805.58	*25.20%*	2,636.58	*22.08%*	*37.83%*	1,912.90	*21.62%*	*23.21%*	1,552.59	***23.21%***
Other products	257.87	*2.32%*	645.40	*5.41%*	*48.65%*	434.17	*4.91%*	*28.19%*	338.67	***5.07%***
Total	**11,131.84**	***100%***	**11,939.31**	***100%***	***34.92%***	**8,848.95**	***100%***	***32.32%***	**6,687.43**	***100%***

Below is a table showing the volume of the gold and diamonds sold, the average price per volume unit for the periods indicated and the year-on-year growth for Fiscal 2011 and Fiscal 2010:

Product	**Nine months ended December 31, 2011**	**Fiscal 2011**	***Y-o-Y Growth (%)***	**Fiscal 2010**	***Y-o-Y Growth (%)***	**Fiscal 2009**
Gold (grams)	3,018,549	4,110,358	*8.38%*	3,792,453	*9.02%*	3,478,771
Average price per gram (₹)	2,672.93	2,106.22	*22.85%*	1,714.43	*24.35%*	1,378.75
Diamonds (cts.)	43,738	51,995	*25.97%*	41,276	*16.55%*	35,416
Average price per ct. (₹)	64,145.18	50,707.87	*9.42%*	46,344.29	*5.71%*	43,841.22

Other Income

Other income includes recurring interest from banks and other sources as well as from sales tax refunds, exchange gains, net profits on the sale of fixed assets, and other miscellaneous income.

Expenditure

Cost of Raw Material and Components Consumed

Cost of raw material and components consumed comprises (1) raw material and component costs, (2) making charges and (3) melting charges. Set forth below is a table showing our cost raw material and components consumed as broken out by particular elements for the periods indicated:

(₹ in million)

Particulars	Nine months ended December 31, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Raw material and components consumed	7,059.32	7,748.02	6,579.41	4,891.33
Making charges	376.35	417.58	348.51	322.66
Melting charges	2.30	3.26	3.51	3.07
Total cost of raw material and components consumed	**7,437.97**	**8,168.86**	**6,931.43**	**5,217.06**

Purchase Cost of Traded Goods

Purchase cost of traded goods comprises the invoice value of purchased jewellery.

Changes in Inventories of Finished Goods and Traded Goods

Set forth below is a table showing the particular elements of our changes in inventories of finished goods and traded goods for the periods indicated:

(₹ in million)

Particulars	Nine months ended December 31, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Raw material and components:				
Opening stock	*538.52*	*36.11*	*30.87*	*7.18*
Purchases	*7,871.86*	*8,250.43*	*6,584.65*	*4,915.02*
Closing stock	*(972.41)*	*(538.52)*	*(36.11)*	*(30.87)*
Cost of raw material and components consumed	**7,437.97**	8,168.86	6,931.43	5,217.06
Purchase cost of traded goods	**2,152.44**	2,776.44	1,215.58	1,315.51
Opening stock of finished goods	*3,714.90*	*2,829.36*	*2,249.36*	*1,460.31*
Closing stock of finished goods	*(4,105.88)*	*(3,714.90)*	*(2,829.36)*	*(2,249.36)*
Changes in inventories of finished goods and traded goods	**(390.97)**	**(885.54)**	**(580.00)**	**(789.05)**

Set forth below is table showing our cost of goods sold by product type and as a percentage of revenue from operations of each product type for the periods indicated:

(₹ in million, except percentages)

Product	Nine months ended December 31, 2011	Fiscal 2011	Fiscal 2010	Fiscal 2009
Gold jewellery	7,192.43	7,600.25	5,795.63	4,310.73
As a percentage of sales of gold jewellery	*89.14%*	*87.79%*	*89.14%*	*89.88%*
Diamond-studded jewellery	1,789.01	1,865.03	1,377.80	1,146.66
As a percentage of sales of diamond-	*63.77%*	*70.74%*	*72.03%*	*73.85%*

Product	**Nine months ended December 31, 2011**	**Fiscal 2011**	**Fiscal 2010**	**Fiscal 2009**
studded jewellery				
Other products	218.91	594.48	393.59	286.14
As a percentage of sales of other products	*84.89%*	*92.11%*	*90.65%*	*84.49%*
Total	**9,199.44**	**10,059.75**	**7,567.01**	**5,743.52**
As a percentage of revenue from operations	***82.64%***	***84.26%***	***85.51%***	***85.89%***

Employee Benefits Expenses

Our employee benefits expenses comprise (1) salaries, wages and bonus, (2) contributions to provident and other funds, (3) staff welfare payments and (4) staff gratuity payments. Set forth below is table showing our employee benefits expenses by category and as a percentage of total revenue for the periods indicated:

	Nine months ended December 31, 2011		**Fiscal 2011**		**Fiscal 2010**		**Fiscal 2009**	
	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***
Salaries, wages and bonus	301.78	*2.70%*	365.69	*3.06%*	290.48	*3.28%*	243.54	*3.64%*
Contributions to provident and other funds	10.11	*0.09%*	22.07	*0.18%*	3.31	*0.04%*	1.96	*0.03%*
Staff welfare payments	13.22	*0.12%*	8.15	*0.07%*	6.69	*0.08%*	10.52	*0.16%*
Staff gratuity payments	9.45	*0.18%*	9.25	*0.08%*	6.74	*0.08%*	8.26	*0.12%*
Total	**334.56**	***2.99%***	**405.16**	*3.39%*	**307.22**	***3.48%***	**264.28**	***3.95%***

Other Expenses

Other expenses comprise (1) advertisement and sales promotion costs, (2) rent, rates and taxes, (3) legal and professional fees, (4) power, fuel and water costs, (5) travelling and conveyance costs, (6) postage, telephone and internet expenses, (7) repair and maintenance costs, (8) provision for doubtful debts, (9) insurance, (10) donations and (11) miscellaneous expenses, which includes wealth tax and fringe benefits tax. Set forth below is table showing our other expenses by category and as a percentage of total revenue for the periods indicated:

	Nine months ended December 31, 2011		**Fiscal 2011**		**Fiscal 2010**		**Fiscal 2009**	
	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***	₹ in million	***% of Total revenue***
Advertisement and sales promotion costs	301.42	2.69%	312.76	*2.62%*	254.41	*2.87%*	129.52	*1.94%*
Rent, rates and taxes	136.37	1.22%	126.30	*1.06%*	97.00	*1.10%*	80.27	*1.20%*
Legal and professional fees	56.92	0.51%	31.74	*0.27%*	34.41	*0.39%*	33.46	*0.50%*
Power, fuel and water costs	16.98	0.15%	20.93	*0.18%*	22.09	*0.25%*	20.17	*0.30%*
Travelling and conveyance costs	13.67	0.12%	14.35	*0.12%*	16.67	*0.19%*	21.67	*0.32%*
Postage, telephone and internet expenses	11.29	0.10%	12.28	*0.10%*	12.13	*0.14%*	8.87	*0.13%*
Repairs and maintenance	18.20	0.16%	8.55	*0.07%*	7.97	*0.09%*	10.92	*0.16%*
Provision for doubtful debts	8.18	0.07%	3.48	*0.03%*	-	*0.00%*	-	*0.00%*
Insurance	3.26	0.03%	3.79	*0.03%*	3.65	*0.04%*	3.00	*0.04%*
Donation	0.16	0.00%	1.12	*0.01%*	0.15	*0.00%*	0.35	*0.01%*
Miscellaneous expenses	47.88	0.43%	71.17	*0.60%*	55.13	*0.62%*	50.65	*0.78%*

	Nine months ended December 31, 2011		Fiscal 2011		Fiscal 2010		Fiscal 2009	
	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*	₹ in million	*% of Total revenue*
Total	**614.33**	**5.49%**	**606.47**	***5.08%***	**503.61**	***5.69%***	**358.89**	***5.37%***

Finance Charges

Finance Charges comprise (1) bank interest, (2) bank charges and (3) other interest.

Standalone Results of Operations

Nine months ended December 31, 2011

Significant Events

The following significant events occurred in the nine months ended December 31, 2011, each of which had an impact on our results of operations for the period:

- The Company entered into a joint venture agreement dated June 25, 2009 with Parinda Bajaj with respect to selling jewellery, primarily jadau jewellery, under the brand name brand name 'Krsala.' The joint venture entity, Konfinaance Jewellery Private Limited, never commenced operations and pursuant to the termination agreement dated June 22, 2011 among the Company, Shrikant Zaveri and Parinda Bajaj (the "Termination Agreement"), the joint venture agreement and its subsequent amendments were terminated. Pursuant to the Termination Agreement, among other things, the Company's showroom in Banjara Hills, Hyderabad was transferred to Parinda Bajaj effective June 1, 2011 and Parinda Bajaj agreed to pay the Company ₹ 3.55 million for the furniture and fixtures in the showroom and ₹ 16.34 million for certain of the jewellery and ornaments in the showroom. The showroom has a carpet area of 1,200 sq. ft. and its sales revenue was ₹ 176.66 million in Fiscal 2011, which represented 1.48% of the Company's sales income for Fiscal 2011. Therefore, effective June 1, 2011, the Company had 13 showrooms with a total carpet of 42,996 sq. ft.

- The Company, Shrikant Zaveri and Parinda Bajaj also entered into a related share purchase agreement dated June 22, 2011 (the "Share Purchase Agreement"), pursuant to which the 40,000 equity shares of face value ₹ 10 each of Konfinaance Jewellery Private Limited held by Parinda Bajaj were transferred to the Company for an aggregate consideration of ₹ 400,000. For further details on the Termination Agreement and the Share Purchase Agreement, see the section titled "History and Certain Corporate Matters – Material Agreements" on page 130.

- On July 27, 2011, the Company opened a new showroom in Rajkot, Gujurat with a total carpet area of 3,250 sq. ft., giving the Company 14 showrooms with a total carpet area of 46,246 sq. ft.

- On September 23, 2011, the Company extended the showroom at Punjagutta, Hyderabad, Andhra Pradesh by carpet area of 1,550 sq. ft., increasing to the total carpet area of the Punjagutta showroom to 5,101 sq. ft. and the total carpet area of all showrooms to 47,796 sq. ft.

- Increases in gold prices - the closing market price for gold in Mumbai increased from ₹ 2,080.50 per gram as at April 1, 2011 to ₹2,719.45 per gram as at December 31, 2011, a 30.71% increase. The high and low closing market price for gold in Mumbai in the nine months ended December 31, 2011 was ₹ 2,916.00 per gram and ₹ 2,070.50 per gram, respectively. (Source: NCDEX).

Income

Our total revenue was ₹ 11,185.77 million in the nine months ended December 31, 2011.

Revenue from Operations

Our revenue from operations was ₹ 11,173.73 million in the nine months ended December 31, 2011. Our revenue from operations was impacted by the significant events discussed above.

A breakdown of revenue from operations by product type is set forth below:

- Sales of gold jewellery were ₹ 8,068.38 million;
- Sales of diamond-studded jewellery were ₹ 2,805.58 million; and
- Sales of all other products were ₹ 257.87 million.

Other Income

Other income was ₹ 12.04 million in the nine months ended December 31, 2011.

Expenditure

Our total expenditure including depreciation and finance charges but before taxation was ₹ 10,422.68 million in the nine months ended December 31, 2011, which was impacted by the significant events discussed above. As a percentage of total revenue, our total expenditure including depreciation and finance charges but before taxation was 93.18% of total revenue in the nine months ended December 31, 2011.

Cost of materials consumed

The cost of materials consumed was ₹ 7,437.97 million in the nine months ended December 31, 2011. A breakdown of costs by product type is set forth below:

- Cost of gold jewellery manufactured was ₹ 6,235.77 million in the nine months ended December 31, 2011;
- Cost of diamond-studded jewellery manufactured was ₹ 1,178.72 million in the nine months ended December 31, 2011; and
- Cost of all other products manufactured was ₹ 23.48 million in the nine months ended December 31, 2011.

Purchase of Traded Goods

Our purchase of traded goods was ₹ 2,152.44 million in the nine months ended December 31, 2011. A breakdown of our purchase of traded goods by product type is set forth below:

- Purchase of traded gold jewellery was ₹ 1,254.53 million in the nine months ended December 31, 2011;
- Purchase of traded diamond-studded jewellery was ₹ 832.26 million in the nine months ended December 31, 2011; and
- Purchase of all other traded products was ₹ 74.65 million.

Changes in Inventories of Finished Goods and Traded Goods

Our inventories of finished goods and traded goods increased by ₹ 390.97 million in the nine months ended December 31, 2011. A breakdown of the increase of our inventories of finished goods and traded goods by product is set forth below:

- Our inventory of gold jewellery increased by ₹ 242.59 million in the nine months ended December 31, 2011. This increase was due to an increase in the quantity of gold jewellery in our inventory in conjunction with rising gold prices.
- Our inventory of diamond-studded jewellery increased by ₹ 222.26 million in the nine months ended December 31, 2011. This increase was due to an increase in quantity of diamond-studded jewellery in our inventory in conjunction with rising diamond prices; and
- Our inventory of other products decreased by ₹ 73.88 million in the nine months ended December 31, 2011. This decrease was primarily due to a decrease in our stock of Jadau jewellery on discontinuation of the "Krsala" brand.

Employee Benefits Expenses

Our employee benefits expenses were ₹ 334.56 million in the nine months ended December 31, 2011. Our employee benefits expenses reflected an increase in the number of our employees, which increased from 972 as at March 31, 2011 to 979 as at December 31, 2011, as well as a general increase in salaries, wages and bonus to existing employees. As a percentage of total revenue, employee benefits expenses were 2.99% of total revenue in the nine months ended December 31, 2011.

Other Expenses

Other expenses increased were ₹ 614.33 million in the nine months ended December 31, 2011. As a percentage of total revenue, other expenses were 5.49% of total revenue in the nine months ended December 31, 2011. As a percentage of revenue from operations, advertisement and sales promotion costs were 2.70% in the nine months ended December 31, 2011.

Finance Charges

Finance charges were ₹ 236.23 million in the nine months ended December 31, 2011, which reflected a general increase in interest rates on our debt which was partially offset by a decrease in the amount of debt outstanding. Our total debt outstanding as at December 31, 2011 was ₹ 2,045.62 million compared with ₹ 2,109.47 million as at March 31, 2011. As a percentage of total revenue, finance charges were 2.11% of total revenue in the nine months ended December 31, 2011.

Depreciation

Depreciation was ₹ 38.12 million in the nine months ended December 31, 2011. As a percentage of total revenue, depreciation was 0.34% of total revenue in the nine months ended December 31, 2011.

Profit before Tax

As a result of the foregoing, profit before tax was ₹ 763.09 million in the nine months ended December 31, 2011. Our profit before tax was 6.82% of total revenue in the nine months ended December 31, 2011.

Tax Expense

Our tax expense was ₹ 257.11 million in the nine months ended December 31, 2011. As a percentage of profit before tax, our tax expense in the nine months ended December 31, 2011 was 33.69% compared with the statutory tax rate of 33.22%.

Profit after Taxation

As a result of the foregoing, our profit after taxation was ₹ 505.98 million in the nine months ended December 31, 2011. As a percentage of total revenue, profit after taxation was 4.52% of total revenue in the nine months ended December 31, 2011.

Fiscal 2011 Compared to Fiscal 2010

Significant Events

The following significant events occurred in Fiscal 2011, each of which had an impact on our results of operations for the period:

- Fiscal 2011 was the first full year of operations of a new showroom opened during Fiscal 2010;
- Increases in gold prices - the closing market price for gold in Mumbai increased from ₹ 1,632.34 per gram as at March 31, 2010 to ₹ 2,078.75 per gram as at March 31, 2011, a 29.35% increase. The high and low closing market price for gold in Mumbai for Fiscal 2011 was ₹ 2,111.75 per gram and ₹ 1,640.00 per gram, respectively. (Source: NCDEX).

The following significant events occurred in Fiscal 2010, each of which had an impact on our results of operations for the period:

- One new showroom was opened at Basheer Bagh, Hyderabad in October 2009;
- Fiscal 2010 was the first full year of operations of five showrooms opened during Fiscal 2009; and
- Increases in gold prices - the closing market price for gold in Mumbai increased from ₹ 1,513.30 per gram as at March 31, 2009 to ₹ 1,632.34 per gram as at March 31, 2010, a 7.87% increase. The high and low closing market price for gold in Mumbai in Fiscal 2010 was ₹ 1,827.21 per gram and ₹ 1,406.67 per gram, respectively. (Source: NCDEX).

Income

Our total revenue increased by 34.93% from ₹ 8,852.52 million in Fiscal 2010 to ₹ 11,944.57 million in Fiscal 2011.

Revenue from Operations

Revenue from operations increased by 34.92% from ₹ 8,848.95 million in Fiscal 2010 to ₹ 11,939.31 million in Fiscal 2011. This increase was primarily due to the significant events discussed above. Same store sales operating for a full Fiscal Year increased by 31.34% from ₹ 8,644.98 million in Fiscal 2010 to ₹ 11,354.24 million in Fiscal 2011.

A breakdown of revenue from operations by product type is set forth below:

- Sales of gold jewellery increased by 33.15% from ₹ 6,501.88 million in Fiscal 2010 to ₹ 8,657.33 million in Fiscal 2011. This increase was due to a 22.85% increase in the average price of gold per gram sold, from an average price of ₹ 1,714 per gram in Fiscal 2010 to an average price of ₹ 2,106 per gram in Fiscal 2011, and a 8.38% increase in the volume of gold sold, from 3,792,453 grams in Fiscal 2010 to 4,110,358 grams in Fiscal 2011;
- Sales of diamond-studded jewellery increased by 37.83% from ₹ 1,912.90 million in Fiscal 2010 to ₹ 2,636.58 million in Fiscal 2011. This increase was due to a 25.97% increase in the volume of diamonds sold, from 41,276.11 cts. in Fiscal 2010 to 51,995.38 cts. in Fiscal 2011, and a 9.42% increase in the average price of diamonds, from ₹ 46,344 per ct. in Fiscal 2010 to ₹ 50,708 per ct. in Fiscal 2011; and
- Sales of all other products increased by 48.65% from ₹ 434.17 million in Fiscal 2010 to ₹ 645.40 million in Fiscal 2011.

Other Income

Other income increased from ₹ 3.57 million in Fiscal 2010 to ₹ 5.26 million in Fiscal 2011.

Expenditure

Our total expenditure including depreciation and finance charges but before tax expense increased by 31.79% from ₹ 8,604.66 million in Fiscal 2010 to ₹ 11,339.66 million in Fiscal 2011. This increase was primarily due to the significant events discussed above. As a percentage of total revenue, our total expenditure including depreciation and finance charges but before tax expense decreased from 97.20% of total revenue in Fiscal 2010 to 94.94% of total revenue in Fiscal 2011.

Cost of Raw Material and Components Consumed

Our cost of raw material and components consumed increased by 17.85% from ₹ 6,931.43 million in Fiscal 2010 to ₹ 8,168.86 million in Fiscal 2011. A breakdown of the cost of raw material and components consumed by product type is set forth below:

- Cost of raw material and components consumed for manufactured gold jewellery increased by 14.42% from ₹ 5,341.63 million in Fiscal 2010 to ₹ 6,111.95 million in Fiscal 2011. This increase was due to an increase in the volume of gold sold and an increase in the price of gold. This increase was also due a ₹ 142.09 million increase in our inventory of gold jewellery due to the addition of a new showroom at Hyderabad.

- Cost of raw material and components consumed for manufactured diamond-studded jewellery decreased by 13.32% from ₹ 690.82 million in Fiscal 2010 to ₹ 699.96 million in Fiscal 2011. This decrease was due to a decrease in the volume of manufactured diamonds jewellery sold, which was slightly offset by an increase in diamond prices; and

- Cost of raw material and components consumed for other manufactured products increased by 50.94% from ₹ 898.93 million in Fiscal 2010 to ₹ 1,356.96 million in Fiscal 2011. This increase was due an increase in the amount of other products sold and a change in the product mix sold.

Purchase of Traded Goods

Purchase of traded goods increased by 128.40% from ₹ 1,215.58 million in Fiscal 2010 to ₹ 2,776.44 million in Fiscal 2011. A breakdown of purchases of traded goods by product type is set forth below:

- Purchase of traded gold jewellery increased by 217.57% from ₹ 468.66 million in Fiscal 2010 to ₹ 1,488.30 million in Fiscal 2011. This increase was due to an increase in the volume of sales of gold jewellery purchased and an increase in the price of gold;

- Purchase of traded diamond-studded jewellery increased by 73.26% from ₹ 672.44 million in Fiscal 2010 to ₹ 1,165.07 million in Fiscal 2011. This increase was due to an increase in the volume of sales of traded diamond-studded jewellery as well as an increase in diamond prices; and

- Purchase of all other traded products increased by 65.22% from ₹ 74.49 million in Fiscal 2010 to ₹ 123.07 million in Fiscal 2011. This increase was due to an increase in the volume of sales of other traded products.

Changes in Inventories of Finished Goods and Traded Goods

Our inventories of finished goods and traded goods increased by 52.68% more in Fiscal 2011 compared with Fiscal 2010, from an increase of ₹ 580.00 million in Fiscal 2010 to an increase of ₹ 885.54 million in Fiscal 2011. A breakdown of the increase of our inventories of finished goods and traded goods by product is set forth below:

- Our inventory of gold jewellery increased by ₹ 610.91 million in Fiscal 2011 compared with an increase of ₹ 468.82 million in Fiscal 2010. This increase was primarily due to the addition of a new showroom and an increase in gold prices;

- Our inventory of diamond-studded jewellery increased by ₹ 234.75 million in Fiscal 2011 compared with an increase of ₹ 132.42 million in Fiscal 2010. This increase was primarily due to the addition of a new showroom and an increase in diamond prices; and

- Our inventory of other products increased by ₹ 39.88 million in Fiscal 2011 compared with a decrease of ₹ 21.25 million in Fiscal 2010. This increase was primarily due to the addition of a new showroom.

Employee Benefits Expenses

Our employee benefits expenses increased by 31.88% from ₹ 307.22 million in Fiscal 2010 to ₹ 405.16 million in Fiscal 2011. This increase was due to an increase in the number of our employees, which increased from 824 as at March 31, 2010 to 972 at March 31, 2011, as well as a general increase in salaries, wages and bonus to existing employees. As a percentage of total revenue, employee benefits expenses decreased from 3.48% of total revenue in Fiscal 2010 to 3.39% of total revenue in Fiscal 2011.

Other Expenses

Other expenses increased by 20.42% from ₹ 503.61 million in Fiscal 2010 to ₹ 606.47 million in Fiscal 2011. This increase was primarily the result of a 22.94% increase in advertisement and sales promotion expenses, which increased from ₹ 254.41 million in Fiscal 2010 to ₹ 312.76 million in Fiscal 2011. As a percentage of revenue from operations, advertisement and sales promotion costs decreased from 2.87% in Fiscal 2010 to 2.62% in Fiscal 2011. As a percentage of total revenue, other expenses decreased from 5.69% of total revenue in Fiscal 2010 to 5.08% of total revenue in Fiscal 2011.

Finance Charges

Finance charges increased by 16.37% from ₹ 196.08 million in Fiscal 2010 to ₹ 228.17 million in Fiscal 2011. This increase was primarily the result of a ₹ 29.84 million or 15.22% increase in bank interest, which was due to an increase in the amount of debt outstanding and by an increase in interest rates on our debt. Our total debt outstanding was ₹ 2,156.20 million as at March 31, 2011, compared with ₹ 2,032.40 million as at March 31, 2010. As a percentage of total revenue, finance charges decreased from 2.22% of total revenue in Fiscal 2010 to 1.91% of total revenue in Fiscal 2011.

Depreciation

Depreciation increased by 30.45% from ₹ 30.74 million in Fiscal 2010 to ₹ 40.10 million in Fiscal 2011. This increase was primarily due to depreciation on the 17,739 sq. ft. factory built in Kandavali, Mumbai used by Tribhovandas Bhimji Zaveri (Bombay) Limited to manufacture diamond-studded jewellery and gold ornaments and coins for the Company, which was substantially completed by the end of the third quarter of Fiscal 2011, and the depreciation on Oracle E-Business Suite software bought during the year. As a percentage of total revenue, depreciation decreased from 0.35% of total revenue in Fiscal 2010 to 0.34% of total revenue in Fiscal 2011.

Profit Before Tax

As a result of the foregoing, profit before tax increased by 144.05% from ₹ 247.86 million in Fiscal 2010 to ₹ 604.91 million in Fiscal 2011. Our profit before tax increased from 2.80% of total revenue for Fiscal 2010 to 5.06% of total revenue for Fiscal 2011.

Tax Expense

Our tax expense increased by 155.67% from ₹ 78.50 million in Fiscal 2010 to ₹ 200.70 million in Fiscal 2011. This increase was primarily due to an increase in our profit before tax.

As a percentage of profit before tax, our tax expense in Fiscal 2011 was 33.18% compared with the statutory tax rate of 33.22%. The difference was primarily attributable to the disallowance of incremental provisions for retirement benefits and provision for ESOP, which was partly offset by the deduction of ₹ 27.27 million under section 80IB of the Income Tax Act.

As a percentage of profit before tax, our tax expense in Fiscal 2010 was 31.67% compared with the statutory tax rate of 33.99%. The difference was attributable to the deduction of ₹ 17.46 million under section 80IB of the Income Tax Act, which was partly offset by the disallowance of incremental provisions for retirement benefits and lease rentals.

Profit after Taxation

As a result of the foregoing, our profit after taxation increased by 138.67% from ₹ 169.36 million in Fiscal 2010 to ₹ 404.21 million in Fiscal 2011. As a percentage of total revenue, profit after taxation increased from 1.91% of total revenue in Fiscal 2010 to 3.38% of total revenue in Fiscal 2011.

Fiscal 2010 Compared to Fiscal 2009

Significant Events

The following significant events occurred in Fiscal 2010, each of which had an impact on our results of operations for the period:

- One new showroom was opened at Basheer Bagh, Hyderabad in October 2009;
- Fiscal 2010 was the first full year of operations of five showrooms opened during Fiscal 2009; and
- Increases in gold prices - the closing market price for gold in Mumbai increased from ₹ 1,513.30 per gram as at March 31, 2009 to ₹ 1,632.34 per gram as at March 31, 2010, a 7.87% increase. The high and low closing market price for gold in Mumbai in Fiscal 2010 was ₹ 1,827.21 per gram and ₹ 1,406.67 per gram, respectively. (Source: NCDEX).

The following significant events occurred in Fiscal 2009, each of which had an impact on our results of operations for the period:

- We opened five new showrooms. one in Vijayawada, Andhra Pradesh in May 2008; one in Ahmedabad, Gujarat in May 2008; one in Indore, Madhya in June 2008; one in Kochi, Kerala in August 2008; and one in Pune, Maharashtra in October 2008;
- Fiscal 2009 was the first full year of operations of two showrooms opened during Fiscal 2008; and
- Increases in gold prices - the closing market price for gold in Mumbai increased from ₹ 1,215.00 per gram as at March 31, 2008 to ₹ 1,513.30 per gram as at March 31, 2009, a 24.55% increase. The high and low closing market price for gold in Mumbai in Fiscal 2009 was ₹ 1,575.00 per gram and ₹ 1,123.80 per gram, respectively. (Source: NCDEX).

Income

Our total revenue increased from ₹ 6,688.77 million in Fiscal 2009 to ₹ 8,852.52 million in Fiscal 2010.

Revenue from Operations

Revenue from operations increased by 32.32% from ₹ 6,687.43 million in Fiscal 2009 to ₹ 8,848.95 million in Fiscal 2010. This increase was primarily due to the significant events discussed above. Same store sales operating for a full Fiscal Year increased by 24.16% from ₹ 5,238.16 million in Fiscal 2009 to ₹ 6,503.57 million in Fiscal 2010.

A breakdown of revenue from operations by product type is set forth below:

- Sales of gold jewellery increased by 35.56% from ₹ 4,796.17 million in Fiscal 2009 to ₹ 6,501.88 million in Fiscal 2010. This increase was due to a 24.29% increase in the average price of gold per gram sold, from an average price of ₹ 1,379 per gram in Fiscal 2009 to an average price of ₹ 1,714 per gram in Fiscal 2010, and a 9.02% increase in the volume of gold sold, from 3,478,771 grams in Fiscal 2009 to 3,792,453 grams in Fiscal 2010;
- Sales of diamond-studded jewellery increased by 23.15% from ₹ 1,553.34 million in Fiscal 2009 to ₹ 1,912.90 million in Fiscal 2010. This increase was due to a 16.55% increase in the volume of diamonds sold, from 35,416 cts. in Fiscal 2009 to 41,276.11 cts. in Fiscal 2010 and a 5.71% increase in the average price of diamonds, from ₹ 43,841.22 per ct. in Fiscal 2009 to ₹ 46,344 per ct. in Fiscal 2010; and
- Sales of all other products increased by 28.48% from ₹ 337.91 million in Fiscal 2009 to ₹ 434.17 million in Fiscal 2010.

Other Income

Other income increased from ₹ 1.34 million in Fiscal 2009 to ₹ 3.57 million in Fiscal 2010. This increase was primarily the result of an increase in bank interest from ₹ 1.34 million in Fiscal 2009 to ₹ 3.42 million in Fiscal 2010.

Expenditure

Our total expenditure before taxation, including depreciation, increased by 36.65% from ₹ 6,536.27 million in Fiscal 2009 to ₹ 8,604.66 million in Fiscal 2010. This increase was primarily due to the significant events discussed above. As a percentage of total revenue, our total expenditure including depreciation and finance charges but before taxation decreased from 97.72% of total revenue in Fiscal 2009 to 97.20% of total revenue in Fiscal 2010.

Cost of materials consumed

The cost of materials consumed increased by 32.81% from ₹ 5,217.05 million in Fiscal 2009 to ₹ 6.931.43 million in Fiscal 2010. A breakdown of materials consumed by product type is set forth below:

- Cost of materials consumed for gold jewellery manufactured increased by 33.53% from ₹ 4,000.20 million in Fiscal 2009 to ₹ 5,341.63 million in Fiscal 2010. This increase was due to an increase in the volume of gold sold and an increase in the price of gold;

- Cost of diamond-studded jewellery manufactured increased by 134.30% from ₹ 294.84 million in Fiscal 2009 to ₹ 690.82 million in Fiscal 2010. This increase was due to an increase in the volume of diamonds sold and an increase in the average cost of diamonds; and

- Cost of all other products manufactured decreased by 2.50% from ₹ 922.02 million in Fiscal 2009 to ₹ 898.98 million in Fiscal 2010. This increase was due to a change in the product mix sold.

Purchase of Traded Goods

Purchase of traded goods decreased by 7.57% from ₹ 1,315.51 million in Fiscal 2009 to ₹ 1,215.58 million in Fiscal 2010. A breakdown of purchases of traded goods by product type is set forth below:

- Purchase of traded gold jewellery increased by 42.84% from ₹ 328.11 million in Fiscal 2009 to ₹ 468.66 million in Fiscal 2010. This increase was due to an increase in the volume of gold sold and an increase in the price of gold;

- Purchase of traded diamond-studded jewellery decreased by 20.67% from ₹ 847.67 million in Fiscal 2009 to ₹ 672.44 million in Fiscal 2010. This decrease was due to a decrease in the volume of traded diamond-studded jewellery sold as we sold more of our subsidiary's manufactured diamond-studded jewellery in Fiscal 2010 compared with Fiscal 2009; and

- Purchase of all other traded products decreased by 46.69% from ₹ 139.73 million in Fiscal 2009 to ₹ 74.49 million in Fiscal 2010. This decrease was due to a change in the product mix sold.

Change in Inventories of Finished Goods and Traded Goods

Our inventories of finished goods and traded goods increased by 26.49% less in Fiscal 2010 compared with Fiscal 2009, from an increase of ₹ 789.05 million in Fiscal 2009 to an increase of ₹ 580.00 million in Fiscal 2010. A breakdown of the increase of our inventories of finished goods and traded goods by product is set forth below:

- Our inventory of gold jewellery increased by ₹ 468.82 million in Fiscal 2010 compared with an increase of ₹ 551.36 million in Fiscal 2009. These increases were due to increases in the amount of gold jewellery in our inventory and also due to increases in the price of gold.

- Our inventory of diamond-studded jewellery increased by ₹ 132.42 million in Fiscal 2010 compared with an increase of ₹ 165.78 million in Fiscal 2009. These increases were due to increases in the quantity of diamond jewellery in our inventory and also due to increases in diamond prices; and

- Our inventories of other products decreased by ₹ 21.25 million in Fiscal 2010 compared with an increase of ₹ 71.91 million in Fiscal 2009. The increase in Fiscal 2009 was due to addition of a Krsala brand showroom during Fiscal 2009, which was predominantly selling jadau jewellery, while the decrease in Fiscal 2010 was due to our decision to decrease our inventory of jadau jewellery on the realisation that the said inventory was too large.

Employee Benefits Expenses

Our employee benefits expenses increased by 16.25% from ₹ 264.28 million in Fiscal 2009 to ₹ 307.22 million in Fiscal 2010. This increase was due to an increase in the number of our employees, which increased from 794 as at March 31, 2009 to 824 at March 31, 2010, as well as a general increase in salaries, wages and bonus to existing employees. As a percentage of total revenue, employee benefits expenses decreased from 3.47% of total revenue in Fiscal 2009 to 3.95% of total revenue in Fiscal 2010.

Other Expenses

Other expenses increased by 40.30% from ₹ 358.89 million in Fiscal 2009 to ₹ 503.61 million in Fiscal 2010. This increase was primarily the result of a 96.43% increase in advertisement and sales promotion expenses, which increased from ₹ 129.52 million in Fiscal 2009 to ₹ 254.41 million in Fiscal 2010. This increase was primarily due to the opening of one new store and the operation of five stores for a full Fiscal Year for the first time. As a percentage of revenue from operations, advertisement and sales promotion costs increased from 1.94% in Fiscal 2009 to 2.88% in Fiscal 2010. As a percentage of total revenue, other expenses increased from 5.37% of total revenue in Fiscal 2009 to 5.69% of total revenue in Fiscal 2010.

Finance Charges

Finance charges increased by 39.82% from ₹ 140.24 million in Fiscal 2009 to ₹ 196.08 million in Fiscal 2010. This increase was primarily the result of a ₹ 55.84 million or 39.82% increase in bank interest, which was due to an increase in the amount of debt outstanding and by an increase in interest rates on our debt. Our total debt outstanding was ₹ 2,032.40 million as at March 31, 2010, compared with ₹ 1,800.88 million as at March 31, 2009. As a percentage of total revenue, finance charges increased from 2.10% of total revenue in Fiscal 2009 to 2.22% of total revenue in Fiscal 2010.

Depreciation

Depreciation increased by 4.77% from ₹ 29.34 million in Fiscal 2009 to ₹ 30.74 million in Fiscal 2010. This increase was primarily the result of the purchase of part of the showroom at Punjagutta. As a percentage of total revenue, depreciation decreased from 0.44% of total revenue in Fiscal 2009 to 0.35% of total revenue in Fiscal 2010.

Profit before Tax

As a result of the foregoing, profit before tax increased by 62.53% from ₹ 152.50 million in Fiscal 2009 to ₹ 247.86 million in Fiscal 2010. Our profit before tax increased from 2.28% of total revenue for Fiscal 2009 to 2.80% of total revenue for Fiscal 2010.

Tax Expense

Our tax expense increased by 63.00% from ₹ 48.16 million in Fiscal 2009 to ₹ 78.50 million in Fiscal 2010. This increase was primarily due to an increase in our profit before tax.

As a percentage of profit before tax, our tax expense in Fiscal 2010 was 31.67% compared with the statutory tax rate of 33.99%. The difference was attributable to the deduction of ₹ 17.46 million under section 80IB of the Income Tax Act, which was partly offset by the disallowance of incremental provisions for retirement benefits and lease rentals

As a percentage of profit before tax, our tax expense in Fiscal 2009 was 31.58% compared with the statutory tax rate of 33.99%. The difference was primarily attributable to the deduction of ₹ 14.58 million under section 80IB of the Income Tax Act.

Profit after Taxation

As a result of the foregoing, our profit after taxation increased by 61.95% from ₹ 104.34 million in Fiscal 2009 to ₹ 169.36 million in Fiscal 2010. As a percentage of total revenue, profit after taxation increased from 1.56% of total revenue in Fiscal 2009 to 1.91% of total revenue in Fiscal 2010.

Standalone Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements. Our business requires a substantial amount of working capital to finance the purchase of gold, diamonds and other inventory. Our working capital requirements (i.e., current assets less the current liabilities, excluding short term borrowings) as at December 31, 2011 were ₹ 3,061.55 million. We avail the majority of our working capital from loans from various banks and our working capital loans (including cheques issued but not presented) as at December 31, 2011 were ₹ 1,908.22 million. Our working capital facilities consisted of an aggregate fund based limit of ₹ 1,880 million. Such financings could cause our debt to equity ratio to increase. Further, according to the circular dated December 30, 2010, the Reserve Bank of India has categorized jewellers as a high risk business and, as a result, banks are required to apply enhanced due diligence measures before granting loans. For further details of the working capital facilities currently availed by us, see the section titled “Financial Indebtedness” on page 263.

As at December 31, 2011, the Company had a total of ₹ 107.59 million of unsecured loans that were repayable on demand. For details, see the section titled “Financial Indebtedness - Unsecured loans” on page 266.

For details of how we intend to use the net proceeds of the Issue, see the section titled “Objects of the Issue” on page 74.

We believe that our cash flow from operations, the net proceeds of the Issue and our borrowings will be sufficient to provide us with the funds for our working capital and capital expenditure requirements for at least the next 12 months. In the future, as we expand our business, our capital needs will increase and we may need to raise additional capital through further debt finance and additional issues of Equity Shares.

Cash Flows

The following table sets forth selected items from our restated cash flow statement for the periods indicated:

(₹ in million)

	Nine months ended December 31, 2011	**Fiscal 2011**	**Fiscal 2010**	**Fiscal 2009**
Net cash generated from/(utilized in) operating activities	451.37	222.55	94.65	(529.13)
Net cash generated from/(utilized in) investing activities	(50.01)	(80.32)	(101.83)	(250.73)
Net cash generated from/(utilized in) financing activities	(300.08)	(80.18)	10.75	667.51
Net increase / (decrease) in cash and cash equivalents	101.28	62.05	3.57	(112.35)
Closing cash and cash equivalents at the end of the period	192.01	90.73	28.68	25.11

Net Cash Generated from/Utilized in Operating Activities

Net cash generated from operating activities in the nine months ended December 31, 2011 was ₹ 451.37 million and our operating profit before working capital changes for that period was ₹ 1,045.03 million. The difference was primarily due to a ₹ 824.86 million downward adjustment for an increase in inventories and a ₹ 190.99 million downward adjustment for income taxes paid (net of refunds), which was partially offset by a ₹ 345.11 million upward adjustment for an increase in other current liabilities.

Net cash generated from operating activities in Fiscal 2011 was ₹ 222.55 million and our operating profit before working capital changes for that period was ₹ 883.82 million. The difference was primarily due a ₹ 1,387.95

million downward adjustment for an increase in inventories and a ₹ 110.58 million downward adjustment for income taxes paid (net of refunds), which were partially offset by a ₹ 579.01 million upward adjustment for an increase in trade payables and a ₹ 364.46 million upward adjustment for an increase in other liabilities.

Net cash generated from operating activities in Fiscal 2010 was ₹ 94.65 million and our operating profit before working capital changes for that period was ₹ 471.29 million. The difference was primarily due to a ₹ 585.23 million downward adjustment for an increase in inventories and a ₹ 91.00 million downward adjustment for income taxes paid (net of refunds), which were partially offset by a ₹ 186.62 million upward adjustment for an increase in other liabilities and a ₹ 121.25 million upward adjustment for an increase in trade payables.

Net cash utilized in operating activities in Fiscal 2009 was ₹ 529.13 million and our operating profit before working capital changes for that period was ₹ 320.74 million. The difference was primarily due to a ₹ 812.75 million downward adjustment for an increase in inventories, a ₹ 63.20 million downward adjustment for a decrease in trade payables and other liabilities and a ₹ 53.78 million downward adjustment for income taxes paid (net of refunds), which was partially offset by, among other things, a ₹ 73.25 million upward adjustment for an increase in other current liabilities.

Net Cash Utilized in Investing Activities

In the nine months ended December 31, 2011, our net cash utilized in investing activities was ₹ 50.01 million, resulting primarily from the purchase of fixed assets of ₹ 56.76 million and ₹ 0.43 million from the purchase of investments, comprising the purchase of 40,000 equity shares of face value ₹ 10 each of Konfinaance Jewellery Private Limited for ₹ 0.40 million and the purchase of six shares in Tribhovandas Bhimji Zaveri (Bombay) Limited at a price of ₹ 4,490 per equity share for ₹ 0.03 million.

In Fiscal 2011, our net cash utilized in investing activities was ₹ 80.32 million, resulting primarily from the purchase of fixed assets of ₹ 84.88 million and ₹ 29.78 million from the purchase of non-current investments, including the purchase of 5,019 equity shares of ₹ 100 each of Tribhovandas Bhimji Zaveri (Bombay) Limited at a price of ₹ 4,030 per share amounting to ₹ 20.23 million. The Company subsequently sold five of the shares at its cost of acquisition. These were partially offset by the receipt of ₹ 30.00 million on the maturity of a bank fixed deposit made in Fiscal 2009.

In Fiscal 2010, our net cash utilized in investing activities was ₹ 101.83 million, resulting primarily from the purchase of fixed assets of ₹ 100.92 million.

In Fiscal 2009, our net cash utilized in investing activities was ₹ 250.73 million, resulting primarily from the purchase of fixed assets of ₹ 220.88 million and the investment of ₹ 30.00 million in a bank fixed deposit.

Net Cash Generated from/Utilized in Financing Activities

In the nine months ended December 31, 2011, our net cash utilized in financing activities was ₹ 300.08 million. This reflected interest paid of ₹ 236.23 million, repayments of short-term borrowings of ₹ 37.10 million and repayments of long-term borrowings of ₹ 26.75 million.

In Fiscal 2011, our net cash utilized in financing activities was ₹ 80.18 million. This reflected interest paid of ₹ 225.92 million, which was partially offset by offset by proceeds of short-term borrowings of ₹ 134.37 million and proceeds of long-term borrowings of ₹ 13.62 million.

In Fiscal 2010, our net cash generated from financing activities was ₹ 10.75 million. This reflected proceeds from short-term borrowings of ₹ 293.47 million, which was partially offset by interest paid of ₹ 196.08 million and repayments of long-term borrowings of ₹ 86.64 million.

In Fiscal 2009, our net cash generated from financing activities was ₹ 667.51 million. This reflected proceeds from short-term borrowings of ₹ 689.63 million and proceeds of long-term borrowings of ₹ 118.12 million, which were partially offset by interest paid of ₹ 140.24 million.

Standalone Indebtedness

As at December 31, 2011, our total outstanding debt was ₹ 2,065.38 million, comprising ₹ 29.81 million of long-term borrowings (i.e., repayable after one year or more), all of which was secured, and ₹ 2.035.57million of short-term borrowings (i.e., repayable within less than one year), comprising a ₹ 400.00 million working capital demand loan, two cash credit facilities totalling ₹ 1,508.23 million (all of which was secured), ₹ 65.64million in unsecured loans from directors of the Company and ₹ 42.73 million in unsecured loans from associates of the Company. All of the short-term borrowings were repayable on demand, except for ₹ 47.75 million of terms loans, which are repayable as per their terms prior to December 31, 2012.

Set forth below is table showing our repayment obligations under the terms of our ₹ 77.56 million of term loans outstanding as at December 31, 2011 for the periods indicated:

(₹ in million)

	Three months ending March 31, 2012	**Fiscal 2013**	**Fiscal 2014**	**After Fiscal 2014**
Term loans repayable	12.30	38.56	12.78	13.93

For further details on our secured loans, including the security for these loans and the debt covenants that we are bound by, see the section titled "Financial Indebtedness" on page 263.

Quantitative and Qualitative Disclosure about Market Risks

General

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

Interest Rate Risk

As at December 31, 2011, we had ₹ 2,065.38 million of debt, ₹ 1,937.32 million of which was subject to floating interest rates. Floating rate debt exposes us to market risk as a result of changes in interest rates. We undertake debt obligations to support capital expenditures, working capital needs, and general corporate purposes. Upward fluctuations in interest rates increase the cost of new debt and interest cost of outstanding variable rate borrowings, which may in turn adversely affect our results of operations.

We do not currently use any derivative instruments to hedge against or modify the nature of our debt so as to manage interest rate risk.

Commodity Price Risk

We are subject to market risks related to the volatility in the price of gold and diamonds, and to a lesser extent, platinum, silver and other precious stones. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for these materials, changes in the economy, worldwide production levels, worldwide inventory levels, disruptions in the supply chain and changes in government duties. We endeavour to buy the same Rupee value of gold at the end of each day that we sold across all of our showrooms that day. Therefore, if the price of gold increases we purchase less volume of gold compared with the volume of gold sold and vice versa. This practice helps to mitigate the risk of changes in gold prices. However, there is no assurance our gold purchasing practice will adequately protect us from price fluctuations in gold.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. However, the Institute of Chartered Accountants of India has announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS, pursuant to which we will be required to prepare their annual and interim financial statements under IFRS beginning with financial year commencing April 1, 2013. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting.

Significant Developments after December 31, 2011

Increases in Government Duties

Effective March 17, 2012 the Government further extended excise duty to non-branded jewellery at an effective rate of 0.3% on the value of the jewellery sold. In addition, the Government made the following increases to basic customs duty: gold bars other than tola bars from 2% to 4%; gold in any other form from 5% to 10%; platinum from 2% to 4%; and cut and polished coloured gemstones from nil to 2%, and increased countervailing duty on gold ores and concentrates from 1% to 2%. The Government had previously changed the basic customs duty on gold bars from ₹ 300 per 10 grams to 2% of the value with effect from January 17, 2012. When these duty increases were introduced they had an adverse impact on our sales but consumers are now getting used to paying these duties and we believe these duty increases will not have a long-term material adverse affect on our results of operations. In addition, the Finance Bill, 2012 proposes to impose tax collection at source at 1% of the sale consideration, if the sale is in cash and the sale consideration exceeds ₹ 200,000, with effect from July 1, 2012. If this tax is introduced we expect it to have a negative adverse effect on our results of operations in the short-term but in the long-term we believe consumers will get used to paying the tax and as such it would not have a material adverse effect on our results of operations in the long-term.

Temporary closure of our showrooms in protest against the imposition of new and increased duties

In protest against the imposition of excise duty on non-branded jewellery, increases in customs duties and the proposal to impose tax collection at source, the Gems and Jewellery Trade Federation called for a strike for the period from March 17, 2012 until April 7, 2012. All our showrooms were closed for a substantial period in the duration of the strike, as a result of which we earned less revenue than we otherwise would have, which will have an adverse effect on our results of operations for Fiscal 2012 and the three months ending June 30, 2012.

Transfer of our showroom in Pune to a larger premises

We moved the location of our showroom in Pune, Maharashtra, closing a showroom with a carpet area of 1,022 sq. ft on March 31, 2012 and opening a showroom with a carpet area of 3,059 sq. ft. on April 1, 2012, which gave us 14 showrooms with a total carpet area of 48,818 sq. ft.

Possible Purchase of a Property

The Company has 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 ₹ 260.00 million. 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 ₹ 0.5 million paid by the Company. In the event the Company goes ahead with the purchase of the property, it plans to fund the purchase with additional bank borrowings, for which preliminary sanctions have been received by the Company.

Except as stated above, there are no developments after December 31, 2011 that we believe are expected to have material impact on our reserves, profits, earnings per Equity Share or book value.

Unusual or infrequent events or transactions

Except as disclosed in this Red Herring Prospectus, to our knowledge there have been no unusual or infrequent events or transactions that have taken place since April 1, 2008.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as disclosed in this Red Herring Prospectus, to our knowledge there have been no significant economic changes that materially affected or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been impacted and we expect will continue to be impacted by the trends identified in this section and the uncertainties described in the section titled "Risk Factors" on page 11. To our knowledge, except as we have described in this Red Herring Prospectus, there are no other known factors which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Except as described in this section and in the sections titled "Risk Factors" and "Our Business" on pages 11 and 111, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices

The extent to which material increases in net sales or revenue are due to increased sale volume, introduction of new products or services or increased sales prices is discussed in this section above.

Significant regulatory changes that materially affected or are likely to affect income from continuing operations

Except as described in the section titled "Regulations and Policies" on page 124, there have been no significant regulatory changes that have materially affected or are likely to affect our income from continuing operations.

Status of any publicly announced new products or business segment

We have not recently announced any new products or business segments.

The extent to which our business is seasonal

Our industry has seasonal increases and decreases in revenues and profitability, corresponding with weddings and festivals. Historically, the descending order of revenue and profitability has generally been the third quarter, first quarter, fourth quarter and second quarter. We offer increased discounts and promotions in those quarters when there are fewer weddings and no important festivals in order to increase revenue. The effect of seasonality is expected to further decrease with greater geographical diversification.

Any significant dependence on a single or few suppliers or customers

We are not dependent on a single or few suppliers or customers.

Competitive conditions

The Indian retail jewellery industry is highly fragmented and dominated by the unorganized sector, from which the organized retail jewellery sector faces intense competition. The players in the unorganized sector offer their products at highly competitive prices and many of them are well established in their local area. We also compete against organised national, regional and local players. For further details, see the section titled "Business-Competition" on page 121.

FINANCIAL INDEBTEDNESS

Details of Secured Loans

The details of the secured loans of the Company are as follows:

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in ₹ million)	Amount outstanding as of February 29, 2012 (in ₹ million)	Interest (per annum)	Tenure	Repayment	Margin (%)	Prepayment	Security
1.	State Bank of India	Sanction letter dated December 20, 2005 and as amended by sanction letter dated February 5, 2010 and May 13, 2010 and March 22, 2011[*]	Sanctioned:1,400.00)	1,328.44	4.50% above SBAR (present effective rate 14.75%) with monthly rests	Renewal due on March 14, 2013	Repayable on demand	25.00	Not applicable	Please see Note 1 below
		Sanction letter dated September 30, 2008 and renewed by March 22, 2011 (Term loan[#])	Sanctioned: 36.10 (Originally sanctioned: 140.00) Availed: 120.59	29.92	SBAR with minimum 13.75% p.a (present effective rate 15.75%)	Renewal due on March 14, 2013	Repayable in 45 instalments ending in June 2013	28.20	Not applicable	Please see Note 1 below
		Credit facility application dated 14th December, 2011	Sanctioned: 1.20 Availed: 1.20	1.17	11.25	5 years	60 monthly instalments starting January 2012	-	If repaid, within 12 months of activation, the prepayment charges shall be 2%	Please see note 3 below
2.	HDFC Bank Limited	Sanction letter dated September 5, 2008 for cash credit or	Sanctioned: 480 Availed: 480	462.79	Working capital facility -The rate of interest shall be specified for	Working Capital facility - 30 days to 90	Working capital is repayable as bullet payment at	25% of inventory and book debts (excluding	Not applicable	Please see Note 2 below

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in ₹ million)	Amount outstanding as of February 29, 2012 (in ₹ million)	Interest (per annum)	Tenure	Repayment	Margin (%)	Prepayment	Security
		working capital facility and revised by sanction letter dated February 19, 2010 and March 1, 2011			each tranche at the time of disbursement (presently 13. 50%) Cash credit- Bank PLR of 14.00% p.a.	days	the time of maturity Cash Credit is repayable on demand	obsolete stock & debtors ageing more than 120 days)		
		Sanction letter dated May 7, 2010 and loan agreement dated June 4, 2010*	Sanctioned: 44 Availed: 44	31.52	13.50%	5 years	60 equated monthly instalments starting from July 2010	25% of project cost	Not applicable	Please see Note 2 below
		Credit facility application dated April 5, 2011	Sanctioned: 2.48 Availed: 2.48	1.78	9.90	3 years	35 equated monthly instalments starting from April 2011	-	Prepayment charges of 3% of principal outstanding amount. If repaid, within 12 months of activation, the prepayment charges shall be 6%	Please see note 3 below
		Credit facility application dated November 5, 2011	Sanctioned: 0.92 Availed: 0.92	0.82	10.75	3 years	36 monthly instalments starting November 2011	-	Prepayment charges of 3% of principal outstanding amount. If repaid, within 12	Please see note 3 below

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in ₹ million)	Amount outstanding as of February 29, 2012 (in ₹ million)	Interest (per annum)	Tenure	Repayment	Margin (%)	Prepayment	Security
									months of activation, the prepayment charges shall be 2%	
3.	BMW Financial Services, India	Credit facility application dated May 12, 2011	Sanctioned: 2.87 Availed: 2.87	2.14	10.75	3 years	36 monthly instalments starting June 2011	-	Prepayment charges of 3% of principal outstanding amount If repaid, within 12 months of activation, the prepayment charges shall be 2%	Please see note 3 below
		Credit facility application dated December 22, 2010	Sanctioned: 3.50 Availed: 3.50	2.13	8.69	3 years	36 monthly instalments starting January 2011	-	Prepayment charges of 3% of principal outstanding amount If repaid, within 12 months of activation, the prepayment charges shall be 2%	Please see note 3 below

** Recallable on demand*

 # The two term loans granted to the Company have been merged and revised into a single loan pursuant to the sanction letter dated March 22, 2011

***Note:** Subsequent to February 29, 2012, the Company has received preliminary sanction letters for various facilities from certain banks but as of the date of this Red Herring Prospectus no formal loan documents have been entered into.*

Note:

1. The facilities provided by State Bank of India are secured by:
   - Hypothecation over the Company's stocks of raw materials, work-in-progress, finished goods, receivables and the current assets on pari passu basis.
   - Equitable mortgage of plot in Kandivalli and hypothecation of fixed assets to be purchased.
   - Equitable mortgage of the showroom in Surat and hypothecation of the fixed assets to be purchased there.
   - Collateral security: Equitable mortgage on the showroom in Zaveri Bazar and lien on the fixed deposits of the Company.
   - Personal Guarantees given by Promoters.
2. The facilities provided by HDFC Bank Limited are secured by:
   - First *pari passu* charge by way of hypothecation on the Company's stocks.
   - First *pari passu* charge on the entire fixed assets of the Company and its properties located at 241/43, Zaveri Bazar, Mumbai.
   - Exclusive charge on the property located at premises no.11, Ground Floor, Regency House, Green Lands Road, Panjagutta, Hyderabad 500 08.
   - First exclusive charge on the fixed assets of the Company located at Santacruz.
   - Exclusive charge on the property located at Nariman Point to be purchase through the facility.
   - Unconditional and irrevocable personal guarantee of the Promoters along with chartered accountant certified net worth statement.
3. The facilities provided by State Bank of India, HDFC Bank Limited and BMW Financial Services Private Limited are secured by:
   - Hypothecation of the vehicles purchased by utilising the credit facility

Corporate Actions

Certain corporate actions, for which the Company requires the prior written approval of the lenders, *inter alia* include:

1. Change in capital structure.
2. Implement any scheme of expansion/ modernisation/ diversification renovation or acquire any fixed assets during any accounting year.
3. Formulate any scheme of amalgamation or re-construction.
4. Undertake guarantee obligations on behalf of any other company, firm or person.
5. Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.
6. Make drastic changes in their management set up.
7. Create further charge, lien or encumbrance over the assets and properties of the Company charged to the bank in favour of any other bank, financial institutions, company, firm or persons.
8. Sale, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank.

Unsecured loans

The Company has the following unsecured loans and all unsecured loans are payable on demand:

(Amount in ₹ million)

S.No	Particulars	Amount
1.	Shrikant Zaveri	75.78

S.No	Particulars	Amount
2.	Raashi Zaveri	20.02
3.	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	1.63
4.	Tribhovandas Bhimji Zaveri Jewellers (TBZ) Private Limited	1.63
5.	Super Traditional Metal Crafts (Bombay) Private Limited	24.70
	Total	**123.75**

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, its Promoters, its Directors, its Subsidiaries, there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, its Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company, its Promoters, its Directors, its Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchange against the Company, its Promoters, its Directors, its Subsidiaries. The Company, its Promoters, its Directors, its Subsidiaries have not been detained as wilful defaulters by the RBI or any government authority and there have been no violation of securities laws in the past or any proceeding involving the violation of securities laws pending against them.

The Company does not owe any small scale industries any amounts exceeding ₹ 100,000.

For details of contingent liabilities of the Company and its Subsidiaries, refer to the financial statements of the Company and the Subsidiaries on page 156.

A. Litigation involving the Company

Litigation against the Company

Property proceedings

1. The Company had applied for permission under Section 342 of the Mumbai Municipal Corporation Act, 1888 (“BMC Act”) from the commissioner for internal and external plastering for the property situated at 241/243, Shaikh Memon Street, Zaveri Bazar, Bombay and the approval was granted by the authorities. Subsequently, a notice dated October 16, 1987 was issued under Section 354A of the BMC Act instructing the Company to stop the unauthorised construction on the property. The Company submitted a regularisation proposal. However, on January 22, 1990 a notice alleging further unauthorised construction was issued by deputy municipal commissioner (zone I) to the Company. Pursuant to a hearing, the deputy municipal commissioner passed an order of demolition under Section 351 of the BMC Act which was challenged before the Bombay City Civil Court in suit no. 2690 of 1990. The suit was allowed to be withdrawn and the matter was remanded to the deputy municipal commissioner. The deputy municipal commissioner passed an order for demolition of the building and order was challenged before the City Civil Court in suit no. 4336 of 1997. The appeal was dismissed by the City Civil Court by an order dated March 22, 2005 and the order has been challenged before the High Court of Bombay in appeal no. 1439 of 2005. The matter is pending.

Labour proceedings

1. An application has been filed by N. Sruthi under Section 48 of the Andhra Pradesh Shops and Establishment Act, 1988 alleging that she was terminated from her employment without due procedure being followed. A notice was issue by Assistant Commissioner of Labour, Vijayawada and the Company has filed a written statement replying to the allegations made in the application. The matter is pending.

Tax Proceedings

1. The Commercial Tax Officer, Kerala Value Added Tax Circle IV, Ernakulum has issued a notice of demand under the Kerala Value Added Tax Rules, 2005, dated October 11, 2010 for the year 2009-2010 for the payment of ₹ 4,979,320. The Company filed an appeal before the Commissioner of Sales Tax (Appeal), Ernakulam. The matter has been heard and the Company is awaiting the order.

2. The Company, at the time of conducting the business through a partnership, received a notice on August 11,

2003 from the income tax department dated May 30, 1991 and July 26, 1991. A complaint dated March 27, 1991 has been filed with the Chief Metropolitan Magistrate by the income tax department under section 276C and 271B of the I.T. Act for concealment and willful attempt to evade payment of tax. Previously, the income tax department had undertaken a search on September 21, 1982 and by order dated January 20, 1988 the department dropped the proceedings upon payment of the additional tax dues by the Company. The Company has filed a reply and the matter is pending.

3. In the course of our business, we routinely receive informal complaints from our customers which are replied to within a period of 15 days. Occasionally, these complaints are sent through legal notices. As of January 31, 2012, we have three complaints across our showrooms. The complaints are primarily concerned with price of product, methodology of billing, defects in products and deficiency of service.

4. The Company has filed an appeal dated December 28, 2011 before the Commissioner of Income Tax (Appeals) against an assessment order of the Additional Commissioner of Income Tax disallowing depreciation of ₹443,384 for motor car and motorcar expenses of ₹149,555 for the assessment year 2009-10. The matter is currently pending.

Notice against the Company

1. A notice dated July 23, 2010 has been issued by the professional tax officer against the Company to show cause for defaulting in the payment of dues under the Professional Tax Act, 1975 for the period from 2000-01 to 2009-10. The proceedings are yet to be initiated.

2. The Company along with Rajendra Nair has received a notice dated December 29, 2010 in relation to the showroom located at Unit 31, Connaught Place, Pune alleging that the building has not obtained the occupation certificate.

3. The Company had received a show cause notice from the income tax authorities in relation to non-payment of amount collected under tax deductable at source for the period of January 2011 to March 2011. Pursuant to Company's reply, the income tax department has issued a notice of demand dated April 27, 2011 to the Company demanding a payment of ₹ 1,883,170 within a period of 15 days from the date of the notice. The Company has replied to the notice of demand denying any liability to pay any additional amount. The matter has been heard and the order is awaited.

4. The Company has received a notice from the commissioner of income tax dated May 11, 2011 asking the Company to showcause for not submitting quarterly TDS statements for the Fiscal Year 2007-08, 2008-09 and 2009-10. The Company has replied to the notice stating that the filings have been filed under a TAN obtained pursuant to conversion of the partnership into a Company.

5. The Company has received a notice dated July 26, 2011 from the deputy commissioner of customs claiming payment of duty for a consignment cleared by the Company for 1% duty. The Company has made written submission dated August 19, 2011 to the commission explaining its case for non-payment of duty amounting to ₹ 64,216.65. The Company is awaiting a response from the deputy commissioner of customs.

6. The Company received a notice dated September 12, 2011 from the deputy commissioner of sales tax, Mazgaon in relation to the audit of the refund of ₹ 1,165,782 claimed by the Company in relation to the period from July 24, 2007 to March 31, 2008. The authority ordered for a refund audit to be conducted which was subsequently converted into an assessment. The matter is pending.

7. The Company has received a notice dated July 7, 2011 issued by the sales tax department, Cochin Branch, under section 82 of the Kerala Value Added Tax Act, 2003, requesting the Company to furnish details of contracts and purchases for the period 2007-08 to 2010-11. The Company has submitted the data to the Department dated November 19, 2011. The matter is currently pending.

8. A notice dated November 5, 2011 was received by the Company from the commercial tax officer, Ernakulam under section 67 of the Kerala Value Added Tax Rules, 2005 towards non-filing of annual return for the Fiscal 2010-11. The matter is pending.

9. The Company has received a notice dated November 30, 2011 from sales tax department, Indore for attending assessment proceedings in relation to the year 2009-10. The matter has been heard and the order is awaited.

10. The Company has received notice dated September 21, 2011 and June 21, 2011 issued by the sales tax department, Mumbai towards attending assessment proceedings in relation to the period from April 1, 2007 to July 31, 2007 and for refund audit for the Fiscal 2006-07. The Company has filed a reply dated October 14, 2011. The matter is pending.

11. The Company has received notice dated December 9, 2011 issued by the deputy commissioner of labour, Vijaywada for attending a joint meeting with all parties in relation to the non payment of salary and incentives to S.K.Karimulla and others. The matter is pending.

12. The Company has received notice of demand dated October 11, 2011 issued by the income tax commissioner under section 156 of the I.T. Act for the assessment year 2011-12. The Company has filed a reply dated November 7, 2011 to the income tax officer. The matter is pending.

13. Company has received notice dated November 28, 2011 issued by the income tax officer, Mumbai under section 274 read with section 271 and demand notice under section 156 of the I.T. Act for payment of ₹ 326,845 in the assessment year 2009-10. The matter is pending.

14. The Company has received a notice dated October 31, 2011 issued by the income tax officer, Mumbai under section 156 of the I.T. Act for the assessment year 2009-10 for payment of the sum of ₹ 252, 462.

15. The Company has received a demand notice dated July 20, 2011 issued by the income tax officer, Mumbai under section 156 of the I.T. Act for the assessment year 2011-12. The Company has filed replies dated September 13, 2011, November 7, 2011, February 23, 2012 and March 1, 2012.

16. The Company has received a demand notices dated January 21, 2011 issued by the income tax officer, Mumbai under section 200A of the I.T. Act for transactions in the financial year 2009-10. The Company has filed a reply dated February 24, 2011.

17. The Company has received notice dated February 14, 2012 issued by the income tax commissioner for the Fiscal 2010-11 asking the Company to show cause in relation to the default under section 201(1) and 201(1A) of the I.T. Act. Further, the Company has received a notice of demand dated March 30, 2012 under section 156 of the I.T. Act for the Fiscal 2010-11 for payment of ₹ 1,983,621 in view of transaction charges payable for transactions with HDFC Bank Limited (credit card collection charges).

18. The Company has received notices dated February 8, 2012 for the assessment period 2009-10 from deputy commissioner of sales tax, Surat under I.T. Act to show that the complete filings have been made for the assessment year.

19. The Company has received a show cause notice dated February 7, 2012 from the assistant commissioner of sales tax, Mumbai under the Professional Tax Act, 1975 for the financial year 2010-11 for default in filing returns and payment of tax. The matter is pending.

20. The Company has received a show cause notice dated February 14, 2012 issued by the income tax officer, Mumbai for default under section 201(1) and 201(1A) of the I.T. Act for non deduction of tax at source with respect to certain credit card payments for the Fiscal 2010-11.

21. The Company has received a notice of demand dated March 6, 2012 issued by the sales tax officer, Maharashtra under section 32 of the Maharashtra Value Added Tax, 2002 for non-filing of returns for the period April 1, 2008 to September 30, 2008.

22. The Company has received a notice of demand under section 156 of the I.T. Act dated March 31, 2012 issued by the income tax officer, Mumbai for the Fiscal 2009-10 for payment of ₹14,008 for non-deduction of the required tax to be deducted at source for transaction with Multi Commodity Exchange Limited and National Commodity Stock Exchange Limited.

23. The Company has received a notice of demand dated March 30, 2012 under section 156 of the I.T. Act for the Fiscal 2009-10 for payment of ₹ 21,538,319 in view of transaction charges payable for transactions with HDFC Bank Limited (credit card collection charges).

24. The Company has received a notice of demand dated March 31, 2012 under section 156 of the I.T. Act for the Fiscal 2007-08 for payment of ₹ 12,360 for non-deduction of the required tax to be deducted at source for transaction with Multi Commodity Exchange Limited and National Commodity Stock Exchange Limited.

Litigation by the Company

Criminal Proceeding

The Company supplied gold coins to various corporate entities of the Suzlon group through Ashok Mujumale, a representative of Suzlon Energy Limited. Subsequent to July 2009, the Company has not received any payments in relation to the gold coins delivered and the amount due was approximately ₹ 1,325,272. Upon the representative denying any liability to pay, the Company filed a first information report dated January 1, 2010 and suit before the City Civil alleging offence under sections 34, 406 and 420 of the Indian Penal Code. The Company has received a demand draft dated April 7, 2012 for ₹ 1,200,000 from Ashok Mujumale to settle the matter. Pursuant to the receipt of the amount, the Company has decided to withdraw the suit and is in the process of withdrawing the matter.

Tax Proceedings

1. The Company had filed its return of income for the assessment year 2006-2007 declaring an income of ₹ 23,483,335. The additional commissioner of income tax, by an order dated December 12, 2008, disallowed certain deductions claimed by the Company and assessed the total income of the Company for the assessment year 2006-2007 as ₹ 38,082,150. The Company subsequently filed an appeal (no. CIT(A) – 25/IT-223/14(1)/08-09) before the Commissioner of Income Tax (Appeals) challenging the order of the additional commissioner of income tax. The Commissioner of Income Tax (Appeals) had, by an order dated September 22, 2009 allowed deductions in respect of profits made by the Hyderabad unit of the Company. The deputy commissioner of income tax, Mumbai has filed an appeal (no. 6447/M/09) before the Income Tax Appellate Tribunal challenging the order of the Commissioner of Income Tax (Appeals). The matter is currently pending.

2. The Company had filed an application for compounded tax and it was permitted. By a notice dated January 21, 2010, the assessing authority enhanced the monthly compoundable tax payable from ₹ 1,352,083 per month to ₹ 1,679,730. In response, the Company filed a reply dated March 1, 2010 stating that it shall file an appeal against the enhancement of tax and requested that the proposal of the notice dated January 21, 2010 for revision of the compounding tax payable for the year 2009-2010 be kept pending till the disposal of the appeal. The assessing authority rejected the reply of the Company and confirmed the enhanced tax. The Company has filed an appeal before the commercial tax officer against the order of the assessing officer enhancing the compounded tax payable for the year 2009- 10. The matter is currently pending.

B. Litigation involving the Directors

I. Shrikant Zaveri

1. Shrikant Zaveri has received a notice dated February 24, 2012 from the income tax officer, Mumbai seeking clarification under section 133(6) of the Income Tax Act, 1961 for non-disclosure of PAN in relation to the payment of bills in the Fiscal 2009-10. The reply to the notice has been filed on March 6, 2012. The matter is pending.

2. Shrikant Zaveri has received a notice of demand dated March 14, 2012 from the assessing officer, Mumbai under section 156 of the I.T.Act for payment of ₹ 4310 as tax liability for non-payment of tax deducted at source for the assessment year 2008-09.

II. Ajay Mehta

1. The central bureau of investigation has filed a criminal case against Deepak Nitrate Limited, its managing

director, Ajay Mehta and others before the Special Court.5, Ahmedabad, in relation to obtaining ammonia at a discount from Krishak Bharati Cooperative Limited. Deepak Nitrate Limited and the others have filed an application for quashing the complaint before the Gujarat High Court. The matter is pending.

2. The assistant commissioner of income tax, Mumbai, has, pursuant to a search action conducted under section 132, passed orders dated December 29, 2011, against Ajay Mehta. He has filed for an appeal, rectification petition and stay of the orders before the Commissioner of Income Tax (Appeals), Mumbai. The matter is pending.

C. Litigation involving the Subsidiaries

I. Tribhovandas Bhimji Zaveri (Bombay) Private Limited ("TBZ Bombay")

Litigation against TBZ Bombay

TBZ Bombay had filed its return of income for the assessment year 2007-2008 declaring an income of ₹32,10,660. The assistant commissioner of income tax, Mumbai by an order dated December 24, 2009, disallowed certain deductions claimed by TBZ Bombay and assessed the total income of TBZ Bombay for the assessment year 2007-2008 as ₹ 47,92,130. TBZ Bombay subsequently filed an appeal before the commissioner of income tax (appeals) challenging the order of the assistant commissioner of income tax. The commissioner of income tax (appeals), through order dated December 9, 2010 allowed certain deductions while disallowing others. An the appeal dated March 5, 2012 has been filed by TBZ Bombay before the income–tax appellate tribunal, Mumbai. A demand notice dated March 27, 2012 has also been issued by the deputy commissioner of income tax under section 156 of the I.T. Act against TBZ Bombay for payment of ₹ 511, 350. The matters are currently pending.

Notices against TBZ Bombay

1. TBZ Bombay has received a notice from the joint commissioner of income tax, Mumbai dated March 6, 2012 requiring TBZ Bombay to showcause under section 271 (1)(c) of the I.T. Act in accordance with notice under section 274 of the I.T. Act for the assessment year 2006-07. The matter is currently pending.

2. TBZ Bombay has received a notice from the joint commissioner of income tax, Mumbai dated February 24, 2012 requiring TBZ Bombay to show cause under section 271 (1)(c) of the I.T. Act in accordance with notice dated December 24, 2009 under section 274 of the I.T. Act for the assessment year 2007-08. The matter is currently pending.

3. TBZ Bombay has received a demand notice from the assessing officer, income tax office, Mumbai dated November 8, 2011 under section 156 of the I.T. Act for the fiscal 2010-11 for payment of ₹ 2000. The matter is currently pending.

4. TBZ Bombay has received a show cause notice dated December 8, 2010 issued by the income tax officer, Mumbai under section 201(1)/201(1A) of the I.T. Act for the returns filed in relation to the payment of quarterly tax deducted at source for the Fiscal 2008-09. Pursuant to the TBZ Bombay's reply dated July 18, 2011 TBZ Bombay received another order dated March 5, 2012 from the assessing officer requiring payment of ₹ 46, 078 to be made within 30 days of receipt of notice. The matter is currently pending.

II. Konfiaance Jewellery Private Limited ("KJPL")

Notices against KJPL

1. KJPL has received a notice dated January 13, 2012 issued by the assistant commissioner, income tax, Bangalore under section 143(1) of the I.T. Act for the Fiscal 2011 in relation to non-payment of returns on income amounting to ₹ 20,140. The matter is currently pending.

D.Litigation involving the Group Companies

I. Tribhovandas Bhimji Zaveri Trading Company *("TBZTC")*

Notices against TBZTC

1. TBZTC has received a value added tax assessment notice and central service tax notice received on March 11, 2011 for the Fiscal 2008-09.

2. TBZTC has received a notice dated October 24, 2011 from sales tax department, Mumbai towards non-filing of audit report for the Fiscal 2008-09. TBZTC has replied to the notice through its letter dated December 8, 2011. TBZTC has received a reminder notices dated February 22, 2012 and March 21, 2012.

3. TBZTC has received two notices dated October 19, 2011 from sales tax department, Mumbai for non-filing of audit report for the Fiscal 2009-10. TBZTC has replied to the notices through letter dated December 9, 2011.

II. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited ("TBZJMPL")

Notices against TBZJMPL

4. TBZJMPL has received a show cause notice dated April 10, 2012 from the additional director general of police, Andhra Pradesh requesting information on the particulars of the Kalpavruksha Scheme and its legality. The matter is currently pending.

D. *Material Developments*

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 240.

GOVERNMENT APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for the present business of the Company, and except as mentioned below, no further approvals are required for carrying on the Company's present business.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue its business activities. The Company will also apply to the concerned governmental authorities for approvals as required to be obtained to continue the activities of the Company. Unless otherwise stated, these approvals are valid as of the date of this Red Herring Prospectus.

I. Approvals in relation to the Issue

Corporate Approvals

1. The Board of Directors has, pursuant to a resolution dated January 4, 2011, authorised the Issue, subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act.

2. The shareholders have, pursuant to a resolution dated January 5, 2011, under Section 81(1A) of the Companies Act, authorised the Issue.

Approval from the Stock Exchanges

1. In-principle approval from the BSE dated March 11, 2011.

2. In-principle approval from the NSE dated February 25, 2011.

Clarification from RBI

1. The Company has obtained a clarification dated August 31, 2010 from the RBI in relation to the investments by FIIs and NRIs in the Issue.

II. Approvals for the Company's business

The Company requires various approvals to carry on its business in India. The approvals that the Company requires include the following.

Approvals and Registrations in India

The Company

1. Registration cum membership certificate dated April 17, 2010 with the Gem and Jewellery Export Promotion Council

2. Trade license from Greater Hyderabad Municipal Corporation to commence trade in gold and silver from February 2, 2010

3. Certificate of licenses (including certificates issued pursuant to renewals) under Standards of Weights and Measures Act of different jurisdictions are as follows:

S. No	Date of certificate	Authority granting the certificate	Certificate number	Date of expiry
1.	November 18, 2011	Legal Metrology - Maharashtra	325970	November 18, 2012
2.	June 29, 2011	Legal Metrology - Maharashtra	308265	June 29, 2012
3.	August 18, 2011	Legal Metrology - Maharashtra	444499	August, 18, 2012

S. No	Date of certificate	Authority granting the certificate	Certificate number	Date of expiry
4.	June 22, 2011	Legal Metrology - Maharashtra	483689	June 22, 2012
5.	December 27, 2011	Legal Metrology - Maharashtra	325077	December 27, 2012
6.	October 18, 2011	Legal Metrology - Maharashtra	208587	October 18, 2012
7.	February 21, 2012	Legal Metrology - Maharashtra	780260	February 21, 2013
8.	January 27, 2012	Legal Metrology - Ahmadabad	25	January 26, 2013
9.	May 11, 2011	Legal Metrology - Surat	055	May 14, 2012
10.	March 25, 2011	Legal Metrology - Madhya Pradesh	48	March 24, 2012*
11.	November 24, 2011	Legal Metrology - Andhra Pradesh	496165	November 23, 2012
12.	October 18, 2011	Legal Metrology - Andhra Pradesh	19979	October 17, 2012
13.	July 7, 2011	Legal Metrology - Andhra Pradesh	092212	July 19, 2012
14.	July 18, 2010	Legal Metrology - Kerala	1620/2011	July 18, 2012
15.	July 27, 2011	Legal Metrology – Rajkot	35/39	July 27, 2012
16.	December 27, 2011	Legal Metrology - Maharashtra	318217	December 27, 2012

** Application dated March 21, 2012 has been made to the Office of Weight and Measurement Controller Madhya Pradesh for renewal of the license*

4. Certificate of establishment received under the Shops and Establishment Act of different jurisdictions are as follows:

S.No	Date of Certificate	Applicable legislation	License Number	Date of Expiry
1.	February 19, 2010	Andhra Pradesh Shops and Establishment Act, 1988	87/AJL/VJA	March 31, 2011*
2.	June 21, 2003	Bombay Shops and Establishment Act, 1948	RC015274/Shop I	December 31, 2014
3.	June 21, 2003	Bombay Shops and Establishment Act, 1948	RC015275/Shop I	December 31, 2014
4.	September 26, 2006	Bombay Shops and Establishment Act, 1948	HW011578/Shop I	December 31, 2014
5.	October 25, 2004	Bombay Shops and Establishment Act, 1948	NO11001/Shop I	December 31, 2014
6.	January 20, 2010	Bombay Shops and Establishment Act, 1948	760121515/Commercial II	December 31, 2012
7.	November 11, 2009	Bombay Shops and Establishment Act, 1948	C002547/ Shop I	December 31, 2014
8.	August 10, 2007	Bombay Shops and Establishment Act, 1948	S-57908	December 31, 2012
9.	January 23, 2008	Bombay Shops and Establishment Act, 1948	SWZ/S/ATWA/604312	December 31, 2013
10.	July 3, 2008	Bombay Shops and Establishment Act, 1948	PII/JOD/05/0000024	December 31, 2013
11.	September 24, 2008	Bombay Shops and Establishment Act, 1948	0213578	December 31, 2013
12.	May 18, 2011	Kerala Shops and Establishment Act	2031	March 31, 2012**
13.	April 9, 2010	Madhya Pradesh Shops and Establishment Act, 1958	8354/I/S/2010	December 31, 2014

S.No	Date of Certificate	Applicable legislation	License Number	Date of Expiry
14.	November 11, 2011	Bombay Shops and Establishment Act, 1948	6828	December 15, 2012

** Company is in the process of filing an application to the Municipal Corporation of Vijayawada for the renewal of the license. Further, the Company is in the process of obtaining the approval for the new showroom at Pune.*

*** Application dated February 25, 2012 has been made to the Municipal Corporation of Cochin for the renewal of the license*

Trade licenses under the Andhra Pradesh Shops and Establishment Act, 1988

Date of Certificate	Authority	Showroom location	License Number	Date of expiry
July 15, 2011	Greater Hyderabad Municipal Corporation	Basheer Baug	94634/HL/GHMC/2011	March 31, 2012*
July 15, 2011	Greater Hyderabad Municipal Corporation	Punjagutta	94196/HL/2011	March 31, 2012*
April 29, 2011	Vijayawada Municipal Corporation	Vijayawada	23-595-1249	March 31, 2012**

** The company is in the process of filing an application to the Municipal Corporation of Greater Hyderabad*

***Application dated December 29, 2010 has been made to the Municipal Corporation of Vijayawada for renewal of the license*

Tribhovandas Bhimji Zaveri (Bombay) Private Limited

- Approval bearing factory permit number 785010031 dated and renewed on dated February 11, 2010 granted to Mayur Choksi, as permit holder, under Section 390 of the Mumbai Municipal Corporation Act, 1888 by the Assistant Commissioner of greater Mumbai to establish and run the factory of Tribhovandas Bhimji Zaveri (Bombay) Private Limited with an area of 385.73 sq. m. and an aggregate power of 100.50 HP at Kandivilli. The approval is valid upto March 31, 2021.

- Acknowledgment dated April 27, 2010 for the filing of industrial entrepreneur memorandum in relation to the setting up of a factory for the manufacture of studded jewellery and coins of a total capacity of 100 kilogram issued by the Deputy Director of Industries (MMR).

- License for the establishment of factory bearing no. 091887 at Kandivalli dated May 9, 2009 issued by Industrial Safety and Heath, Maharashtra. The licence is valid upto December 31, 2010. An application for renewal has been filed on December 23, 2010 to the Director of Industrial Safety and Health.

Intellectual Property – Related Approvals

- The Company had applied for the registration of the trademark “Tribhovandas Bhimji Zaveri” by an application dated September 27, 1961 under the Trade and Merchandise Marks Act, 1958 and the mark was registered as trademark no. 204988.

- The Company has registered the trademark ‘TBZ Kalpvruksha Plan – Great jewellery easy installments’ under class 14 in respect of diamonds, pearls, gold and other precious stones, studded jewellery, precious metals, watches and watch bracelets by the certificate of registration dated January 18, 2011.

- The Company has registered the trademark “tbz – The original since 1864” under several classes such as class 12, 8 and 38 under the Trademarks Act, 1999 by certificates of registration dated December 7, 2009 and March 24, 2011.

Application

- The Company has filed an application dated December 23, 2010 for setting up of the new manufacturing facility at Kandivili, Mumbai.

- The Company has made an application dated December 3, 2010 for registration of the logo “tbz – The original since 1864 – Tribhovandas Bhimji Zaveri – Shrikant Zaveri Group” under class 14 and 35 of the Trademarks

Act, 1999.

Tax- Related and Other Approvals

(a) Described below are the permanent account number ("PAN"), tax deduction account number ("TAN") and other tax related details of the Company and its Subsidiaries.

The Company

- Importer Exporter Code No. 0388106972 issued on July 29, 1999 by the Joint Directorate General of Foreign Trade, Ministry of Commerce, Government of India.
- Permanent Account Number – AACCT7182P
- Tax Deduction Account Number – MUMT14057B
- Certificate of Registration under the Central Sales Tax Act, 1956 and taxpayer identification number 27790633457C valid from November 5, 2007
- Certificate of Registration under the Maharashtra Value Added Tax Act, 2002 and taxpayer identification number 27790633457V valid from November 5, 2007
- Certificate of Registration under the Kerala Value Added Tax Act, 2003 and taxpayer identification number 32071828239C valid from March 2, 2008
- Certificate of Registration under the Andhra Pradesh Value Added tax Act, 2005 and tax-payer identification number 28126696165 valid from December 1, 2007
- PTRC Number under the Maharashtra State Tax on Professions Trade, Callings and Employment Act, 1975 – 27790633457P
- Custom Registration Number –S/20-16/2008ACC(B)
- Service Tax Number of the Company - AACCT7182PSD001 (effective from August 26, 2010)
- Application under Form A-1 dated March 20, 2012 for registration with the central board of excise and customs.

Tribhovandas Bhimji Zaveri (Bombay) Limited

- Importer Exporter Code No. 0396008712 issued on May 17, 1996 by the Joint Directorate General of Foreign Trade, Ministry of Commerce, Government of India
- Permanent Account Number – AAACT4893P

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution dated January 4, 2011 authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

The shareholders of the Company have authorised the Issue pursuant to a special resolution dated January 5, 2011 under Section 81(1A) of the Companies Act. The Board of Directors has, pursuant to its resolution dated April 12, 2012, approved this Red Herring Prospectus.

The Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated March 11, 2011 and February 25, 2011, respectively.

The Company has obtained a clarification dated August 31, 2010 from the RBI in relation to the investments by FIIs and NRIs in the Issue.

Prohibition by SEBI

The Company, its Promoters, its Directors, Promoter Group and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

None of the Directors are in any manner associated with the securities market. The companies, with which the Promoters, Directors or persons in control of the Company were or are associated as promoters, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Prohibition by RBI

Neither the Company nor its Promoters, the relatives of its Promoters (as defined under the Companies Act) or the Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority except as disclosed below:

Sanjay Asher, our independent Director, was on the board of Duck Tarpaulins Limited as an independent director for a period of five years from July 4, 1994 to July 1, 1998. Duck Tarpaulins Limited appears on the RBI list of wilful defaulters from January 1, 2002 to March 31, 2002 for default in payments of ₹ 28.60 million to ICICI Bank Limited. He resigned from Duck Tarpaulins Limited with effect from July 1, 1998 and he is in no manner connected or dealing with Duck Tarpaulins Limited since his resignation.

Sanjay Asher was also on the board of Asian Electronics Limited as an independent director from December 23, 2006 to November 5, 2008. Asian Electronics Limited appears on the RBI list of wilful defaulters from March 31, 2008 to December 31, 2009 for default in payments of ₹ 24.7 million to Global Trade Finance Limited. He resigned from Asian Electronics Limited with effect from November 5, 2008 and is in no manner connected or dealing with Asian Electronics Limited since his resignation.

There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26 (1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

- The Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets.

- The Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of immediately preceding five years on a standalone basis, and has net profits on a consolidated basis for Fiscals 2010 and 2011. The Company did not have any Subsidiaries prior to Fiscal 2010..

- The Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of the Company; and

- The Company has not changed its name in the last one year.

The Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Red Herring Prospectus as at, and for the last five years ended Fiscal 2011 are set forth below:

(*In ₹ million*)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Distributable profits- Standalone(1)	404.21	169.36	104.34	74.95	74.54
Distributable profits- Consolidated(1)	400.29	169.23	-	-	-
Net worth(2)	1,088.82	684.61	515.25	60.91	2.00
Net tangible assets(3)	3,217.18	2,717.01	2,316.13	1,359.50	905.94
Monetary assets(4)	85.99	58.68	55.11	137.46	47.30
Monetary assets as a percentage of the net tangible assets	2.67%	2.16%	2.38%	10.11%	5.22%

(1) *'Distributable Profits' have been defined in terms of Section 205 of the Companies Act.*

(2) *'Net Worth' has been defined as the aggregate of equity share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditures, if any.*

(3) *'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India*

(4) *Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.*

Further, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted shall not be less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs, out of which 5% (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY

ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2011 WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (IN CASE OF A BOOK BUILT ISSUE) / DRAFT PROSPECTUS (IN CASE OF A FIXED PRICE ISSUE) / LETTER OF OFFER (IN CASE OF A RIGHTS ISSUE) PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

    (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

    (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

    (C) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD /**

TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.**

    AS THE OFFER SIZE IS MORE THAN 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN THE VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE**

SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Mumbai at Maharashtra, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Caution - Disclaimer from the Company, the Directors and the BRLMs

The Company, its Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including the Company's website, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company, its Directors and officers nor any member of the Syndicate are liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The

Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, the Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with the Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Price Information of Past Issues handled by BRLMs

1. Price information of past issues handled by IDFC Capital

Sr. No.	Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	Adani Power Limited	30165.2	100.0	20-Aug-09	105.0	100.1	0.05%	15012.3	102.9	15666.6	103.2	16183.6	101.2	16886.4
2	Godrej Properties Limited	4688.5	530.0	5-Jan-10	510.0	534.6	0.86%	17686.2	510.0	17554.3	489.1	16780.5	477.4	16225.0
3	JSW Energy Limited	27000.0	100.0	4-Jan-10	102.0	100.8	0.75%	17558.7	119.3	17584.9	110.1	16780.5	109.7	16496.1
4	Man Infraconstruction Limited	1417.5	252.0	11-Mar-10	318.0	349.9	38.83%	5133.4	397.1	5205.2	358.8	5249.1	375.3	5339.7
6	SJVN Limited	10625.1	26.0	20-May-10	24.7	25.1	-3.46%	4947.6	24.7	5086.3	24.2	5000.3	24.1	5353.3
7	Jaypee Infratech Limited	22620.0	102.0	21-May-10	98.0	91.5	-10.34%	4931.2	83.5	5086.3	77.0	5078.6	86.3	5353.3
8	Engineers India Limited	9593.5	290.0	12-Aug-10	315.0	321.2	10.74%	18073.9	327.6	18409.4	328.7	18205.9	351.2	19208.3
9	Gujarat Pipavav Port Limited	5000.0	46.0	9-Sep-10	56.1	54.1	17.50%	5640.1	54.9	5980.5	61.0	5991.3	58.0	6135.9
10	Ashoka Buildcon Limited	2250.0	324.0	14-Oct-10	333.6	333.4	2.89%	20497.6	311.1	20303.1	305.4	20465.7	309.2	20309.7
11	VA Tech Wabag Limited	4725.9	1310.0	15-Dec-10	1500.0	1496.5	14.23%	5892.3	1540.7	5998.1	1554.9	6146.4	1501.0	5654.6
12	The Shipping Corporation Limited	11647.3	140.0	15-Dec-10	138.0	132.6	-5.29%	5892.3	131.2	5998.1	135.7	6146.4	121.2	5654.6
13	A2Z Maintenance & Engineering Limited	7762.5	400.0	23-Dec-10	390.0	328.9	-17.78%	19982.9	327.4	20561.1	302.9	19534.1	301.7	19151.3

Source: www.bseindia.com, www.nseindia.com for the price information and prospectus for issue details

Notes:

i. In case of reporting dates falling on a holiday, values for the trading day immediately following the holiday has been considered

ii. Price information and benchmark index values has been shown only for designation stock exchange for the issuer

iii. BSE is the designated stock exchange for the issues listed as item 1, 2, 3, 8, 10 and 13. NSE is the designated stock exchange for the remaining issues mentioned in the table above.

2. Summary statement of price information of past issues handled by IDFC Capital

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Mn.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2009-10	4	63271.24	0	0	0	0	1	3	0	0	1	0	1	2
2010-11	8	74224.24	0	0	4	0	0	4	0	0	5	0	1	2
2011-12	Nil	0	0	0	0	0	0	0	0	0	0	0	0	0

3. Price information of past issues handled by Avendus

Sr. No.	Issue Name	Issue size (₹ Mn.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	IL&FS Transportation Network Limited	7,000	258	30-Mar-10	287	273.75	6%	17590.17	280.45	17933.14	272.1	17400.68	285.95	17503.47
2	Shree Ganesh Jewellery House Limited	3,710	260	09-Apr-10	258.85	163.25	-37%	17933.14	153.95	17400.68	132.45	17380.08	122.85	17330.55
3	Parabolic Drugs Limited	2,000	75	01-Jul-10	76	64.8	-15%	17509.33	61.5	17937.2	60.1	17878.14	54.5	17868.29
4	PTC India Financial Services Ltd	4,333	28 for QIBs & NIBs27 for Retail	30-Mar-11	28	24.9	-11%	19290.18	23.4	19451.45	21.95	19091.17	22.05	19292.02
5	Innoventive Industries Limited	2,174	117	13-May-11	110	93.6	-20%	18531.28	85.9	17993.33	90.35	18494.18	95.85	18266.03

Source: BSE website for pricing and prospectus of the respective companies for Issue Details

Notes:

i. In case the 10th, 20th or 30th calendar day from listing day falls on a holiday, the next trading day is taken for the purpose of providing share price and benchmark index data.

4. Summary statement of price information of past issues handled by Avendus

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Mn.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2009-10	1	7,000	0	0	0	0	0	1	0	0	0	0	0	1
2010-11	3	10,043	0	1	2	0	0	0	1	1	1	0	0	0
2011-12	1	2,174	0	0	1	0	0	0	0	0	1	0	0	0

Track record of past issues handled by BRLMs

In terms of the circular dated January 10, 2012 issued by SEBI, we confirm that none of the BRLMs to the Issue have managed any public issue of debt or equity securities which have been listed on or after January 10, 2012. Further, in terms of the circular, the BRLMs are required to disclose the track record for issues handled by them for the previous three years. The same shall be made available on the respective websites at www.idfccapital.com and http://www.avendus.com/Services/FinancialAdvisory/offerdocuments.aspx, respectively.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs applying under the "portfolio investment scheme" set out in the relevant schedules to the FEMA Regulations. This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this

Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the BSE

BSE has given vide its letter dated March 11, 2011, permission to the Company to use BSE's name in this Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or

(ii) warrant that the Company's securities will be listed or will continue to be listed on BSE; or

(iii) take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. NSE has given vide its letter ref.: NSE/LIST/159383-L dated February 25, 2011 permission to the Company to use NSE's name in this Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC at the Office of the Registrar of Companies, Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares, the BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, *i.e.,* from the date of refusal or within seven days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days of finalisation of the Bid/ Issue Closing Date.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers and Syndicate Members, Escrow Collection Bankers, Registrar , the Legal Advisor to the Issue, to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and SEBI Regulations, B S R and Co, Chartered Accountants, the Company's statutory auditors, have given their written consent dated April 12, 2012 to the inclusion of the report on the standalone and consolidated financial statement dated April 11, 2012 and statement of the tax benefits dated April 11, 2012 in the form and context in which it appears in this Red Herring Prospectus and such consent has not be withdrawn up to the time of submission of the Prospectus with ROC.

Experts to the Issue

Except the report of the Auditors dated April 11, 2012, provided by B S R and Co, Chartered Accountants, and the letter and rationale issued by CRISIL Limited on February 24, 2012 in respect of the IPO grading of this Issue annexed herewith to this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

Particulars	Amounts*	As % of total expenses	As a percentage of Issue Size
Lead merchant bankers (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrars to the Issue	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:			
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total Estimated Issue Expenses	[●]	[●]	[●]

* *Will be incorporated after finalisation of Issue Price*

Fees Payable to the BRLMs and the Syndicate

The total fees payable to the BRLMs and the Syndicate will be as per the letter of appointment issued by the Company, a copy of which is available for inspection at the Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar

The fees payable by the Company to the Registrar for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar dated January 22, 2011, a copy of which is available for inspection at the Registered Office of the Company from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

The Registrar will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the inception of the Company.

Particulars regarding public or rights issue during the last five years

The Company has not made any public or rights issue during the last five years.

Previous capital issue during the previous three years by listed Subsidiaries, Group Companies and associates of the Company

None of the Group Companies, associates or Subsidiaries of the Company is listed on any stock exchange.

Performance vis-à-vis objects – Public/ Rights Issue of the Company and/ or listed Subsidiaries, Group Companies and associates of the Company

The Company has not undertaken any previous public or rights issue.

None of the Group Companies, associates or Subsidiaries of the Company is listed on any stock exchange.

Previous issues of shares otherwise than for cash

Except as stated in the section titled “Capital Structure” on page 62, the Company has not issued Equity Shares for consideration otherwise than for cash.

Outstanding Debentures or Bonds

The Company does not have any outstanding debentures or bonds as of the date of this Red Herring Prospectus.

Outstanding Preference Shares

The Company does not have any outstanding preference shares as of the date of this Red Herring Prospectus.

Stock Market Data for the Equity Shares of the Company

This being an initial public offering of the Company, the Equity Shares of the Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar and the Company will provide for retention of records with the Registrar for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSBs where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances

The Company estimates that the average time required by the Company, or the Registrar or the SCSBs in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Shareholders/Investors Grievance Committee for the redressal of investor grievances. The constitution of the Shareholders and Investors Grievance Committee is as follows:

S.No	Name	Nature of Directorship
1.	Ajay Mehta	Independent Director
2.	Shrikant Zaveri	Managing Director
3.	Binaisha Zaveri	Whole-time Director
4.	Raashi Zaveri	Whole-time Director

The Company has also appointed Niraj Oza, Company Secretary of the Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Niraj Oza

228, Ground Floor
Mittal Chambers
Nariman Point
Mumbai 400 021

Tel: + 91 22 3073 5000
Fax: +91 22 3073 5088

Email: niraj.oza@tbzoriginal.com

Changes in Auditors in the last three years

B S R and Co, Chartered Accountants, the current statutory auditors of the Company, were first appointed as Statutory Auditors on March 20, 2009 for Fiscal 2009. The statutory auditors of the Company for Fiscal 2008 were K.M.Modi & Associates, Chartered Accountants.

Capitalisation of Reserves or Profits

The Company has not capitalised its reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 62.

Revaluation of Assets

The Company has not revalued its assets since incorporation.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association, the terms of this Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN, the listing agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and Memorandum and Articles of Association and shall rank *paripassu* with the existing Equity Shares of the Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see section titled “Main Provisions of the Articles of Association” on page 331.

Mode of Payment of Dividend

The Company shall pay dividends, if declared, to the shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles and the provision of the Listing Agreements.

Face value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreement executed with the Stock Exchanges, and the Company’s Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see section titled “Main Provisions of the Articles of Association” on page 331.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI Regulations, the trading shall only be in dematerialised form. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs, and advertised in all editions of English national daily Financial Express, all editions of Hindi national daily Janasatta and Mumbai edition of regional language newspaper Navshakti at least two Working Days prior to the Bid/ Issue Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or to the Registrar.

Further, any person who becomes a nominee shall, upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participants of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, the Company shall ensure that the number of prospective Allotees to whom Equity Shares will be Allotted shall not be less than 1,000.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an

exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable US state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdictions.

Arrangement for disposal of Odd Lots

There is no arrangement for the disposal of odd lots.

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares and Promoters minimum contribution in the Issue as detailed in the section titled “Capital Structure” on page 62, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transfers of debentures except as provided in the Articles of Association. There are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles of Association. For further details, see section titled “Main Provisions of the Articles of Association” on page 331.

ISSUE STRUCTURE

Issue of 16,666,667 Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million. The Issue will constitute 25% of the post-Issue paid-up capital of the Company.

The Issue is being made through the 100% Book Building Process.

	QIBs#	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Not more than 8,333,332 Equity Shares	Not less than 2500,001 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 5,833,334 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	Not more than 50% of the Issue Size being allocated. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 291,667 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 5,541667 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised	Compulsorily in	Compulsorily in

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders
	form.	dematerialised form.	dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, Mutual Funds registered with SEBI, FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million in accordance with applicable law, and National Investment Fund, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by Department of Posts, India.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members. (including for Anchor Investors[*#])[##]	Amount shall be payable at the time of submission of Bid cum Application Form.[##]	Amount shall be payable at the time of submission of Bid cum Application Form.[##]

[#] *The Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. For further details, see section titled "Issue*

Procedure" on page 297.

[##] *In case of ASBA Bidders, the SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the Bid cum Application Form.*

[*] Subject to valid Bids being received at or above the Issue Price. This Issue is being made in accordance with the SCRR, as amended and under the SEBI Regulations, where the Issue will be made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs, out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, would be met with spill-over from other categories at sole discretion of the Company, in consultation with the BRLMs and the Designated Stock Exchange.

[**] In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

[*#] Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event the Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Bid/ Issue Programme

BID OPENS ON[*]	April 24, 2012
BID CLOSES ON[**]	April 26, 2012

[*] *The Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date.*

An indicative timetable in respect of this Issue is set out below:

Event	Indicative Date
Bid/ Issue Closing Date	April 26, 2012
Finalization of basis of allotment with Stock Exchanges	May 3, 2012
Credit of Equity Shares to investors' demat accounts	May 5, 2012
Initiation of refunds	May 5, 2012
Commencement of trading	May 7, 2012

The above timetable is indicative and does not constitute any obligation on the Company or the BRLMs. Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Issue Period by the Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable law.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m**. (Indian Standard Time, "IST") during the Bid/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except on Bid/Issue Closing Date. On the Bid/ Issue Closing Date, the Bids (excluding the ASBA Bids) shall be accepted only between 10.00 p.m. and 3.00 p.m. (IST) and uploaded until (i) 4.00 p.m. (IST) in case of Bids by QIB Bidders and Non-Institutional Bidders, and (ii) until 5.00 p.m. (IST) or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders. It is clarified that the Bids not uploaded in the Book would be rejected.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the physical Bid cum Application Form of the Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder applying through ASBA process, the Registrar shall ask for rectified data from the SCSBs.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Bid/ Issue Closing Date. All times mentioned in this Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days, *i.e.*, Monday to Friday (excluding any public holiday). Neither the Company nor any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

The Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side *i.e.* the floor price can move up or down to the extent of 20% of the floor price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminals of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of ₹ 5,000 to ₹ 7,000.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that QIBs and Non-Institutional Bidders must participate in the Issue through the ASBA Process. Retail Individual Bidder can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Out of the QIB Portion (excluding the Anchor Investor Portion), 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bidders are required to ensure that the PAN (of the sole/First Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum

Application Form was submitted by Bidders jointly, Bidders are required to ensure that the beneficiary account is held in the same joint names.

Bid cum Application Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non-ASBA Bidders*)	White
Eligible NRIs and FIIs (ASBA as well as non-ASBA Bidders*)	Blue
Anchor Investors**	White

* *Bid cum Application forms for ASBA Bidders and the abridged prospectus will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchange s for the facility will be provided on the website of the BRLMs and SCSBs.*

***Bid cum Application forms for Anchor Investors has been made available at the offices of the BRLMs.*

All Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate only. ASBA Bidders are required to submit their Bids only through the SCSBs, authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form submitted by the ASBA Bidders, except for the Bids submitted by ASBA Bidders in the Specified Cities. In the case of the Specified Cities, the Bids submitted by ASBA Bidders may either be submitted with the Designated Branches or with the Syndicate. All Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders bidding through the Syndicate Members should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Form submitted to the Syndicate Members in the Specified Cities will not be accepted if SCSB, where the ASBA Account is maintained, as specified in the Bid cum Application Form, has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html). ASBA Bidders bidding directly through the SCSB should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

On filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a member of the Syndicate or the SCSBs, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

ASBA Bidders shall submit a Bid cum Application Form to the SCSBs authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form. Please note that QIBs (other than Anchor Investors) and Non Institutional Bidders can participate in the Issue only through the ASBA process. Only QIBs can participate in the Anchor Investor Portion and QIBs applying under the Anchor Investor portion cannot submit their Bids through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Who can Bid?

- Indian nationals resident in India who are not minors and competent to contract under the Indian Contract Act, 1872 in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in the Issue;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;

- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised in India to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act , 2008;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set up and managed by Department of Posts, India.

Note: FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in this Issue

As per the existing regulations, OCBs cannot participate in this Issue. By circular CIR/ IMD/FII&C/3/2012 dated January 13, 2012 issued by SEBI (the "QFI Circular"), QFIs, who meet prescribed know your client requirements, have been permitted to invest in equity shares offered to the public in India on par with Indian non-institutional investors.

Participation by associates and affiliates of BRLMs and Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis.

The BRLMs and any persons related to the BRLMs or the Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 291,667 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs applicants should note that only such Bid cum Application Form that are accompanied by payment in free foreign exchange shall be considered. Eligible NRIs should use the Bid cum Application Form which is blue in colour. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital (*i.e.* 10% of 666,66667 Equity Shares) of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital or 5% of the total paid-up capital of the Company in case such sub-account is a foreign corporate or an individual. The aggregate FII holding in the Company cannot exceed 24% of its total issued capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI FII Regulations, an FII, as defined in the SEBI FII Regulations, or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such Offshore Derivative Instrument does not constitute any obligation of claim on or an interest in, the Company. The Company has obtained a clarification dated August 31, 2010 from the RBI in relation to the investments by FIIs and NRIs in the Issue in which RBI has clarified that FIIs can invest in the Company in accordance with Regulation 5(2) read with Schedule 2 of the notification No. FEMA 20/2000-RB dated May 3, 2000, as amended.

Bids by SEBI registered Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996, as amended *inter alia* prescribe the investment restrictions on venture capital funds registered with SEBI.

Accordingly, the holding by any individual Venture Capital Fund registered with SEBI in one company should not exceed 25% of the corpus of the Venture Capital Fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, the Company reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

(a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and

(c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

Further, with effect from August 1, 2008, no investment may be made in an IPO if the issue size, including offer for sale, is less than ₹ 2,000 million. In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, with effect from December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. In case of an IPO of a wholly owned subsidiary of a corporate or public sector enterprise, the above track record would be applied to the holding company. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in equity shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2010).

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders**: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Portion and such Bidders must ensure that they apply only through the ASBA process. Further, in case of non-ASBA Bids, if the Bid Amount exceeds ₹ 200,000, the Bid is liable to be rejected. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs, excluding Anchor Investors)**: The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹200,000. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid. The Company may close Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date. Accordingly, QIB investors will not be allowed to withdraw their Bids after the Bid/issue Closing Date or one Working Day prior to the Bid/Issue Closing Date as may be applicable.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off' Price.

QIBs and Non-Institutional Bidders are mandatorily required to submit their Bids using the ASBA process.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 100 million and in multiples of [●] Equity Shares thereafter. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. Anchor Investors are not allowed to submit their Bids through the ASBA process. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.**

Information for the Bidders:

(a) The Company and the BRLMs shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and in one regional language newspaper with wide circulation at least two Working Days prior to the Bid/Issue Opening Date. This advertisement shall be in the prescribed format.

(b) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(c) The Company may decide to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date provided that Bidding shall be kept open for a minimum of three days for all categories of Bidders. The Company's decision to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date shall be disclosed in the Red Herring Prospectus to be filed with the RoC.

(d) Copies of the Bid cum Application Form and copies of this Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites. For ASBA Bidders, the physical Bid cum Application Forms will be available with the Designated Branches of the SCSBs, Syndicate (in the Specified Cities) and the Registered Office. Electronic Bid cum Application Forms for ASBA Bidders will be available on the websites of the Stock Exchanges and the Designated Branches at least one day prior to the Bid/Issue Opening Date and shall bear a unique application number. The BRLMs and the SCSBs will provide the hyperlink of the Stock Exchanges on their website.

(e) QIBs (other than Anchor Investors) and Non Institutional Bidders can participate in the Issue only through the ASBA process. Retail Individual Bidders have the option to Bid through the ASBA process or non ASBA process.

(f) Any Bidder (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office.

(g) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids. ASBA Bidders, in the Specified Cities, can approach either SCSBs or Syndicate Members for registering the Bids.

(h) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the Bid cum Application Form in (i) electronic form; (ii) through Syndicate in Specified Cities. The Bid cum Application Forms submitted to the Syndicate Members should bear the stamp of the Syndicate Member, otherwise they are liable to be rejected. Bid cum Application Forms submitted by ASBA Bidders directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch and/or the Syndicate Member in the Specified Cities, if not, the same are liable to be rejected.

(i) The Bid cum Application Form by ASBA Bidders can be submitted (i) in physical mode, to a Syndicate Member in the Specified Cities; or (ii) either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. Bid cum Application Form submitted by ASBA Bidders in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to the Syndicate Members. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(j) ASBA Bidders bidding through a Syndicate Member should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Forms submitted to the Syndicate Members in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(k) For ASBA Bids submitted to the Syndicate Members in the Specified Cities, the Syndicate Member shall upload the ASBA Bid onto the electronic bidding system of the Stock Exchanges and deposit the Bid cum Application Form with the relevant branch of the SCSB, at the relevant Specified City, named by such SCSB to accept such Bid cum Application Forms from the Syndicate Members (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid cum Application Form. For ASBA Bids submitted directly to the SCSB, the relevant SCSB shall block an amount in the ASBA

Account equal to the Bid Amount specified in the Bid cum Application Form, before entering the ASBA Bid into the electronic bidding system.

(l) The Price Band has been fixed at a minimum price of ₹ [●] (Floor Price) and the maximum price of ₹ [●] (Cap Price) per Equity Share. The Bidders can Bid at any price within the price Band, in multiples of [●] Equity Shares.

Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members do not match with PAN, the DP ID and Client ID available in the depository database, the Bid cum Application form is liable to be rejected, except for Bids by or on behalf of the Central or State Government and the officials appointed by the court and by persons resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

For Bid cum Application Forms, the basis of allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks or SCSBs with the electronic Bid details.

Method and Process of Bidding

(a) The Company, in consultation with the BRLMs, will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and in one regional language newspaper with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.

(b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional language newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (in the Specified Cities) to register their Bids.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels" below) within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".

(f) Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) The BRLMs shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period *i.e.* one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

(h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the section titled "Issue Procedure - Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page 306.

(i) Upon receipt of a Bid cum Application Form from a ASBA Bidders by a member of the Syndicate, the concerned member of the Syndicate shall issue an acknowledgement by giving the counter foil of the Bid cum Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the member of the Syndicate shall upload the details of the Bid in the electronic bidding system of the Stock Exchanges and forward the Bid cum Application Form to the concerned SCSB. The SCSB shall carry out further action, such as verifying the signature and blocking funds. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form. If sufficient funds are not available in the ASBA Account, the SCSB shall reject such Bids and inform the Registrar to the Issue.

(j) Upon receipt of the Bid cum Application Form from an ASBA Bidder, submitted whether in physical or electronic mode, the Designated Branch of the SCSBs shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSBs shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(l) If sufficient funds are available in the ASBA Account, the SCSBs shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

(m) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form submitted by the ASBA Bidder, as the case may be. Once the Basis of Allotment is finalized, the Registrar shall send an appropriate request to the SCSBs for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID CUM APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels and Revision of Bids

(a) The Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move up or down to the extent of 20% of the floor price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

(b) The Company, in consultation with the BRLMs, will finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(c) The Company, in consultation with the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

(d) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(e) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders (other than Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, see section titled "Issue Procedure - Payment Instructions" on page 316.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BRLMs, the Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids submitted to SCSBs, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(c) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the bidding centres during the Bid/Issue Period.

(f) At the time of registering each Bid other than ASBA bids, the members of the Syndicate shall enter the following details of the Bidder in the on-line system:

- Bid cum Application Form number;
- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.;
- PAN (of First Bidder, if more than one Bidder);
- DP ID of the demat account of the Bidder;
- Client identification number of the demat account of the Bidder;
- Numbers of Equity Shares Bid for;
- Bid Price;
- Bid Amount; and
- Cheque Details.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder in the on-line system:

- Name of the Bidder(s);
- Bid cum Application Form number;
- PAN (of First Bidder, if more than one Bidder);
- Investor Category – Individual, corporate, FII, NRI, Mutual Funds, etc. ;
- DP ID of the demat account of the Bidder;
- Client identification number of the demat account of the Bidder;
- Number of Equity Shares bid for;
- Bid Price;
- Bid Amount; and
- Bank account number;

With respect to ASBA Bids submitted to the members of Syndicate at the Specified Cities, at the time of registering each Bid, the members of Syndicate shall enter the following details in the on-line system:

1. Bid cum Application Form number;
2. PAN (of the First Bidder, in case of more than one Bidder);
3. Investor category and sub-category;
4. DP ID of the demat account of the Bidder;
5. Client identification number of the demat account of the bidder;
6. Number of Equity Shares bid for;
7. Bid Price;

8. Bid Amount;

9. Bank account number

10. Bank code for the SCSB where the ASBA Account is maintained; and

11. Name of Specified City.

(g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the members of the Syndicate or the Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by the Anchor Investors); (ii) BRLMs and their affiliate Syndicate Members (in the Specified Cities) have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. Further, QIB Bids can also be rejected on technical grounds listed herein. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected only on technical grounds. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

(j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid/Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Bid/Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic bid details with depository's records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.

(l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of the Stock Exchanges.

(m) The members of the Syndicate located at the Specified Cities shall, before accepting the Bid cum Application Forms from ASBA Bidders, satisfy themselves that the SCSBs whose name has been filled in the Bid cum Application Forms, has named a branch in that centre to accept the Bid cum Application Forms.

Build up of the Book and revision of Bids

(a) Bids received from various Bidders (other than from Anchor Investors) through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs at the end of the Bid/Issue Period.

(c) During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSBs through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount *i.e.*, original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(h) The Company, in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.

(i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids registered with SCSBs, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the Bidders. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

(a) Based on the demand generated at various price levels, the Company, in consultation with the BRLMs, shall finalise the Issue Price and the Anchor Investor Issue Price.

(b) Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company, in consultation with the BRLMs and Designated Stock Exchange.

(c) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.

(d) Allocation to Anchor Investors shall be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the SEBI Regulations

(e) The BRLMs in consultation with our Company will notify the members of the Syndicate of the Issue Price and allocations to Anchor Investors, where the full Bid Amount has not been collected from the Anchor Investors due to the Issue Price being higher than the Anchor Investor Issue Price.

(f) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(g) Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bids/Issue Period.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, the Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Notice to Anchor Investors: Allotment Reconciliation and CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Company and the BRLMs, select Anchor Investors may be sent the CAN and if required, a revised CAN. All Anchor Investors will be sent CAN post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. The revised CAN will constitute a valid, binding and irrevocable contract (subject to the issue of Allotment Advice) for the Anchor Investors to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the Allotment Advice will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice. The Allotment Advice shall be deemed a valid, binding and irrevocable contract for the

Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company will ensure the credit to the successful Bidder's depository account is completed within two Working Days from the date of Allotment.

(b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Issuance of Allotment Advice

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. Based on the approved Basis of Allotment, the Company shall pass necessary corporate action for Allotment of Equity Shares.

(b) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar will then dispatch Allotment Advice to their Bidders who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

(d) The Issuance of Allotment Advice is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" as set forth under section titled "Issue Procedure" on page 297.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Ensure that you have Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(e) Ensure that the bank account details are entered only in the space provided specifically for this purpose. Bids submitted which do not have the bank details are liable to be rejected;

(f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to a Syndicate Member (only in the Specified Cities) or at a Designated Branch of the SCSBs where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;

(g) QIBs (other than Anchor Investors) and Non Institutional Bidders should submit their Bids through the ASBA process only;

(h) With respect to ASBA Bids ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

(i) Ensure that you request for and receive a TRS for all your Bid options;

(j) Ensure that full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to Bid Amount are blocked in case of Bids submitted through SCSBs;

(k) Ensure that the category is indicated;

(l) ASBA Bidders shall ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSBs before submitting the Bid cum Application Form to the respective Designated Branch of the SCSBs or members of the Syndicate, if applicable;

(m) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(n) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(o) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

(p) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(q) Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(r) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

(s) Ensure that DP ID, the client identification number and PAN mentioned in the Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, Client ID and PAN available in the Depository database. The Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

(t) In relation to the ASBA Bids, ensure that you use the Bid cum Application Form specified for the purposes of ASBA bearing the stamp of the relevant SCSB and/ or the Designated Branch and/ or the Syndicate Member (except in case of electronic ASBA Forms);

(u) In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate Member in the Specified Cities, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;

(v) ASBA Bidders bidding through a Syndicate Member should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at-least one branch in the Specified Cities for the Syndicate Members to deposit Bid cum Application Forms (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html);

(w) Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form, in case of ASBA Bidders;

(x) Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

(y) Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian Laws;

(z) In relation to the ASBA Bids, ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form; and

(aa) In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch or from the Syndicate Member in the Specified Cities, as the case may be, for the submission of your Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid Amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the SCSBs, as applicable;

(d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;

(f) Do not submit the Bid cum Application Form to Escrow Collection Banks;

(g) Do not Bid on Bid cum Application Form that does not have the stamp of the BRLMs or Syndicate Members or the SCSBs;

(h) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(i) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

(j) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(k) Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

(l) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms, or on Bid cum application Forms in a color prescribed for another category of Bidder;

(m) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;

(n) Do not submit more than five Bid cum Application Forms per ASBA Account;

(o) Do not submit the Bid cum Application Form with a Syndicate Member at a location other than the Specified Cities; and

(p) Do not submit ASBA Bids to a Syndicate Member in the Specified Cities unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at-least one branch in the relevant Specified City, for the Syndicate Members to deposit Bid cum Application Forms (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html).

(q) Do not make payments in any mode other than through blocking of Bid Amounts in the ASBA Accounts in case of ASBA Bidders;

(r) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

(s) Anchor Investors should not Bid through ASBA process; and

(t) Do not submit the Bids without the full Bid Amount.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

3. Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. Please ensure that the details are correct and legible.

4. For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [●] that the Bid Amount exceeds ₹ 200,000. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations. Bids should be submitted using the ASBA process to a Syndicate Member (if applicable) or at a Designated Branch.

6. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equals ₹ 100 million and in multiples of [●] Equity Shares thereafter. Bids by various schemes of a Mutual Fund in the Anchor Investor Category shall be considered together for the purpose of calculation of the minimum Bid Amount of ₹ 100 million.

7. In single name or in joint names (not more than three, and in the same order as their Depository Participant

details).

8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks or the SCSBs nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither the Company, the Escrow Collection Banks nor the BRLMs nor the Registrar shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the two parameters, namely, PAN of the Bidder and DP ID/ Client ID, then such Bids are liable to be rejected.

Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank

charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids (including Bids by ASBA Bidders) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

(b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

(c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

The Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSBs shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or, remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of Resident Retail: “Escrow Account - TBZ IPO – R”

    (b) In case of Non-Resident Retail: “Escrow Account - TBZ IPO – NR”

4. Anchor Investors would be required to submit the Bid using the ASBA process and the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the revised CAN. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

5. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of resident Anchor Investors: “Escrow Account - TBZ IPO - Anchor Investor – R”

    (b) In case of non-resident Anchor Investors: “Escrow Account - TBZ IPO - Anchor Investor – NR”

6. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

7. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

8. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance.

9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

11. Payments should be made by cheque, or a demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

12. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the First Bidder in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

In relation to ASBA Bids, after submitting a bid using an Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs or members of the Syndicate and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another Bid cum Application Form to the same or another Designated Branch of the SCSBs or members of the Syndicate. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected either before entering the Bid into the electronic Bidding system or at any point of time prior to the allocation or Allotment of the Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "– Build up of the Book and Revision of Bids" on page 308.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of Bid cum Application Forms with the same PAN downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or all except one of such multiple Bids in any or all categories.

All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.

The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Client ID provided in the Bid data.

All instances where more than 20 Bid cum Application Forms as the case maybe, have the same address, such Equity Shares shall be kept in abeyance subsequent to finalization of the Basis of Allotment and shall be credited to such Bidder's demat account upon receipt of appropriate confirmation from the concerned Depository Participant that the know your client process has been adequately conducted by it in all such cases.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for residents in the state of Sikkim, who may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Issue Period by submitting a request for the same to the SCSBs or Syndicate who shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

REJECTION OF BIDS

In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by NEFT/NES/RTGS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSBs. Subsequent to the acceptance of the ASBA Bid by the SCSBs, the Company would have a right to reject the ASBA

Bids only on technical grounds.

Grounds for Technical Rejections

Bidders should note that incomplete Bid cum Application Forms and Bid cum Application Forms that are not legible will be rejected by the members of the Syndicate or the SCSBs. Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However, a limited liability partnership can apply in its own name.;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;

- PAN not mentioned in the Bid cum Application Form (except for Bids from Central or State Government or officials appointed by a court or residents of Sikkim);

- PAN details not being verified with demat accounts. The demat accounts for such Bidders is "suspended for credit";

- GIR number furnished instead of PAN;

- Bids for lower number of Equity Shares than specified for that category of investors;

- Bids at a price less than the lower end of the Price Band;

- Bids at a price more than the higher end of the Price Band;

- Signature of sole and/or joint Bidders missing;

- Submission of more than five Bid cum Application Forms per bank account, for ASBA Bidders;

- Bids at Cut-off Price by Non-Institutional and QIB Bidders;

- Bids for number of Equity Shares which are not in multiples of [●];

- Category not indicated;

- Multiple Bids as defined in the Red Herring Prospectus;

- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

- Bids accompanied by stockinvest/money order/postal order/cash;

- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members or the SCSBs;

- Bid cum Application Form does not have the Bidder's depository account details;

- Bids by Bidders whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

- In relation to ASBA Bidders, Bid cum Application Forms not being signed by the ASBA account holder, if the account holder is different from the ASBA Bidder;

- Bid cum Application Form submitted to the Syndicate Members does not bear the stamp of the Syndicate Members;
- Bid cum Application Forms from ASBA Bidders not having details of the ASBA Account to be blocked;
- Bid cum Application Forms from ASBA Bidders not containing the authorization for blocking the Bid Amount in the bank account specified in the Bid cum Application Form;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process;
- Bid cum Application Form from ASBA Bidders submitted to a Syndicate Member at locations other than the Specified Cities and Bid cum Application Forms from ASBA Bidders submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Bids by persons in the United States;
- Bids not uploaded on the terminals of the Stock Exchanges
- Bids by any person outside India if not in compliance with applicable foreign and Indian laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the SCSBs do not match with PAN, the DP ID and Client ID available in the depository database, the Bid cum Application form is liable to be rejected.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in de-materialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar:

- Agreement dated December 30, 2010 between NSDL, the Company and the Registrar;
- Agreement dated December 23, 2010, between CDSL, the Company and the Registrar.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the PAN, the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialised form only for all Bidders in the demat segment of the respective Stock Exchanges.

(i) Non-transferable advice or refund orders will be directly sent to the Bidders by the Registrar.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, the Bidders' Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders DP ID and Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf to make refunds.

On the Designated Date and no later than 12 Working Days from the Bid/Issue Closing Date, the Escrow Collection Banks shall despatch refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

2. Direct Credit – Applicants having bank accounts with the Refund Bank(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 200,000 will be considered to receive refund through RTGS. For such eligible applicants, IFSC code will be derived based on MICR code of the Bidder as per depository records. In the event the same is not available as per depository's records, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders. Investors kindly note that the Government of India has discontinued the facility for despatch of refund orders, of value up to ₹ 1,500 by 'Under Certificate of Posting'.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, the Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days from the date of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 Working Days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 days or 12 Working Days from the Bid/Issue Closing Date, whichever is later, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 Working Days prescribed above. If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 5,833,334 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 5,833,334 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal 2,500,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 2,500,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    1. In the event that the oversubscription in the QIB Portion, all QIB Bidders (excluding Anchor Investors) who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    2. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders (excluding Anchor Investors).

3. Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be more than 8,333,332 Equity Shares.

D. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the BRLMs, subject to compliance with the following requirements:
    - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
    - one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
    - allocation to Anchor Investors shall be on a discretionary basis and subject to:
        - a maximum number of two Anchor Investors for allocation upto ₹ 100 million;
        - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor;
        - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 2,500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor.
- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date by intimating the same to the Stock Exchanges.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the Basis of Allotment in consultation with the BRLMs and the Designated Stock Exchange. The executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be allotted a minimum of [●] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of the Company, in consultation with the BRLMs.

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Company shall give credit the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS. The Company shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/ instruction to the SCSBs by the Registrar

The Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidders' depositary accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. The Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 15 days or 12 Working Days from the Bid/ Issue Closing Date, whichever is later.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY THE COMPANY

The Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Promoters' contribution in full has already been brought in;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be despatched within specified time;
- That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements shall be made to collect all Bid cum Application Forms from ASBA Bidders and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

The Company shall not have recourse to the Issue proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

Any further issue of Equity Shares by the Company shall be in compliance with applicable laws.

Utilisation of Issue Proceeds

The Board of Directors certifies that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

Subscription by foreign investors (NRIs/FIIs)

The Company is engaged in the gems and jewellery sector, in which 100% FDI is permitted. However, the Company's operations also include retail trading, wherein FDI is restricted.

FIIs are permitted to invest in this Issue only under the "portfolio investment scheme" as set out in Schedule 2 of the FEMA Regulations. Further, NRI's are permitted to invest in this Issue only under the "portfolio investment scheme" as set out in Schedule 3 and Schedule 4 of the FEMA Regulations.

The Company has obtained the approval dated August 31, 2010 from the RBI allowing investments by FIIs and NRIs in the Issue.

Investment by Foreign Institutional Investors

Foreign institutional investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under Foreign Exchange Management Act, 2000. FIIs must also comply with the provisions of the SEBI FII Regulations. The initial registration and the RBI's general permission together enable a registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions on FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the board of directors and approval of the shareholders of the company by way of a special resolution and subject to prior intimation to the RBI. The holding of equity shares of a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore

transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company. Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of the Company are detailed below:

Capital

Article 1 provides that, "The authorized share capital of the Company shall be such amount as is given in Clause V of the Memorandum of Association."

Increase of Capital by the Company

Article 5 of provide that, "The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with the Act and other applicable laws. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act."

Reduction of Capital

Article 6 provides that, "The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise."

Preference shares

Article 10 provides that, "Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption."

Power to issue Shares with differential voting rights

Article 9 provides that, "The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable."

Buy Back of Shares

Article 66 provides that, "The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof."

Rights to issue share warrants

Article 68(a) provides that, "The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act."

Article 68(b) provides that, "The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant."

Sub-division and Consolidation of Share Certificate

Article 7 provides that, "Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time (a) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others (b) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled."

Further Issue of Shares

Article 11(1) provides that, "Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares then

(a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company"

Article 11(2) provides that, "Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company."

Article 11(3) provides that, "Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation."

Article 11(4) provides that, "Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company.

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans other than debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans."

Shares at the Disposal of the Directors

Article 2 provides that, "Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting."

Limitation of Time for Issue of Certificates

Article 22 provides that, "Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders."

Issue of new certificate in place of one defaced, lost or destroyed or renewal of certificates

Article 17(d) provides that, "If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts

(Regulation) Act, 1956 or any other Act or rules applicable in this behalf. The provision of these Articles shall mutatis mutandis apply to debentures of the Company."

Commission for placing shares, debentures, etc.

Article 23(a) provides that, "Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company."

Article 23(b) provides that, "The Company may also, in any issue, pay such brokerage as may be lawful."

Board to have right to make calls on shares

Article 27 provides that, "The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting."

Board to extend time to pay call

Article 31 provides that, "The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members. The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour."

Calls to carry Interest

Article 32 provides that, "If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member."

Payment in anticipation of call may carry interest

Article 36(a) provides that, "The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced."

Article 36(b) provides that, "The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable."

Article 36(c) provides that, "The provisions of this Article shall mutatis mutandis apply to the calls on debentures of the Company."

Board to have right to forfeit shares:

Article 37 provides that, "If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment."

Forfeited share to be the property of the Company

Article 41 provides that, "Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit."

Board entitled to cancel forfeiture

Article 47 provides that, "The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit."

Term of Issue of Debentures

Article 130 provides that, "Any debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the consent of the Company in a General Meeting by a Special Resolution."

Company's lien on shares /debentures

Article 24 provides that, "The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause. The fully paid up shares shall be free from all lien and that in the case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares."

Enforcing lien by sale

Article 25 provides that, "For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member or his representative and default shall have been made by him or them in payment, fulfilment or discharge of such debts, liabilities or engagements for fourteen days after such notice."

Register of Transfers

Article 48 provides that, "The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares."

Instrument of Transfer

Article 50 provides that, "The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases."

Directors may refuse to register transfer

Article 53 provides that, "Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on shares"

Nomination Facility

Article 65(I) provides that, "Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall rest in the event of his death."

Article 65(II) provides that, "Where the shares in or debentures of the Company or held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall rest in the event of death of all the joint holders."

Article 65(III) provides that, "Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner."

Transmission of shares

Article 58 provides that, "Subject to the provisions of these presents, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

A person becoming entitled to a share or debenture by reason of the death, lunacy, bankruptcy or insolvency of any members, of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share of debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with."

No fee on Transfer or Transmission

Article 62 provides that, "No fee shall be charged for registration of transfers, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document."

Borrowing Power

Article 128(a) provides that, "The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specifies purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount up to which moneys may be borrowed by the Board Directors."

Article 128(b) provides that, "The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed."

Article 128(c) provides that, "Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient."

Article 128(d) provides that, "To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company."

Rights to convert shares into stock and vice-versa

Article 72 provides that, "The Company in General Meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose."

Annual General Meetings

Article 74 provides that, "The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act."

Extraordinary General Meetings

Article 75 provides that, "The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board."

Quorum for General Meeting

Article 80 provides that, "Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting."

Passing resolutions by Postal Ballot

Article 89(a) provides that, "Notwithstanding any of the provisions of these Articles the Company may, and in the case of resolutions relating to such business as notified under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the general meeting of the Company."

Article 89(b) provides that, "Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under section 192A of the Act and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, as amended from time."

Decision by poll

Article 86 provides that, "If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded."

Casting vote of Chairman

Article 87 provides that, "In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member."

No right to vote unless calls are paid

Article 92 provides that, "No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien."

Instrument of proxy

Article 94 provides that, "The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid."

Number of Directors

Article 98 provides that, "Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors."

Nominee Directors

Article 132(a) provides that, "So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such

Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such corporation so provides, the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s)."

Article 132(b) provides that, "The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished".

Alternate Directors

Article 102 provides that, "The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months form the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director."

Additional Directors

Article 101 provides that, "The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office up to the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting."

Remuneration of Directors

Article 103 provides that, "Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place. Subject to the provisions of the Act, in addition to the sitting fees referred to above, a Director other than the Managing Director and the Whole-time Director may be paid remuneration either:

(i) by way of monthly, quarterly or annual payments, with the approval of the Central Government; or

(ii) by way of commission, if the Company, by Special Resolution, authorizes such payment."

Remuneration for extra services

Article 104 provides that, "If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to our in substitution for any other remuneration to which he may be entitled."

Quorum

Article 119 provides that, "The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time."

Powers to be exercised by Board only by Meeting

Article 136 (a) provides that, "The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:

(i) Power to make calls on shareholders in respect of moneys unpaid on their shares;

(ii) Power to issue debentures;

(iii) Power to borrow money otherwise than on debentures:

(iv) Power to invest the funds of the Company;

(v) Power to make loans."

Article 136(b) provides that, "The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above."

Managing Director and Whole-Time Director

Article 137(a) provides that, "The Board may from time to time, subject to the provisions of the Act and these Articles, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors."

Article 137(b) provides that, "The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors."

Article 137(c) provides that, "In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members."

Article 137(d) provides that, "If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director."

Powers and duties of managing Director or whole-time Director

Article 138 provides that, "The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction."

Remuneration of managing or whole-time Director

Article 139 provides that, "Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act , the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest."

Resolution by Circulation

Article 127 provides that, "Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of he Board or committee duly convened and held."

Declaration of Dividends

Article 145 provides that, "The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board."

Interim Dividends

Article 146 provides that, "The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company."

Dividends to be paid out of profits

Article 147 provides that, "No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act."

Dividends not bear interest

Article 153 provides that, "No dividends shall bear interest against the Company."

Unpaid or Unclaimed Dividend

Article 155(a) provides that, "Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank called "[TBZ] Unpaid Dividend Account – *[description of year and whether interim or final]*"."

Article 155(b) provides that, "Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as Investors Education and Protection Fund established under section 205C of the Act."

Article 155(c) provides that, "No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law."

Capitalisation of Profits

Article 156(a) provides that, “The Company in General Meeting, may, on recommendation of the Board resolve:

(i) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company’s reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.”

Article 155(b) provides that, “The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(i) Paying up any amounts for the time being unpaid on shares held by such members respectively

(ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).”

Article 155(c) provides that, “The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.”

Article 155(d) provides that, “A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.”

Winding Up

Article 175 provides that, “Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall be distributed among the members according to their rights and interests in the Company.”

Article 176 provides that, “If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.”

Indemnity and Responsibility

Article 177 (a) provides that, “Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.”

Article 177(b) provides that, “Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Sec. 633 of the Act in which relief is given to him by the Court.”

Secrecy Clause

Article 179 provides that, “No member shall be entitled to inspect the Company’s works without the permission of the Managing Director or to require discovery of any information respectively any detail of the Company’s trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.”

Article 180 provides that, “Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.”

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered into or will be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, will be available for inspection at the Registered Office of the Company from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Engagement Letters between the Company and the BRLMs dated August 2, 2010.
2. Issue Agreement between the Company and the BRLMs dated January 22, 2011.
3. Memorandum of Understanding between the Company and the Registrar dated January 22, 2011.
4. Escrow Agreement dated [●] between the Company, the BRLMs, the Escrow Banks and the Registrar.
5. Syndicate Agreement dated [●] between the Company, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [●] between the Company, the BRLMs and the Syndicate Members.

Material Documents

1. The Memorandum and Articles of Association, as amended.
2. Certificate of incorporation of the Company incorporated as “Tribhovandas Bhimji Zaveri Private Limited” dated July 24, 2007, and Certificate of Incorporation consequent to change of name to “Tribhovandas Bhimji Zaveri Limited” dated December 3, 2010.
3. Board resolutions in relation to the Issue.
4. Shareholders’ resolutions in relation to the Issue.
5. Shareholders’ resolutions for the appointment and remuneration of whole-time Directors.
6. Agreement between the Company and Shrikant Zaveri dated January 11, 2011.
7. Agreement between the Company and Binaisha Zaveri dated January 11, 2011.
8. Agreement between the Company and Raashi Zaveri dated January 11, 2011.
9. Statement of Tax Benefits from Auditors dated January 22, 2011.
10. Copies of annual reports of the Company for the years ended March 31, 2007, 2008, 2009, 2010 and 2011.
11. Consent of B S R and Co., the Auditors dated April 12, 2012 for inclusion of their Auditor’s Report dated April 11, 2012 with audited standalone and consolidated financial statements, as restated and statement of tax benefits dated April 11, 2012 in the form and context in which they appear in the Red Herring Prospectus.
12. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar, Escrow Collection Bank(s), Bankers to the Issue, Legal Advisors to the Issue, IPO Grading Agency, Directors of the Company, the Company Secretary and Compliance Officer, as referred to, in their respective capacities.
13. Deed of retirement dated December 11, 2000 by which Nirmal Zaveri, Samrat Nirmal, Nirmal Zaveri HUF and Gopaldas HUF retired from the partnership.

14. Joint Venture Agreement between the Company and Parinda Bajaj dated June 25, 2009 and the amendment agreements dated September 28, 2009, April 15, 2010, August 25, 2010 and September 29, 2010.

15. Assignment agreement dated June 25, 2009 between the Company and Parinda Bajaj.

16. Termination Agreement dated June 22, 2011 between the Company, Shrikant Zaveri and Parinda Bajaj

17. Share purchase agreement dated June 22, 2011 between the Company, Shrikant Zaveri and Parinda Bajaj.

18. Initial listing applications filed with BSE and NSE respectively.

19. In-principle listing approval dated March 11, 2011 and February 25, 2011 from BSE and NSE respectively.

20. Tripartite Agreement between NSDL, the Company and the Registrar dated December 30, 2010.

21. Tripartite Agreement between CDSL, the Company and the Registrar dated December 23, 2010.

22. Due diligence certificates dated January 22, 2011 and April 12, 2012 to SEBI from the BRLMs.

23. Clarification dated August 31, 2010 from the RBI in relation to the investments by FIIs and NRIs in the Issue.

24. SEBI Observation letter ref. no. DIL/ISSUES/SK/MS/OW/15167/2011 dated May 11, 2011.

25. IPO Grading report dated February 24, 2012 issued by CRISIL Limited.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, hereby declare that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI established under Section 3 of the SEBI Act as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act or the SEBI Act or Rules or regulations made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Shrikant Zaveri *Chairman and Managing Director*	____________________
Binaisha Zaveri *Wholetime Director*	____________________
Raashi Zaveri *Wholetime Director*	____________________
Kamlesh Vikamsey *Independent Director*	____________________
Ajay Mehta *Independent Director*	____________________
Sanjay Asher *Independent Director*	____________________

SIGNED BY THE CHIEF FINANCIAL OFFICER

Name:	Signature
Prem Hinduja *Chief Financial Officer*	____________________

Date: April 12, 2012
Place: Mumbai

25 YEARS
MAKING MARKETS FUNCTION BETTER
CRISIL
RESEARCH

CONFIDENTIAL

Ref.: TBZ \ VC \ 16-02-12 \ 107

Dated: February 24, 2012

Mr. Prem Hinduja,
Chief Financial Officer,
Tribhovandas Bhimji Zaveri Ltd.,
241/43 Zaveri Bazar,
Mumbai - 400 002,

Dear Mr. Prem Hinduja,

Ref: CRISIL IPO Grading for the Initial Public Offer of Equity Shares of Tribhovandas Bhimji Zaveri Ltd

We refer to your request for an IPO Grading and the Grading Agreement for the captioned equity issue.

CRISIL has, after due consideration, assigned a **CRISIL IPO Grade "3/5"** (pronounced "three on five") to the captioned equity issue. This grade indicates that the fundamentals of the Issue are average relative to other listed equity securities in India.

The assigned grade is a one time assessment valid for a period of 60 Calendar days only from the date of this letter. In the event of your company not opening the captioned issue within a period of 60 days from the above date, or in the event of any change in the size/structure of the issue, a fresh letter of revalidation from CRISIL shall be necessary.

As per our Grading Agreement, CRISIL shall disseminate the assigned Grade through its publications and other media once the company agrees to the same.

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Majithia
Chetan Majithia
Head, Equities – CRISIL Research

Vinay.
Vinay Chhawchharia
Analyst, Equities – CRISIL Research

issue in relation to other listed equity securities in India. A CRISIL IPO Grading is neither an audit of the issuer by CRISIL nor is it a credit rating. Every CRISIL IPO Grading is based on the information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the grading is based. A CRISIL IPO Grading is not a recommendation to buy / sell or hold the graded instrument; it does not comment on the issue price, future market price or suitability for a particular investor.

CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of CRISIL IPO Gradings. For information on any IPO grading assigned by CRISIL, please contact 'Client Servicing' at +91-22-33423561, or via e-mail: clientservicing@crisil.com.

For more information on CRISIL IPO Gradings, please visit http://www.crisil.com/ipo-gradings

Tribhovandas Bhimji Zaveri Ltd

CRISIL IPO Grade 3/5 (Average)

February 24, 2012

Grading summary

CRISIL has assigned a CRISIL IPO grade of ‘**3/5**’ (pronounced ‘three on five’) to the proposed IPO of Tribhovandas Bhimji Zaveri Ltd (TBZ). This grade indicates that the fundamentals of the IPO are **average** relative to other listed equity securities in India. However, this grade is not an opinion on whether the issue price is appropriate in relation to the issue fundamentals. The grade is not a recommendation to buy, sell or hold the graded instrument, its future market price or suitability for a particular investor.

The assigned grade reflects TBZ’s century-old presence in the retail jewellery business and the resultant strong brand recall. The grade factors in the resilience of demand for gold jewellery in India despite a significant rise in gold prices, 28% y-o-y in 2011, which has added shine to TBZ’s top line. Compared to other gold jewellery players, TBZ’s revenue mix leans towards higher-margin diamond jewellery, which bodes well for TBZ in the wake of increasing acceptance of diamond jewellery in India. The grade has also taken into account the expected increase in organised retail penetration in jewellery vis-à-vis the single-store format, which will benefit established players like TBZ. The company has steadily expanded from one store to 14 stores in the past decade.

The grade is restrained by competition in the jewellery retailing market, which will likely intensify following planned expansions by regional/traditional players. TBZ too plans to expand to 22 stores by end-FY13 at a faster-than-ever pace, which could throw up execution challenges even though its strategies (regarding store location, size, format, personnel and schedule) are in place. Opening of new stores will also put pressure on profitability due to higher marketing expenses and working capital requirement. Further, with the Tribhovandas Bhimji Zaveri brand being used by other Zaveri family members, the risk of brand dilution cannot be ignored, especially if they underperform on quality.

TBZ’s revenues increased at 40% CAGR between FY08-11 to Rs 11.9 bn, largely driven by branch additions and a steady increase in gold prices. A higher proportion of diamond-studded jewellery has supported the ~6-7% EBITDA margin in a competitive market. EBITDA increased at a CAGR of 52% during FY08-11. During the same period, PAT increased at a CAGR of 74% and was Rs 394 mn in FY11.

Contacts:

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Head, Communications & Brand Management

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Fax: +91-22 -3342 3501

Client - servicing

Client servicing
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Email: clientservicing@crisil.com

About the company

Tribhovandas Bhimji Zaveri Ltd (TBZ), established in 1864, is a jewellery retailer. The company's brand "TBZ – the original since 1864" is sold through 14 retail stores/showrooms (totaling ~50,000 sq. ft.) in 10 cities across five states as on January 31, 2011.

The company has 14 showrooms under the brand name "Tribhovandas Bhimji Zaveri", which retail gold jewellery and diamond-studded jewellery. Gold jewellery formed ~74% and diamond jewellery formed ~22% of total revenue in FY11. The company has a manufacturing unit for diamond-studded jewellery in Kandivli, Mumbai.

Issue details

Shares offered to public	16,666,667
As per cent of post issue equity	25%
Object of the issue	• Finance the establishment of new retail outlets (working capital requirements) • General corporate purposes
Amount proposed to be raised	Not available at the time of grading
Price band	Not available at the time of grading
Lead managers	IDFC Capital Limited, Avendus Capital Private Ltd

Source: DRHP

Detailed Grading Rationale

A. Business Prospects

- ### *Gold jewellery demand resilient despite price rise*

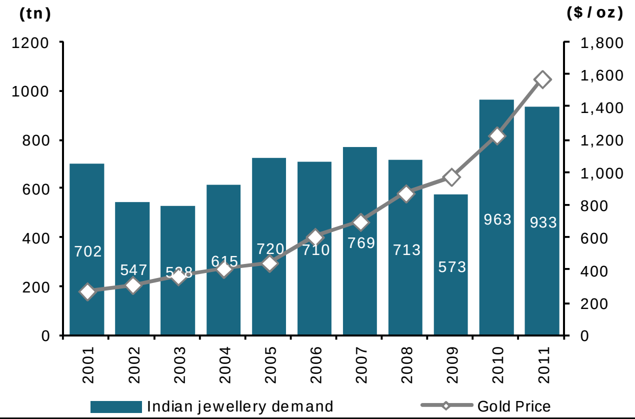
Demand for gold jewellery constitutes ~75% of India's overall gold demand and has been resilient despite an exponential increase in gold prices. In 2010 and 2011, when gold prices consistently scaled new heights, demand for gold (jewellery+ retail) in India continued to be high at 963 tonnes and 933 tonnes, respectively. India's demand for gold was at an all-time in 2010, while it declined by just 3% in 2011 due to 28% rise in the rupee price of gold.

Jewellery dominates gold demand

Indian gold demand (Tonnes)	2009	2010	2011
Jewellery	442	746	567
Retail investment	131	217	366
Total	573	963	933

Source: Industry, World Gold Council

Demand for gold jewellery has been resilient



Source: Industry, World Gold Council

- ### *Gold is still considered a good investment*

In India, gold is perceived as:

- An easily encashable asset or investment
- A financial security and an indicator of social status
- An asset passed on from one generation to another

These fundamental factors have kept India's gold demand relatively resilient over the past few years, despite a steady rise in prices; gold jewellery continues to occupy a prominent position in the overall jewellery demand in India.

- ### *Branded jewellery – a growth story*

Jewellery sales remain the stronghold of traditional jewellers and single-store outlets. However, the share of organised players (defined as retailers with more than one store in similar formats) is expected to increase from the current 10%. Multi-store players including regional/traditional players such as Tribhovandas Bhimji Zaveri, Joyalukkas, GRT Jewellers, Swarovski, etc. as well as pan India jewellery players such as Tanishq (the jewellery retail arm of Titan Industries Ltd) and the diamond-focused Gitanjali, who sell jewellery under various brand names are set to gain. Extensive promotion by major players, rising awareness about hallmarked jewellery (made mandatory in 2012), contemporary designs and aspirational value of brands are together prompting a shift in preference to organised jewellers from traditional family jewellers.

- ## *Organised retail penetration to benefit established players*

Traditionally, the jewellery retailing space in India has been dominated by the family jeweler concept largely due to factors like considering certain jewelers as trustworthy and auspicious. As a result, organised retail penetration (ORP) in domestic jewellery retailing is estimated to be a mere 10%. However, this is expected to increase on the back of:

- Increasing customer awareness about hallmarking (quality assurance). The recent approval on mandatory hallmarking will also accelerate the pace
- Assured buy-back scheme by organised players (since jewellery is seen as an investment)
- Aggressive branding by organised players
- Retail distribution allowing customers across locations to enjoy similar experiences leading to greater convenience

Player profile	Unit	TBZ	Joyalukkas	Thangamayil	Gitanjali*	Titan (Tanishq)
Sales (FY11)	Rs mn	11,939	26,908	6,583	30,810	50,120
Sales 3-yr CAGR	%	40%	47%	39%	45%	35%
Current no. of stores (POS)	no	14	22	14	3600	163
Current sq. ft.	sq. ft.	50,000	283,352	55,574	1,300,000	461,000
Diamond studded jewellery sales	%	~25%	~15%	~5%	~55%	>75%
Retail model		Own stores	Own stores	Own stores	Franchisees, SIS, Own stores and Distributors	Franchisees

* Numbers for Indian retail Jewellery

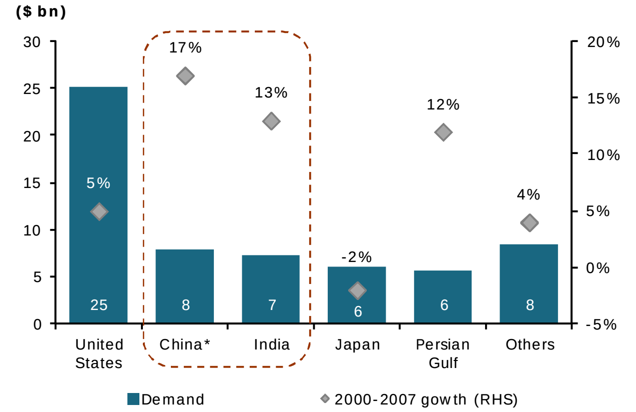
Source: CRISIL Research

- ## *Globally, preference for branded jewellery is evident*

Reputed branded players stand to gain from the shift to branded jewellery. Jewellery retailing has been a fragmented business, with a large number of small retailers. This has been the case across major markets in the world. Global retail chains are growing their footprint, and the share of independent retailers has declined at an average rate of 1.6% each year between 2000 and 2010. This trend is likely to continue, creating good opportunities for the growth of branded jewellery across geographies especially with India and China emerging as key jewellery markets.

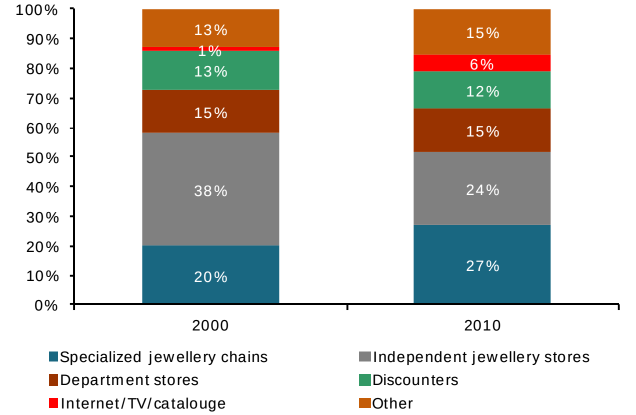
Between 2000 and 2007, jewellery demand in India and China has grown the fastest. The share of these two countries in global jewellery demand increased from 28% to 35% in this period. With wealth increasingly flowing into these two countries, jewellery demand in these geographies is expected to grow at a CAGR of 6% from 2011 to 2014.

China and India – growing fast



Source: Industry, CRISIL Research

Rise in share of branded players across markets



Source: Industry, CRISIL Research

- ### *Strong vintage = strong brand recall*

  TBZ's century-old presence in the retail jewellery business has helped it create a strong brand recall. TBZ was one of the first to offer buy-back guarantee on its jewellery way back in the 1930s. The company's track record reflects consumers' trust in the quality and purity of TBZ products. With the introduction of BIS hallmarking for jewellery in 2000, TBZ seamlessly moved towards retailing of 100% hallmarked products from 2004.

- ### *Steady expansion in the past*

  Dormant for a long period, the company has expanded steadily in the past 11 years to 15 stores from a single store till 2000. TBZ has been largely focusing on western and southern India; around 70% of the overall revenue in FY11 was from the western region. The company derived ~53% of its revenues from Mumbai in FY11 with its flagship store at Zaveri Bazar contributing the most. The store expansions in newer territories will further enable the company to achieve geographical diversification.

Branch expansion timeline

State	Between 2000 to 2005	FY06	FY07	FY08	FY09	FY10	FY12
Maharashtra	Ghatkopar		Santacruz	Thane	Pune		
	Borivali						
Andhra Pradesh	Hyderabad				Vijaywada	Basheer Baug	
Gujarat				Surat	Ahmedabad		Rajkot
Others					Indore		
					Kochi		
No of stores added	3	0	1	2	5	1	1

Zaveri Bazar branch was established in 1864

Source – DRHP

- ### *Faster expansion in the future*

  The company wants to leverage the TBZ brand and is, thus, focusing on opening new stores across the country. The company's strategy is to open large stores in major cities followed by small to medium stores in nearby towns, which will ensure volume growth. It is planning to add 43 new showrooms under the Tribhovandas Bhimji Zaveri brand in the next three years, which is around three times its current size. By the end of FY13, the company plans to add eight new stores by utilising the IPO proceedings. The company has identified all the eight locations and is in the process of signing letters of intent. Though the pace of expansion is faster compared to its earlier performance, the company has adequate personnel to manage the expanded operations.

- *Competition to intensify due to expansion by other organised players*

In larger cities, especially in western and southern India, the jewellery retailing market is getting increasingly competitive, evidenced by slow growth and decline in the company's same store sales. This is necessitating more store openings and entry into tier-2 and tier-3 cities.

With many regional and national jewellery retailers as well as jewellery manufacturers and exporters lining up aggressive expansion plans, the competition is expected to intensify. While this pans out, the shift from unbranded jewellery to branded jewellery will likely provide some room for the players to co-exist and compete on customer loyalty and variety, underlined by quality assurance. On the flip side, this will likely lead to higher spending on advertising, lower volumes and realisations and/or suppressed margins on gold jewellery.

- *Profitability lower to peers despite higher proportion of diamond jewellery*

Compared to other large traditional/regional players, TBZ has been increasing its focus on diamond-studded jewellery, which contributed 22-24% to overall sales over the past three years. The company's diamond business has been generating gross margins of 26-28% as compared to 10-12% in gold jewellery. Yet, despite having a higher proportion of diamond jewellery, TBZ's overall profitability is lower than its peers mainly because of higher employee cost and lower margin on gold jewellery as compared to other players.

Profitability/Ratios (%)	TBZ	Joyalukkas	Thangamayil	Gitanjali*	Titan (Tanishq)
EBIT margin (3-yr Avg)	5.7	7.2	7.6	9.0	7.1
PAT margin (3-yr Avg)	2.3	3.7	4.0	5.0	5.4
RoE (3-yr Avg)	36.3	41.6	35.6	35.0	40.2
RoCE (3-yr Avg)	21.4	34.0	30.8	32.0	39.2

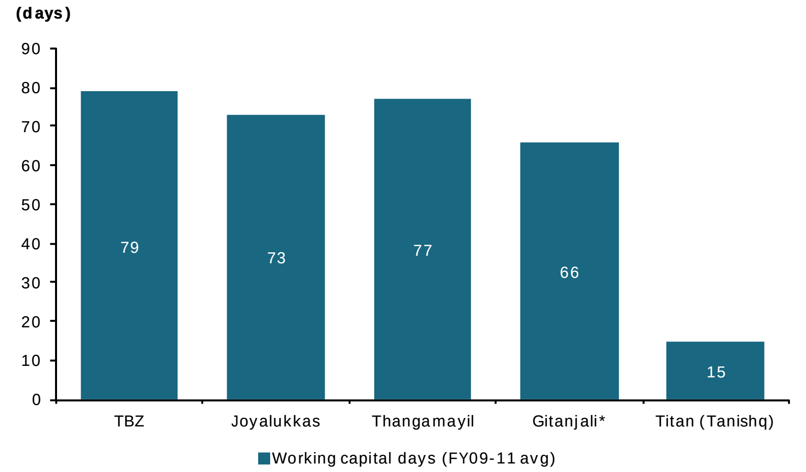
Note: FY09-11

* Numbers for Indian retail Jewellery

Source – CRISIL Research

Retailing gold and diamond jewellery through self-owned stores is working capital intensive as compared to franchisees and shop-in-shops. TBZ, Joyalukkas and Thangamayil operate through own stores while Gitanjali and Tanishq have a mix of franchisees and shop-in-shops. TBZ's working capital days are in line with its peers, Joyalukkas and Thangamayil, at ~75 days (FY09-FY11 average). TBZ's inventory days are higher at 79 days due to higher proportion of diamond-studded jewellery, which has lower inventory churn as compared to gold jewellery, and also because of its own diamond manufacturing facility. Gitanjali and Tanishq predominantly retail diamond-studded jewellery.

Comparable working capital days for TBZ with other gold players



* Numbers for Indian retail Jewellery

Source: Industry, CRISIL Research

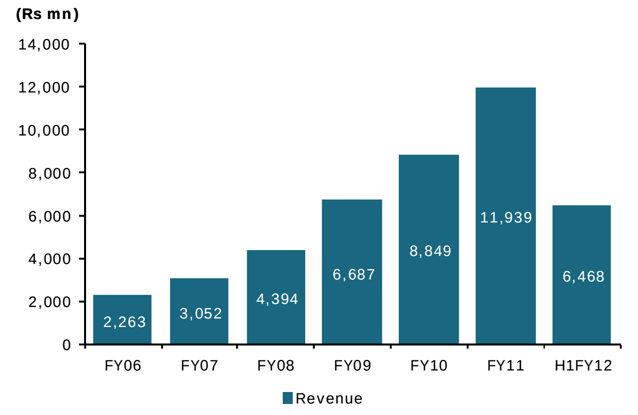
- *Risk of brand dilution*

The business was being carried on a partnership basis till 2007; the first partnership deed was signed in 1949. The partnership was reconstituted at several points of time owing to the induction of new partners and retirement of existing partners. Some of the retiring partners have the right to use the brand name Tribhovandas Bhimji Zaveri with modifications - through prefixes and suffixes – as specified in the deed. Currently, there are other players sharing the brand name Tribhovandas Bhimji Zaveri. Hence, the company faces the risk of brand dilution if any player underperforms on quality terms.

B. Financial Performance

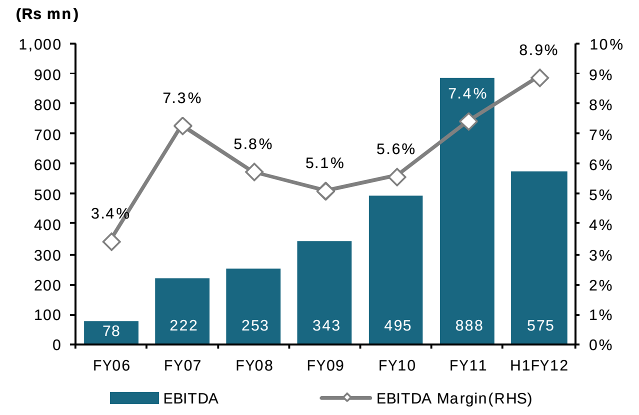
TBZ's revenues increased at 40% CAGR between FY08 and FY11 to Rs 11.9 bn, largely driven by branch additions and a steady increase in gold prices. Revenues grew by 24% y-o-y in H1FY12 to Rs 6.4 bn due to rise in gold prices and store addition in Rajkot during July 2011.

Branch expansion boosts revenue



Source: Company

EBITDA and EBITDA margins



Source: Company

A higher proportion of diamond-studded jewellery helped maintain EBITDA margin at around 5.8% between FY08 and FY10. EBITDA increased at 52% CAGR during FY08-11. During the same period, PAT increased at a CAGR of 73%. EBITDA margin improved in H1FY12 to 8.9% as compared to 7.6% in H1FY11 due to inventory gains on account of steady increase in gold prices during the period.

Financial performance snapshot

Particulars	Unit	FY08	FY09	FY10	FY11	H1FY12
Total Income	Rs mn	4394	6687	8849	11939	6468
EBITDA	Rs mn	253	343	495	888	575
EBITDA margins	%	5.8	5.1	5.6	7.4	8.9
Adjusted net profits	Rs mn	75	105	169	389	295
Net margins	%	1.7	1.6	1.9	3.3	4.6
RoCE	%	21.1	17.1	18.5	28.5	NA
RoNW	%	235.2	36.2	28.2	44.2	NA
Basic EPS	Rs	374.4	10.5	16.9	7.8	5.9
No. of equity shares (FV of Rs 10)	Mn	0.2	10.0	10.0	50.0	50.0
Net worth	Rs mn	62	516	685	1074	1355
Net debt – equity	Times	18.7	3.4	2.9	1.9	NA
Working capital	Days	76	80	84	73	81
Current ratio	Times	3.3	4.9	3.9	2.4	NA

*Note: Numbers have been reclassified as per CRISIL standards

Source: DRHP and Company

C. Management Capabilities and Corporate Governance

- *Promoters - Mix of experience and youth*

  Promoter Shrikant Zaveri has more than 30 years of experience in the gems and jewellery industry. Shrikant Zaveri's older daughter Binaisha (29) heads strategy and marketing while his younger daughter Raashi (25) oversees the IT system.

- *Adequate second line of management for future expansion*

  Along with CEO Mr R. S. Nagarkar and CFO Mr Prem Hinduja, the promoter's family takes all the strategic decisions. Daily operations are managed by a team consisting of the CEO, the CFO, and the heads of marketing, procurement and retail divisions. The company is also on the lookout for a professional COO to handle the enlarged operations.

- *Experienced independent directors*

  The independent directors appointed on the board of the company have a good reputation and standing in their respective fields, as well as in finance and administration. Their understanding of the business and involvement in decision making is good.

- *Group companies*

  There are seven group/partnership entities carrying out similar operations. They operate without a formal non-compete agreement. However, they have are no material transactions with the company.

Annexure I

Business Profile

Business segments

Retailing of gold and diamond-studded jewellery (95% of FY11 revenues): TBZ's business consists of the sale of jewellery made of gold, diamond and other precious stones, platinum and silver. In FY09, FY10 and FY11, the company sold 3,479 kgs, 3,792 kgs and 4,110 kgs of gold, respectively. The five showrooms (Zaveri Bazar, Ghatkopar, Borivali, Santacruz and Thane - aggregate floor area of 19, 442 sq. ft.) in Mumbai have consistently accounted for ~50-55% of the revenues for the past two years.

Annexure II: Profile of the Directors

Name	Designation	Age	Qualification/Experience	Directorships / partnership in other entities
Shrikant Zaveri	Chairman & MD	52	More than 30 years of experience. Founding member and chairman of the Gems and Jewellery Trade Federation	Public – Tribhovandas Bhimji Zaveri (Bombay) Ltd
Binaisha Zaveri	Whole-time Director	29	Bachelor's degree in marketing and finance	Public – Tribhovandas Bhimji Zaveri (Bombay) Ltd
Raashi Zaveri	Whole-time Director	25	Bachelor's degree in finance and entrepreneurship	Public – Tribhovandas Bhimji Zaveri (Bombay) Ltd
Kamlesh Vikamsey	Independent Director	51	Bachelor's degree in Commerce; chartered accountant from the Institute of Chartered Accountants of India	Navneet Publications Ltd Ramky Infrastructure Ltd Aditya Birla Retail Ltd Axis Mutual Fund Trustee Ltd Neptune Developers Ltd Man Infraconstruction Ltd Partnership – Khimji Kunverji & Co.
Ajay Mehta	Independent Director	52	Bachelor's degree in Science and Master's degree in Chemical Engineering	Deepak Nitrite Ltd
Sanjay Asher	Independent Director	48	Bachelor's degree in Commerce, a degree in law; chartered accountant and solicitor	Ashok Leyland Ltd Bajaj Allianz General Insurance Co. Ltd Bajaj Allianz Life Insurance Co. Ltd Balkrishna Industries Ltd Shree Renuka Sugars Ltd Sudarshan Chemicals Industries Ltd Mandhana Industries Ltd

Source: DRHP

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