DRAFT RED HERRING PROSPECTUS
Dated January 22, 2011
Please read Section 60B of the Companies Act, 1956
100% Book Building Issue
The Draft Red Herring Prospectus shall be updated upon filing with the RoC

tbz The original since 1864
TRIBHOVANDAS BHIMJI ZAVERI
SHRIKANT ZAVERI GROUP

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 95.)

Registered Office: 241/43, Zaveri Bazaar, 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 Rs. 10 EACH OF TRIBHOVANDAS BHIMJI ZAVERI LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING TO Rs. [●] 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 RS. 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 Bombay Stock Exchange 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") Bidders. 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. Potential investors may participate in this Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Bank ("SCSB") for the same. For details, see section titled "Issue Procedure" on page 236.

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 of the Company. The face value of the Equity Shares is Rs. 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 "Basis for Issue Price" on page 50) 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 [●] as [●], indicating [●]. 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 section titled "General Information" on page 23.

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 Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page xi.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft 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 Draft 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 Draft 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 Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
IDFC	AVENDUS the next level is the only level	KARVY Karvy Computershare Private Limited
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 Vittal 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**	[●]

** 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.*
*** The Company may consider closing the Bid/Issue Period for QIBs one working day prior to the Bid/Issue Closing 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 Bazaar, Mumbai 400 002
"We", "us", "Our"	Unless the context otherwise requires, refers to Tribhovandas Bhimji Zaveri Limited, its Subsidiaries and 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 Rs. 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"
Memorandum/ Memorandum of Association	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 "Promoters and Promoter Group" on page 113
Registered Office	The registered office of the Company located at 241/43, Zaveri Bazaar, 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
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum Bid of Rs. 100 million
Anchor Investor Allocation Notice	Notice or intimation of allocation of Equity Shares sent to Anchor Investors who have been allocated Equity Shares after the Anchor Investor Bid/ Issue Period
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 the Red Herring Prospectus and the Prospectus, which price 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

Term	Description
	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
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which contains an authorisation to block the Bid Amount in an ASBA Account and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
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 [●]
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 "Issue Procedure – Basis of Allotment" on page 258
Bid	An indication to make an offer during the Bid Period by a Bidder pursuant to submission of Bid cum Application Form or ASBA Bid cum Application Form, as the case may be, 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 to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form (if applicable)
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 an English national newspaper, a Hindi national newspaper and a regional language newspaper, each with wide circulation
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 an English national newspaper, a Hindi national newspaper and a regional language newspaper, each with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the 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

Term	Description
Business Day	Any day on which commercial banks in Mumbai are open for business except Saturdays and Sundays
CAN/Confirmation of Allotment Note	Note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
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 Rs. 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 ASBA 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	[●]
Draft Red Herring Prospectus	This 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 the 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 dated [●] 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
Escrow Collection Banks	[●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA 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 Rs. [●] per Equity Share aggregating to Rs. [●] 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 the 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

Term	Description
	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"
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 Rs. 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 2,500,000 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 Rs. [●] (Floor Price) and the maximum price of Rs. [●] (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 [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] 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 Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 250 million, pension fund with minimum corpus of Rs. 250 million, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, 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, Government of India.
QIB Portion	The portion of the Issue being not more than 8,333,333 Equity Shares to be allocated to QIBs
Red Herring Prospectus or RHP	The 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. The 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)	[●]
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS 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 Rs. 200,000 in any of the Bidding options in the Issue

Term	Description
Retail Portion	The portion of the Issue being not less than 5,833,334 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding 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
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 (excluding Bids from the ASBA Bidders)
Syndicate Members	[●]
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	Bombay Stock Exchange 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
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
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	FEM (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 Investor) 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
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
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

Term	Description
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra situated at Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002
RONW	Return on Net Worth
Rs./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 Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 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 Fund) Regulations, 1996

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to "India" contained in this Draft 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 Draft Red Herring Prospectus is derived from the restated audited standalone financial statements of the Company as of the six months ended September 30, 2010 and for the past five Fiscals and restated audited consolidated financial statements as of and for the six months ended September 30, 2010 and Fiscal 2010, prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations, and included in this Draft 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 Draft Red Herring Prospectus. Further, for the purpose of Draft 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 Draft 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 Draft 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 Draft 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 Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages xi, 80 and 187 respectively and elsewhere in this Draft 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." 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 Draft 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 i. In the section "Main Provisions of the Articles of Association" on page 265, 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft 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 Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft 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", "shall", "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;
- 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 xi, 80 and 187, 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 Draft 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 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. Additionally, Kallappa Babu Chougula has filed a criminal case before the Judicial Magistrate - I class, Belgaum against Sanjay Asher, amongst others, in his capacity as an independent director of Shree Renuka Sugars Limited alleging involvement in forgery and forged documents.

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, Directors and the Group Company.

There are outstanding legal proceedings involving the Company, 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 section titled “Outstanding Litigation and Material Developments” on page 211. In addition, further liability may arise out of these claims. Brief details of such outstanding litigation as of the date of the Draft Red Herring Prospectus are as follows:

Litigation against our Company

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

Litigation against our Subsidiaries

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

Litigation against our Directors

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

Litigation against our Promoters

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

Litigation against our Group Companies

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

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 section titled "Outstanding Litigation and Material Developments" on page 211.

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. **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.

5. **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 average cost, and net realizable value. As at September 30, 2010, our inventory of gold was Rs.

2,259.17 million and our inventory of diamonds was Rs. 1,300.10 million. In Fiscal 2010, the average turnover of our gold inventory was 94 days and the average turnover of our diamond inventory was 229 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.

6. 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.

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

Our business plan includes the opening of 44 new showrooms by the end of Fiscal 2014. 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.

8. 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.

9. 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 September 30, 2010 were Rs. 1,872.59 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. 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. 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) as at September 30, 2010 were Rs. 2,463.88 million. Our current working capital facilities consist of an aggregate fund based limit of Rs. 1,880 million. Our working capital loans on a consolidated basis as at September 30, 2010 were Rs. 1,872.59 million, all of which was repayable on demand. For further details of the working capital facilities currently availed by us, please see section titled “Financial Indebtedness” on page 207. 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.

10. 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 section titled “Our Business-Properties” on page 91. 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.

11. 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.

12. 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.

13. We maintain a relatively large inventory of gold jewellery and diamond-studded jewellery 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 September 30, 2010, our inventory of gold jewellery and diamond-studded jewellery was Rs. 3,559.27 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.

14. 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.

15. The Company has agreed to sell jadau jewellery only at its 'Krsāla' branded showrooms. If, as planned, the Company transfers the 'Krsāla' division to Konfiaance Jewellery Private Limited and the joint venture agreement with Mrs. Parinda Bajaj dated June 25, 2009 is terminated, it would mean that we could not sell jadau jewellery for five years.

The Company has agreed with Mrs. Parinda Bajaj, the owner of the Krsāla' trademark, to sell jadau jewellery only at its Krsāla' branded showrooms. For Fiscal 2010 and the six months ended September 30, 2010, sales of jadau jewellery were Rs. 129.09 million and Rs. 72.58 million respectively, constituting 1.46% and 1.39% of our sales for Fiscal 2010 and the six months ended September 30, 2010, respectively. The Company entered into a joint venture agreement with Mrs. Parinda Bajaj on June 25, 2009 ("JV Agreement") to set up a company called Konfiaance Jewellery Private Limited ("KJPL") to market precious stones and gems and manufacture and sell jadau jewellery and other ornaments. Under the terms of the JV Agreement, starting from 30 days after the commencement of commercial operations of KJPL and for five years after the termination of the JV Agreement, the Company shall not engage in any business relating to jadau jewellery, except in its dealings with KJPL. If, as planned, the Company transfers the 'Krsāla' division to KJPL and the JV Agreement is terminated, it would mean that we could not sell jadau jewellery for five years from that date, which would have an adverse effect on our results of operations.

16. 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 98.60% of our issued and outstanding Equity Shares. Our Promoters, together with the members of the Promoter Group, will hold 73.95% 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.

17. No adjustments have been made for comments made by auditors in the audit report for the Fiscal 2009 or for the Fiscal 2010.

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." As of September 30, 2010, no adjustments have been made for the above comments. 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." As of September 30, 2010, no adjustments have been made for the above comments. 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.

18. 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.

19. 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 section titled "Financial Indebtedness" on page 207.

20. 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 2010 and the six months ended September 30, 2010, approximately 93.37% and 94.42% of total turnover was generated from these regions, respectively. 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.

21. 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 facility is 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.

22. 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. 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 215.

23. As at September 30, 2010, the Company had Rs. 81.96 million of unsecured debt on a standalone basis and Rs. 72.06 million 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 September 30, 2010, the Company had a total of Rs. 81.96 million of unsecured loans on a standalone basis that were repayable on demand. For details, please see section titled “Financial Indebtedness-Unsecured loans” on page 210. As at September 30, 2010, we had Rs. 72.06 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.

24. 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.

25. 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. Our attrition rate of employees was 21% on an annualised basis in the six months ended September 30, 2010. There can be no assurance it will not increase and an increase in the attrition rate of our employees may adversely affect our operations.

26. Our manufacturing facilities are situated in one geographical area, and thus exposed to any adverse developments affecting that area.

Our manufacturing facilities are situated 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.

27. We have entered into certain related party transactions 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 Rs. 208.59 million and Rs. 48.52 million on a consolidated basis in Fiscal 2010 and the six months ended September 30, 2010, respectively. For detailed information on our related party transactions, please see section titled "Financian Statements-Annexure IV" on page 172. 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.

28. 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 three 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.

29. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution and we have not entered into any definitive agreements to utilise the Issue proceeds. In addition, we have not appointed any third party to monitor the deployment of the Issue proceeds.

The objects for which the funds are being raised have not been appraised by any bank or financial institution. We have not entered into any definitive agreements to utilise the Issue proceeds. There has been no independent appraisal of our expansion plans. All the figures included under the section titled "Objects of the Issue" on page 44 are based on our own estimates. In the event, for whatsoever reason, we are unable to execute our plans to set up our expansion plans, we could have a significant amount of unallocated net proceeds. In such a situation, we would have broad discretion in allocating these net proceeds from the Issue without any action or approval of our shareholders. Due to the number and variability of factors that we will analyze before we determine how to use these unutilised net proceeds, we presently cannot determine how we would reallocate such proceeds. Accordingly, investors will not have the opportunity to evaluate the economic, financial and other relevant information that will be considered by us in the determination on the application of any such net proceeds in these circumstances. In addition, the deployment of funds as stated in the "Objects of the Issue" on page 44 is not subject to monitoring by any independent agency.

30. 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, exhibition, photoshoot, filmshoot and fashion 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 section titled "Business-Insurance" on page 91.

31. 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.

32. Our Subsidiary 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 (Rs.)		
		Fiscal 2010	Fiscal 2009	Fiscal 2008
1.	Konfiaance Jewellery Private Limited	(201,548)	N.A.	N.A.

Sr. No.	Name of the Promoter Group company	Profit/(Loss) After Tax (Rs.)		
		Fiscal 2010	Fiscal 2009	Fiscal 2008
1.	Tribhovandas Bhimji Zaveri (Bombay) Limited(1)	1,559,258	(5,951,373)	5,243,894
2.	Cupid Annibis Jewellery Private Limited	316,864	(1,929,668)	(1,067,203)
2.	Super Traditional Metal Craft (Bombay) Private Limited	(100,776)	(141,485)	1,537,219
3.	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	(96,355)	(107,102)	1,134,611
4.	Tribhovandas Bhimji Zaveri (TBZ) Private Limited	(95,641)	(107,102)	1,132,843
5.	New Transmission & Power Technology Private Limited (2)	(91,117)	(1,818,168)	(8,315)
6.	T B Zaveri Jewelleries Limited(2)	(125,671)	(1,745,455)	-

(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.

(2) New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited will cease to exist from January 26, 2011 and January 24, 2011 respectively, in accordance Section 560 of the Companies Act through the Easy Exit Scheme of 2010.

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

As at September 30, 2010, we employed 904 full-time employees, none of which are in 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.

34. 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

1. 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.

2. 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, please see section titled "Our Business-Competition" on page 90.

3. 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, 2008, 2009 and 2010 and September 30, 2010, the market price of gold was Rs. 1,215.00, Rs. 1,513.30, Rs. 1,632.34 and Rs. 1,918.50 per gram, respectively (source: NCDEX). The consumer demand for gold in India in Fiscal 2008, 2009 and 2010 was 688.30, 630.10 and 620.80 tonnes, respectively. (*Source: WGC*). Our revenue from the sale of gold jewellery was Rs. 2,995.44 million, Rs. 4,796.36 million, Rs. 6,501.88 million and Rs. 3,628.09 million for Fiscal 2008, 2009 and 2010 and the six months ended September 30, 2010, respectively. 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 Rs. 1,072.46 million, Rs. 1,552.59 million, Rs. 1,912.90 million, and Rs. 1,211.60 million for Fiscal 2008, 2009 and 2010 and the six months ended September 30, 2010, respectively. 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.

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

As at September 30, 2010, on a consolidated basis, Rs. 1,966.37 million or 94.44% 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.

5. **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.

6. **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.

7. **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. Imposition of any other taxes by the Central and the State Governments may adversely affect our results of operations.

8. **The Company's transition to IFRS reporting could have a material adverse effect on our reported results of operations or 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, through the press note dated January 22, 2010 ("Press Release") and the clarification thereto dated May 4, 2010 (together with the Press Release, the "IFRS Convergence Note"). Pursuant to the IFRS Convergence Note, which have a net worth of Rs. 5,000 million or less, as per the audited balance sheet as at March 31, 2009 or the first balance sheet for accounting periods which ends after that date, are required to convert their opening balance sheet as at April 1, 2014 in compliance with the notified accounting standards to be converged with IFRS. The Company has not yet determined with any degree of certainty what impact the adoption of IFRS will have on its financial reporting.

The Company's financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our 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.

9. 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.

10. 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 Draft Red Herring Prospectus.

Facts and other statistics in this Draft 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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 Rs. 10 each of the Company for cash at a price of Rs. [●] per Equity Share, including a share premium of Rs. [●] per Equity Share, aggregating to Rs. [●] 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 September 30, 2010 was Rs. 866.23 million and the Company's net worth on a consolidated basis as at September 30, 2010 was Rs. 864.87 million.

- The net asset value per Equity Share was Rs. 86.62 as at September 30, 2010 as per our standalone financial statements and the net asset value per Equity Share was Rs. 86.49 as at September 30, 2010 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 (Rs.)
1.	Shrikant Zaveri	8.53

Sr. No.	Name of the Promoter	Cost of acquisition per Equity Share (Rs.)
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 are as follows:

(in Rs. million)

Nature of Transaction	For the period /years ended					
	September 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Income						
Entities of Key Managerial Personnel	-	-	-	-	1.71	1.72
Expense						
Subsidiary	0.16	0.16	-	-	-	-
Entities of Key Managerial Personnel	3.64	79.31	62.96	57.57	50.91	42.73
Relatives of Key Managerial Personnel	-	-	-	1.87	2.69	-
Key Managerial Personnel	27.35	114.14	98.40	117.88	125.02	40.68
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	100.25
Share in profit of the firm						
Entities of Key Managerial Personnel	-	-	-	1.63	1.24	-
Relatives of Key Managerial Personnel	-	-	-	3.28	6.21	-
Key Managerial Personnel	-	-	-	11.46	67.07	1.38
Drawings						
Key Managerial Personnel	-	-	-	-	59.24	54.85
Loan taken						
Entities of Key Managerial Personnel	1.36	4.36	19.79	3.78	54.25	2.07
Relatives of Key Managerial Personnel	-	0.13	3.05	10.14	19.17	-
Key Managerial Personnel	106.39	197.79	175.56	188.29	-	-
Loan given						
Entities of Key Managerial Personnel	-	0.03	0.03	0.27	-	7.33
Loan recovered						
Entities of Key Managerial Personnel	-	0.26	-	-	24.62	-
Loan repaid						

Nature of Transaction	For the period /years ended					
	September 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Entities of Key Managerial Personnel	5.66	2.69	18.19	3.40	5.01	2.30
Relatives of Key Managerial Personnel	-	11.15	3.84	18.97	1.69	-
Key Managerial Personnel	143.11	172.55	507.15	127.31	-	-
Assets						
Subsidiary	0.16	0.16	-	-	-	-
Entities of Key Managerial Personnel	0.11	0.11	0.34	0.31	-	17.33
Key Managerial Personnel	15.54	-	4.06	6.66	-	-
Investments	9.62	0.06				
Liabilities						
Subsidiary	9.90	-	-	-	-	-
Entities of Key Managerial Personnel	57.48	27.13	34.85	33.24	53.63	36.49
Relatives of Key Managerial Personnel	30.11	30.11	41.13	44.58	32.84	-
Key Managerial Personnel	4.20	21.18	-	328.02	313.53	167.91
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	-	-	-	-	-
Guarantees given by Key Managerial Personnel	140.00	-	-	-	-	-

For details of the related party transaction entered into by the Company, see section titled "Related Party Transactions" on page 122.

- Except as disclosed in the section "Group Companies" on page 116, the Group Companies do not have any common pursuits and business interests of Group Companies

- 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 the Draft 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 Rs. 45.70 for one US Dollar is the RBI reference rate as of January 21, 2011 (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 7.0% 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 1.17 billion people in July 2009. India had an estimated GDP of approximately US$3.56 trillion in 2009, 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:

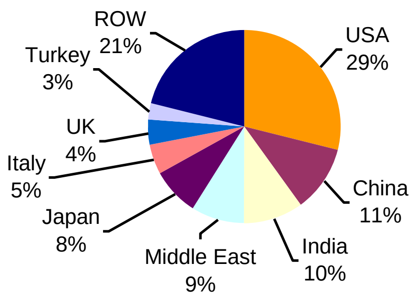
Countries*	2009	2008	2007
Australia	1.3%	2.3%	4.8%
Brazil	-0.2%	5.1%	6.1%
China	9.1%	9.0%	13.0%
Germany	-4.9%	1.3%	2.5%
India	7.4%	7.4%	9.0%
Indonesia	4.5%	6.1%	6.3%
Japan	-5.3%	-1.2%	2.3%
South Korea	0.2%	2.3%	5.1%
Malaysia	-1.7%	4.7%	6.5%
Russia	-7.9%	5.6%	8.1%
Thailand	-2.2%	2.5%	4.9%
United Kingdom	-4.9%	-0.1%	2.7%
United States	-2.6%	0.0%	1.9%

** Represents calendar year growth rates*
(Source: CIA World Factbook)

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

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 Rs. 870 billion as of 2008-09 according to a FICCI-Technopak study and is expected to grow up to Rs. 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. 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 Rs.200,000 to Rs.1 million) which is expected to increase ten-fold by 2025 (fastest-growing segment).

Changing demographics and consumer preferences

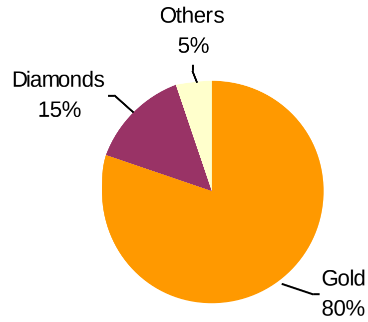
Increased urbanization, higher percentage of younger population, multiple-income families and more women in the workforce is giving rise to higher disposable income level leading to impulse buying and a preference for superior lifestyle. The median age of an Indian is 25.3 years, one of the lowest in 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 Rs. 973 billion as of 2009-10, contributing around 6% of the overall retailing industry in India. This makes jewellery the largest contributor of India's overall retail industry.

Within the jewellery retailing market in India, the share of gold jewellery is estimated to be around 80%, according to CRISIL Research.

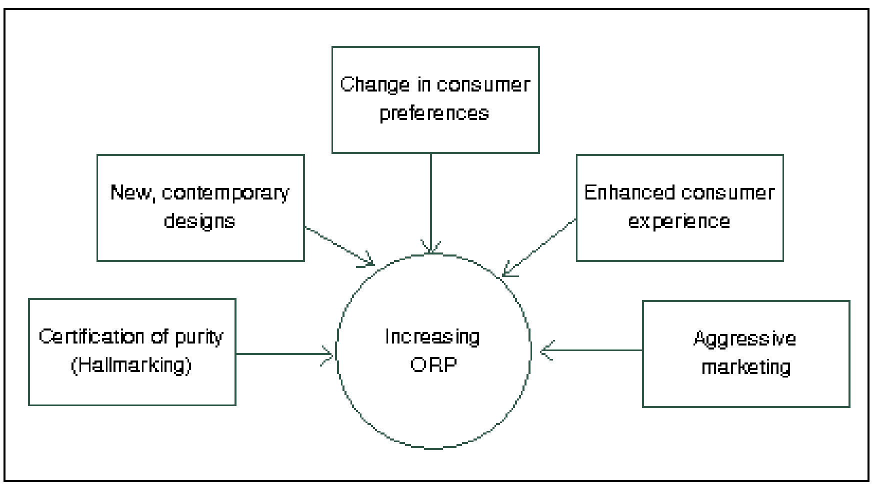


Source: CRISIL Research

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. Even today purchase of jewellery is largely based on trust exhibited by customers. As a result, households make purchases from their "family jewellers". 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

Snapshot of a Few Organized Jewellery Retail Players

Company	Sales (2009) (Rs. 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

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.

SUMMARY OF BUSINESS

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in nine cities across five states, which have a total carpet area of approximately 44,000 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery, jadau jewellery and silverware. The design and manufacture of our products and silverware is done either in-house or by third parties. Our flagship showroom in Zaveri Bazaar, Mumbai, was established in 1864. Since 2001, we have opened 13 showrooms, including opening seven showrooms between August 2007 and October 2008.

We have 12 showrooms under the trade name of "Tribhovandas Bhimji Zaveri". In addition, we have two designer boutiques under the trade name "Krsāla", which predominately sell jadau and diamond studded jewellery. Out of these 14 showrooms, nine are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more), three are what we term a "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.) and two are designer boutique showrooms (carpet area of 2,200-2,300 sq. ft.). Four of our "Tribhovandas Bhimji Zaveri" showrooms are in Mumbai, Maharashtra; one is in Thane, 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 Indore, Madhya Pradesh; and one is in Kochi, Kerala. One of our "Krsāla" showrooms is in Pune, Maharashtra and the other is in Hyderabad, Andhra Pradesh.

We plan to open an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the name "Tribhovandas Bhimji Zaveri" by the end of Fiscal 2014, which would give us a total of 58 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 46 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 21 designers, six 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 were awarded 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.

We have our own manufacturing facility for diamond-studded jewellery, 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.

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. We are

building an additional facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. The majority of our production activity was shifted from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to move all of our production to the new facility when it is fully completed.

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.

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 September 30, 2010, we had 904 employees. In Fiscal 2010, our total sales revenue was Rs. 8,848.95 million on a consolidated basis, of which 73.48% was from the sale of gold jewellery, 21.62% was from the sale of diamond-studded jewellery and 4.91% was from sale of other products. Our profit after taxation for Fiscal 2010 was Rs. 169.04 million on a consolidated basis. For the six months ended September 30, 2010, our total sales revenue was Rs. 5,217.50 million on a consolidated basis, of which 69.54% was from the sale of gold jewellery, 23.22% was from the sale of diamond-studded jewellery, and 7.24% was from the sale of other products. Our profit after taxation for the six months ended September 30, 2010 was Rs. 179.57 million on a consolidated basis.

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 21 designers, six 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.

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 recently 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.

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.

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 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 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. We are

building an additional facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. We moved the majority of our production activity from the old facility to the new facility during the third quarter of Fiscal 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 money 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 and silverware 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

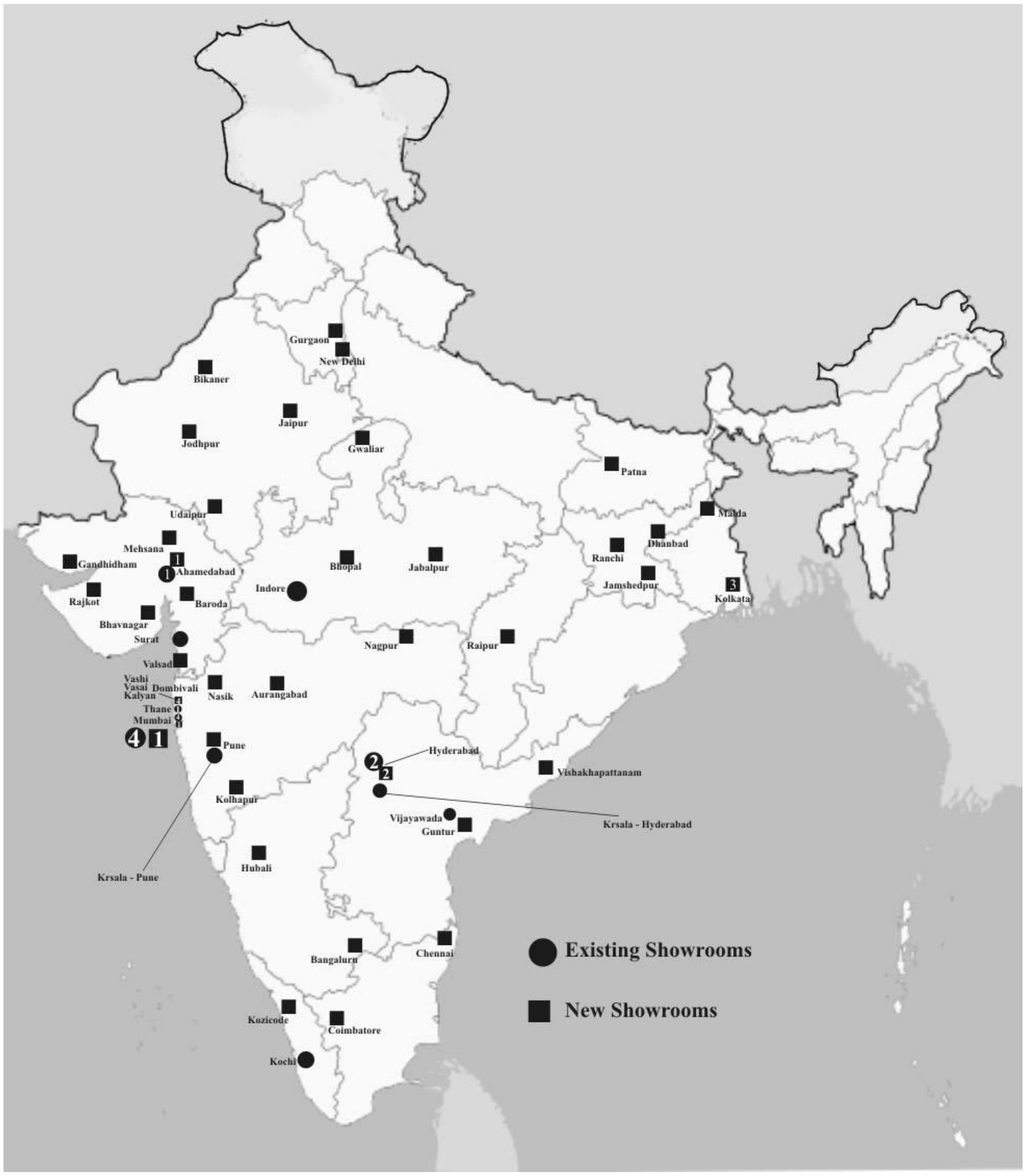
Our goal is to be the leading jewellery brand in India. We strive to achieve this goal by implementing the following key business strategies:

Expanding Our Retail Network

We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the Tribhovandas Bhimji Zaveri brand by the end of Fiscal 2014, which would give us a total of 58 showrooms (with a total carpet area of approximately 150,000 sq. ft) in 46 cities across 14 states.

Prior to choosing the proposed locations for the new showrooms, we conducted an analysis on the market in each location. We generally aim to enter potentially jewellery markets where we can gain market share from local companies by carving a niche in 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 the locations of our proposed new showrooms:



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 and launching new products and promotions. 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 complimentary 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 the six months ended September 30, 2010, our gross profit margin on sales of diamond-studded jewellery was 28.36% compared with 12.19% 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 and launching new diamond-studded jewellery products at various price points, including at entry level. In the six months ended September 30, 2010 and Fiscal 2010 and 2009, sales of diamond-studded jewellery were Rs. 1,211.6 million, Rs. 1,912.9 million and Rs. 1,552.59 million, respectively, on a consolidated basis representing 23.22%, 21.62% and 23.23% of total sales 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 marketing budget as a percentage of our sales to decrease from 2.49% in the six months ended September 30, 2010 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 sales revenue 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, we are building a new facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. This is our first in-house facility for gold refining. We shifted most of our production activity from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to shift our entire production to the new facility when it is fully completed. 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 TBZ Brand Name and Continuing to Distinguish our Business from other Businesses Using Similar Names

We plan to leverage the TBZ brand name by expanding the number of showrooms under the TBZ brand name, as mentioned above, 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 Bazaar. For further discussion of the use of similar names by other businesses and the risks involved, see section titled "History and Certain Corporate Matters" on page 95 and "Risk Factors" on page xi.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the audited restated standalone and consolidated financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 and the six months ended September 30, 2010. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI Regulations and presented under the section "Financial Statements" on page 124. 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 124 and 187 respectively.

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	**As at**					
	30-Sep-10	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**31-Mar-06**
Fixed assets						
Gross block	572.73	527.86	453.91	216.67	113.67	78.58
Less: Accumulated depreciation	142.86	125.23	94.33	64.84	52.62	45.33
Net block	**429.87**	**402.63**	**359.58**	**151.83**	**61.05**	**33.25**
Capital work-in-progress	**40.41**	**41.71**	**10.88**	**19.46**	**-**	**3.21**
Investments	**9.62**	**0.06**	**-**	**-**	**-**	**-**
Deferred tax asset (net)	**14.42**	**12.38**	**4.46**	**1.02**	**-**	**-**
Current assets, loans and advances						
Inventories	3,749.85	2,865.46	2,280.22	1,467.48	969.90	652.29
Sundry debtors	60.66	30.55	20.03	41.86	14.23	10.57
Cash and bank balances	73.39	58.68	55.11	137.46	47.30	92.34
Loans and advances	85.69	71.08	75.93	54.30	72.26	91.60
Total	**3,969.59**	**3,025.77**	**2,431.29**	**1,701.11**	**1,103.69**	**846.80**
Liabilities and provisions						
Secured loans	2,010.01	1,936.13	1,720.77	884.56	510.20	442.57
Unsecured loans	81.96	88.08	71.92	405.84	385.21	35.42
Current liabilities	1,407.94	739.22	474.86	509.36	258.12	231.51
Provisions	97.77	33.71	22.49	12.00	7.61	5.59
Total	**3,597.68**	**2,797.14**	**2,290.04**	**1,811.76**	**1,161.14**	**715.09**
Deferred tax liability (net)		**-**	**-**	**-**	**1.60**	**0.26**
Net worth	**866.23**	**685.42**	**516.17**	**61.66**	**2.00**	**167.91**
Net worth represented by:						
Share capital						
Equity share capital	100.00	100.00	100.00	2.00	2.00	167.91
Reserves and surplus						
Securities premium	340.00	340.00	340.00	-	-	-
Profit and loss account	426.23	245.42	76.17	59.66	-	-
Net worth	**866.23**	**685.42**	**516.17**	**61.66**	**2.00**	**167.91**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) 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 2006, 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 the Annual General Meeting held on 30 September 2010, the Company has approved issue of fully paid bonus shares in the proportion of 4 equity shares for every 1 equity share held as on 30 September 2010. Accordingly 40,000,000 bonus shares of Rs.10 each fully paid have been issued by capitalization of securities premium and profit and loss account aggregating Rs.400,000,000 on 7 October 2010.

SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year / period ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
INCOME						
Sales	5,217.50	8,848.95	6,687.43	4,393.53	3,051.55	2,262.61
Other income	2.87	3.57	1.34	3.64	2.67	0.49
Total income	**5,220.37**	**8,852.52**	**6,688.77**	**4,397.17**	**3,054.22**	**2,263.10**
EXPENDITURE						
Cost of goods manufactured	3,127.05	6,351.43	4,428.01	2,968.48	2,149.69	1,852.56
Purchase of traded goods	1,272.98	1,215.58	1,315.51	774.52	390.10	169.35
Personnel expenses	168.91	307.22	264.28	210.43	160.53	66.30
Administrative and selling expenses	249.28	480.26	337.11	187.28	129.13	96.83
Speculation loss	-	-	-	-	20.92	14.71
Finance charges	120.38	219.18	159.32	98.91	74.29	46.11
Depreciation	17.63	30.91	29.50	15.91	8.21	6.23
Total expenditure	**4,956.23**	**8,604.58**	**6,533.73**	**4,255.53**	**2,932.87**	**2,252.09**
Profit before taxation	**264.14**	**247.94**	**155.04**	**141.64**	**121.35**	**11.01**
Less: Provision for tax						
Current tax	85.37	86.46	51.77	66.66	44.50	7.90
Wealth tax	-	0.16	-	-	-	-
Deferred tax (credit) / charge	(2.04)	(7.93)	(3.44)	(2.62)	1.34	0.69
Fringe benefit tax	-	-	2.20	1.57	0.97	1.05
Profit after taxation	**180.81**	**169.25**	**104.51**	**76.03**	**74.54**	**1.37**
Profit brought forward	245.42	76.17	59.66	-	-	-
Profit available for appropriation	426.23	245.42	164.17	76.03	74.54	1.37
Less: Utilised for the issue of bonus shares	-	-	88.00	-	-	-
Balance carried forward, as restated	**426.23**	**245.42**	**76.17**	**76.03**	**74.54**	**1.37**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Summary Statement of Standalone 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 2006, 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 the Annual General Meeting held on 30 September 2010, the Company has approved issue of fully paid bonus shares in the proportion of 4 equity shares for every 1 equity share held as on 30 September

2010. Accordingly 40,000,000 bonus shares of Rs.10 each fully paid have been issued by capitalization of securities premium and profit and loss account aggregating Rs.400,000,000 on 7 October 2010.

SUMMARY STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year / periods ended					
	30-Sep-10	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**31-Mar-06**
A. Cash flow from operating activities						
Net profit before prior period item, tax and extraordinary items	264.14	247.94	155.04	141.64	121.35	11.01
Adjustment for:						
Depreciation	17.63	30.91	29.50	15.91	8.21	6.23
Interest expenses	109.34	196.08	158.93	98.91	74.29	46.11
Debit balances written off	-	0.03	-	-	-	-
(Profit) on sale of fixed assets	-	-		(1.57)	(1.27)	-
Foreign exchange gain	(0.24)	-	-	-	-	-
Provision for bad debts	3.52	-	-	-	-	-
Interest income	(2.38)	(3.42)	(1.34)	(0.53)	-	-
Operating profit before working capital changes	392.01	471.54	342.13	254.36	202.58	63.35
Adjustment for						
Trade and other receivables	(51.64)	(14.17)	3.41	(29.22)	19.24	(33.95)
Inventories	(884.39)	(585.23)	(812.75)	(497.58)	(317.62)	(110.42)
Trade payables and other Liabilities	682.12	290.49	(22.85)	255.64	28.70	15.16
Cash generated from / (used in) operations	138.10	162.63	(490.06)	(16.80)	(67.10)	(65.86)
Income taxes paid (net of refunds)	(32.16)	(91.16)	(55.98)	(48.69)	(49.10)	(6.53)
Net cash from operating activities	**105.94**	**71.47**	**(546.04)**	**(65.49)**	**(116.20)**	**(72.39)**
B. Cash flow from investing activities						
Purchase of fixed assets	(44.39)	(102.82)	(228.67)	(127.65)	(33.98)	(7.90)
Sale of fixed assets				3.07	2.46	0.25
Purchase of investment	(9.56)	(0.06)	-		-	-
Interest received	4.30	(0.85)	0.15	0.53	-	-
Net cash used in investing activities	**(49.65)**	**(103.73)**	**(228.52)**	**(124.05)**	**(31.52)**	**(7.65)**
C. Cash flow from Financing activities						
Interest paid	(109.34)	(196.08)	(158.93)	(98.91)	(74.29)	(46.11)
Proceeds from shares issued	-	-	-	-	-	-
Repayments of secured loans	(42.84)	(63.77)	(32.85)	(0.99)	(1.01)	(1.35)
Proceeds from secured loans	116.72	279.52	867.90	375.34	68.64	168.77
Repayment of unsecured	(149.12)	(204.77)	(532.31)	(15.90)	-	-

Loans						
Proceeds from unsecured loans	143.00	220.93	548.40	20.16	109.34	44.24
Net cash generated from / (used in) financing activities	**(41.58)**	**35.83**	**692.21**	**279.70**	**102.68**	**165.55**
Net Increase / (Decrease) in cash and cash equivalents	**14.71**	**3.57**	**(82.35)**	**90.16**	**(45.04)**	**85.51**
Cash and cash equivalents at the beginning of the year / period	**58.68**	**55.11**	**137.46**	**47.30**	**92.34**	**6.83**
Cash and cash equivalents at the end of the year / period	**73.39**	**58.68**	**55.11**	**137.46**	**47.30**	**92.34**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Summary Statement of Standalone 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 2006, 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

(Rupees in million)

Particulars	As at	
	30-Sep-10	31-Mar-10
Goodwill on consolidation (net of amortization)	**2.40**	**-**
Fixed assets		
Gross block	572.73	527.86
Less: Accumulated depreciation	142.86	125.23
Net block	**429.87**	**402.63**
Capital work-in-progress	**40.41**	**41.71**
Investments	**-**	**-**
Deferred tax asset (net)	**14.42**	**12.38**
Current assets, loans and advances		
Inventories	3,749.85	2,865.46
Sundry debtors	60.66	30.55
Cash and bank balances	73.50	58.78
Loans and advances	85.51	70.92
Total	**3,969.52**	**3,025.71**
Liabilities and provisions		
Secured loans	2,010.01	1,936.13
Unsecured loans	72.06	88.08
Minority interest	3.91	-
Current liabilities	1,408.00	739.26
Provisions	97.77	33.71
Total	**3,591.75**	**2,797.18**
Deferred tax liability (net)		**-**
Net worth	**864.87**	**685.25**
Net worth represented by:		
Share capital		
Equity share capital	100.00	100.00
Reserves and surplus		
Securities premium	340.00	340.00
Profit and loss account	424.87	245.25
Net worth	**864.87**	**685.25**

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

Notes:

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

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

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year / period ended	
	30-Sep-10	**31-Mar-10**
INCOME		
Sales	5,217.50	8,848.95
Other income	2.87	3.57
Total income	**5,220.37**	**8,852.52**
EXPENDITURE		
Cost of goods manufactured	3,127.05	6,351.43
Purchase of traded goods	1,272.98	1,215.58
Personnel expenses	168.91	307.22
Administrative and selling expenses	249.31	480.47
Finance charges	120.38	219.18
Depreciation	18.84	30.91
Total expenditure	**4,957.47**	**8,604.79**
Profit before taxation	**262.90**	**247.73**
Less: Provision for tax		
Current tax	85.37	86.46
Wealth tax	-	0.16
Deferred tax (credit) / charge	(2.04)	(7.93)
Fringe benefit tax	-	-
Profit after taxation	**179.57**	**169.04**
Less: Minority interest	(0.01)	(0.08)
Profit brought forward	245.25	76.17
Profit available for appropriate, as restated	424.83	245.29
Less / (add): Adjustment of minority interest	(0.04)	0.04
Balance carried forward, as restated	**424.87**	**245.25**

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

Notes:

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

ii. Also refer note (i) and (ii) of Annexure II: Summary Statement of standalone Profit and losses, as restated.

SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year / period ended	
	30-Sep-10	31-Mar-10
A. Cash flow from operating activities		
Net profit before prior period item, tax and extraordinary items	262.90	247.73
Adjustment for:		
Depreciation	18.84	30.91
Interest expenses	109.34	196.08
Debit balances written off	-	0.03
Preliminary expenses written off	-	0.16
Foreign exchange gain	(0.24)	-
Provision for bad debts	3.52	-
Interest income	(2.38)	(3.42)
Operating profit before working capital changes	391.98	471.49
Adjustment for		
Trade and other receivables	(51.57)	(15.39)
Inventories	(884.39)	(585.23)
Trade payables and other Liabilities	681.97	274.17
Cash generated from / (used in) operations	137.99	145.04
Income taxes paid (net of refunds)	(32.00)	(75.66)
Net cash from operating activities	**105.99**	**69.38**
B. Cash flow from investing activities		
Purchase of fixed assets	(44.39)	(101.92)
Goodwill on consolidation	(3.61)	
Interest received	4.30	0.34
Net cash used in investing activities	**(43.70)**	**(101.58)**
C. Cash flow from Financing activities		
Receipt from minority interest	-	0.04
Interest paid	(109.34)	(196.08)
Repayments of secured loans	(42.84)	(63.77)
Proceeds from secured loans	116.72	279.52
Repayment of unsecured loans	(149.12)	(204.77)
Proceeds from unsecured loans	133.10	220.93
Increase in the minority share	3.91	-
Net cash generated from / (used in) financing activities	**(47.57)**	**35.87**
Net Increase / (Decrease) in cash and cash equivalents	**14.72**	**3.67**
Cash and cash equivalents at the beginning of the year / period	**58.78**	**55.11**
Cash and cash equivalents at the end of the year / period	**73.50**	**58.78**

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

Note:

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

THE ISSUE

Issue by the Company	16,666,667 Equity Shares of face value of Rs. 10 each aggregating upto Rs. [●] 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 44 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 236.

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 95.

Registered Office of the Company

Tribhovandas Bhimji Zaveri Limited
241/43, Zaveri Bazaar
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: U27205MH2007PTC17259

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 100.

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 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 SCSB, 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 ASBA 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 3989 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

[●]

IPO Grading Agency

This Issue has been graded by [●] as [●], indicating [●]. The rationale furnished by the grading agency for its grading will be updated at the time of filing the Red Herring Prospectus with the RoC.

Experts

Except for the report of the Auditors dated January 22, 2011 provided by B S R and Co. and the report of [●] dated [●] in respect of the IPO grading of this Issue annexed herewith to this Draft Red Herring Prospectus, 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, Vittal 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

[●]

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 ASBA Bid cum Application Forms, please refer to the SEBI website (www.sebi.gov.in).

Bankers to the Company

State Bank of India
Bullion Exchange Branch
Lower Ground Floor, Cotton Exchange Building
Kalbadevi Road,
Mumbai 400 002
Tel: (91 22) 22424163/4164/4169
Fax: (91 22) 22424171/4172/4173
E-mail: sbi.12002@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

Monitoring Agency

There is no requirement to appoint a monitoring agency for the Issue, as this Issue is for an amount less than Rs. 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 Draft 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-	IDFC Capital, Avendus	IDFC Capital

	Activity	Responsibility	Co-ordination
	ordination with Auditors for preparation of financials and 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 229.

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 Rs. 20 to Rs. 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 (Rs.)	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.*, Rs. 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 Rs. 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 237);

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, for Bids of all values, ensure that you have mentioned your PAN and (see section titled "Issue Procedure – Permanent Account Number" on page 254):

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

5. Bids by QIBs will only have to be submitted to the BRLMs and/or their affiliates; and

6. Bids by ASBA Bidders will have to be admitted to the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSBs to ensure that the ASBA Bid cum Application Form 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 (Rs. In million)
[●]	[●]	[●]

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 Draft Red Herring Prospectus is set forth below:

(In Rs. except share data)

		Aggregate Value at face value	Aggregate Value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	75,000,000 Equity Shares of Rs. 10 each	750,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	50,000,000 Equity Shares of Rs. 10 each	500,000,000	
C	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	16,666,667 Equity Shares of Rs. 10 each	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 of Rs. 10 each	666,666,670	[●]

**The securities premium account was Rs.340,000,000 as on September 30, 2010 which was utilised for the allotment 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 Rs. 2,000,000 divided into 200,000 Equity Shares was increased to Rs. 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 Rs. 20,000,000 divided into 2,000,000 Equity Shares was increased to Rs. 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 Rs. 100,000,000 divided into 10,000,000 Equity Shares was increased to Rs. 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 Rs. 200,000,000 divided into 20,000,000 Equity Shares was increased to Rs. 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 (Rs.)	Issue price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Cumulative No. of Equity Shares	Cumulative paid-up equity capital (Rs.)	Cumulative securities premium (Rs.)
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

2. Equity Shares allotted for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face value (Rs.)	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 Kamala 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 Kamala 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 (Rs.)	Issue price/ Consideration (Rs.)	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	Bonus	6,159,956	10	Nil	61,599,56	Bonus	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 (Rs.)	Issue price/ Consideration (Rs.)	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
15, 2008	issue in the ratio of 1:44				0	issue			
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
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

Date of Allotment or Transfer of the Equity Shares	Nature of Transaction	Number of Equity Shares	Face value (Rs.)	Issue price/ Consideration (Rs.)	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
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 Draft 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 (Rs.)	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*	1,312,394	10	-	1.97
Total			**13,375,020**			**20.07**

**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 the Draft 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 January 20, 2011 granted specific written consent for the lock-in of 20.07% 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 20.07% 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	3	46,599,775	0	93.20	93.20	46,599,775	69.90	69.90	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	0	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	**5**	**49,299,775**	**0**	**98.60**	**98.60**	**49,299,775**	73.95	73.95	**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)	**5**	**49,299,775**	**0**	**98.60**	**98.60**	**49,299,775**	73.95	73.95	**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
Individuals										
Individual shareholders holding nominal share capital up	1	225	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)		
to Rs. 1 lakh										
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	4	700,000	0	1.40	1.40				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	**5**	**700,225**	**0**	**1.40**	**1.40**				**0**	**0.00**
Total Public shareholding (B)	**5**	**700,225**	**0**	**1.40**	**1.40**	**17,366,892##**	**26.05**	**26.05**	**0**	**0.00**
Total (A)+(B)	**10**	**50,000,000**	**0**	**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**	**0**	**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.

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 Draft Red Herring Prospectus:

Shareholder	No. of Equity Shares held	Percentage
Shrikant Zaveri	36,742,275	73.48
Binaisha Zaveri	5,285,000	10.57
Raashi Zaveri	4,572,500	9.15

Shareholder	No. of Equity Shares held	Percentage
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
Parinda Bajaj	150,000	0.30
Mayur Choksi	25,000	0.05
Rajeev Sagar	25,000	0.05
Mayur Choksi jointly with Kamala Zaveri	225	0.00

(b) As of 10 days prior to the date of this Draft Red Herring Prospectus *i.e.* January 12, 2011:

Shareholder	No. of Equity Shares held	Percentage
Shrikant Zaveri	36,742,275	73.48
Binaisha Zaveri	5,285,000	10.57
Raashi Zaveri	4,572,500	9.15
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
Parinda Bajaj	150,000	0.30
Mayur Choksi	25,000	0.05
Rajeev Sagar	25,000	0.05
Mayur Choksi jointly with Kamala Zaveri	225	0.00

(c) Two years prior to the date of this Draft Red Herring Prospectus *i.e.*, January 22, 2009:

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 Kamala 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 Rs. 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 Draft 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	Rs. 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 within three months after the listing of Equity Shares by directors, senior	Nil

Particulars	Details
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: Employee 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 Draft 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	Rs. 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: 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

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 “Capital Structure” and “Management” on pages 31and 100, none of the Directors or the key management personnel hold any Equity Shares in the Company.

10. Other than the bonus issue on October 7, 2010, the Company has not issued any Equity Shares, during the preceding one year, at a price lower than the Issue Price.

11. Except as stated below, 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 Draft Red Herring Prospectus has been filed with SEBI:

S. No.	Name of the Director/ Promoters/ Promoter Group	Date of the Transaction	No. of Equity Shares	Issue Price (in Rs. per Equity Share)	Nature of Transaction
1.	Shrikant Zaveri	July 28, 2010	100,000	10	Sale of Equity Shares to Keki Unwalla
2.	Shrikant Zaveri	August 26, 2010	360,000	70	Purchase of Equity Shares from Super Traditional Metal Crafts (Bombay) Private Limited
3.	Shrikant Zaveri	October 11, 2010	150,000	10	Sale of Equity Shares to Parinda Bajaj
4.	Shrikant Zaveri	November 22, 2010	25,000	10	Sale of Equity Shares to Mayur Choksi
5.	Shrikant Zaveri	November 22, 2010	25,000	10	Sale of Equity Shares to Rajeev Sagar

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. 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.

14. 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.

15. 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.

16. The Company has not raised any bridge loan against the proceeds of the Issue. For details on the use of proceeds, see section "Objects of the Issue" on page 44.

17. 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.

18. 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 Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed.

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, 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.

20. 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.

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

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

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

24. Except as stated above, the Company has not issued any Equity Shares for consideration other than cash. The Company has not issued any Equity Shares in terms of any scheme approved under Sections 391-394 of the Companies Act.

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 Draft 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 Rs. [●].

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 Rs. 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 Rs. 1,565.08 million), the working capital demand loan from HDFC Bank Limited and State Bank of India and internal accruals.

Utilisation of the Net Proceeds

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

(In Rs. million)

S. No.	Particulars	Amount
1.	To finance the establishment of new showrooms	181.68
2.	To meet incremental working capital requirements	1,565.08
3.	General corporate purposes	[●][(1)]

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

The entire Net Proceeds will be utilised during the Fiscal Year 2012.

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.

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 2012 and towards this object, the Company intends to deploy an amount aggregating to Rs. 181.68 million.

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 showrooms	Cost of establishment (in Rs. million)		
		Capital Expenditure(1)	Advance rental deposits(2)	Total
Large format high street showroom	9	144.90	36.78	**181.68**

(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 Rs.)	Basis of cost estimation
1.	Architect	525,000	Letter dated November 28, 2010 from Sondagar Associates

S. No.	Particulars	Cost (in Rs.)	Basis of cost estimation
2.	Furniture and Fixtures panelling	2,800,000	Quotation dated December 13, 2010 from Prism Modular Systems
3.	Modular furniture	2,793,750	Quotation dated December 13, 2010 from Prism Modular Systems
4.	Plaster of Paris and painting work	960,000	Quotation dated December 13, 2010 from Prism Modular Systems
5.	Civil work such as flooring and tiling	600,000	Quotation dated December 13, 2010 from Prism Modular Systems
6.	Reinforced cement concrete work including providing strong room with MS bar	400,000	Quotation dated December 13, 2010 from Prism Modular Systems
7.	Glazing work	900,000	Quotation dated December 13, 2010 from Prism Modular Systems
8.	Electrical installations	875,000	Quotation dated December 13, 2010 from Prism Modular Systems
9.	Electrical panelling	75,000	Quotation dated December 13, 2010 from Prism Modular Systems
10.	Supply and installation of music system	45,000	Quotation dated December 13, 2010 from Prism Modular Systems
11.	Manufacture and supply of jokham boxes	142,500	Quotation dated December 13, 2010 from Prism Modular Systems
12.	Supply and installation of ACP cladding	630,000	Quotation dated December 13, 2010 from Prism Modular Systems
13.	Pest control	87,500	Quotation dated December 13, 2010 from Prism Modular Systems
14.	Display material	691,500	Quotation dated December 11, 2010 from Milan Display and Packaging
15.	Chairs	277,087	Quotation dated October 12, 2010 from Charmi Enterprises
16.	Lighting	632,475	Quotation dated December 12, 2010 from Rays Lighting
17.	Air-conditioning of showrooms including purchase of air conditioners	1,108,008	Quotation dated December 13, 2010 from Cool Air Systems
18.	Purchase of weighing machines	80,950	Quotation dated December 13, 2010 from Microtech Instruments Corporation
19.	Currency counting machines	102,735	Quotation dated October 26, 2010 from National Equipment
20.	Gold purity testing machine	759,375	Quotation dated October 26, 2010 from Ashlyin Chemunnor
21.	Gold melting machine	126,000	Quotation dated October 26, 2010 Vapson Jewellery Equipments Private Limited
22.	Uninterrupted power system	139,700	Quotation dated May 11, 2010 from Network Techlab (India) Private Limited
23.	Safe door	112,419	Quotation dated December 13, 2010 from Gunnebo India Limited
24.	Security Systems	51,963	Quotation dated January 23, 2010 from Vallabh Enterprises
25.	Signage lettering	179,000	Quotation dated December 12, 2010 from Omkar Arts

S. No.	Particulars	Cost (in Rs.)	Basis of cost estimation
26.	Sign board	630,000	Quotation submitted by Prism Modular Systems
27.	Camera and DVR	400,500	Quotation submitted by Sanjay Telecom
28.	Other miscellaneous items and expenses[(1)]	910,666	Various suppliers
TOTAL		**16,089,962**	

(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. As on date, we have not made any firm arrangements in relation to the stores that we propose to establish.

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 September 30, 2010, the Company's working capital facility consists of Rs. 1,872.59 million. As of March 31, 2010 the amounts outstanding under working capital facilities was Rs. 1,825.84 million. For further details of the working capital facility currently availed by the Company, see section titled "Financial Indebtedness" on page 207 of this Draft Red Herring Prospectus.

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 March 31, 2010 and funding of the same are as set out in the table below:

Sr. No.	Particulars	As at March 31, 2010 (In Rs. million)
I.	***Current Assets, Loans and Advances***	
1.	Inventories	2,865.45
2.	Sundry debtors	30.55
3.	Cash and bank balances	58.68
4.	Loans and advances	71.08
	Total current assets, loans and advances (A)	**3,025.76**
II.	***Current Liabilities***	
1.	Sundry Creditors	494.30
2.	Advance received from customers	208.17
3.	Other liabilities	36.75
	Total current liabilities (B)	**739.22**
III.	**Total Working Capital Requirements (A - B)**	**2,286.54**
IV.	**Funding Pattern**	
1.	Working capital funding from banks	1,825,84
2.	Internal accruals	487.69

The details of the Company's expected working capital requirements as at March 31, 2012 and funding of the same are as set out in the table below:

Sr. No.	Particulars	As at March 31, 2012 (In Rs. million)
I.	***Current Assets, Loans and Advances***	
1.	Inventories	5,308.67
2.	Sundry debtors	30.55
3.	Cash and bank balances	92.69
4.	Loans and advances	151.42
	Total current assets, loans and advances (A)	**5,583.33**
II.	***Current Liabilities and Provisions (B)***	**478.02**
III.	**Total Working Capital Requirements (A - B)**	**5,105.31**
IV.	**Proposed Funding Pattern**	
1.	Working capital funding from banks	2,500.00
2.	Internal accruals	1,040.23
3.	Part of the Net Proceeds	1,565.08

Assumptions for working capital requirements

Particulars	Number of days outstanding
Inventories	134
Sundry debtors	1
Cash and Bank Balance	2
Loans & Advances	3
Current Liabilities and Provisions	12

Note: While the sundry debtors, cash and bank balance and loans and advances are in terms of number of days 'Sales', the other parameters namely inventories and current liabilities and provisions are in terms number of days 'cost of sales'

3. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating Rs. [●] 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 Rs. 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 Draft 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 Draft 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 Rs. 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 xi and 81, respectively.

Quantitative Factors

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

Period ended	Basic EPS (Rs.)	Diluted EPS (Rs.)	Weight
March 31, 2010	3.38	3.38	3
March 31, 2009	2.14	2.14	2
March 31, 2008	1.69	1.69	1
Weighted Average	2.69	2.69	
September 30, 2010#	3.62		

 # Not annualised

Basic and Diluted Earnings per share (EPS)- Consolidated

Period ended	Basic EPS (Rs.)	Diluted EPS (Rs.)
March 31, 2010	3.38	3.38
September 30, 2010#	3.59	

 # Not annualised

Note:

(i) Basic/Diluted Earnings Per Share (Rs.) = Net Profit after Tax as Adjusted divided by the Numbers of 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 Rs. 10.

2. ***Price Earning (P/ E) Ratio in relation to the Issue Price of Rs. [●] per Equity Share of Rs. 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, 2010 at the Floor Price	[●]	[●]
2.	P/E ratio on the Diluted EPS for the year ended March 31, 2010 at the Floor Price	[●]	[●]
3.	P/E ratio on the Basic EPS for the year ended March 31, 2010 at the Cap Price	[●]	[●]
4.	P/E ratio on the Diluted EPS for the year ended March 31, 2010 at the Cap Price	[●]	[●]

Industry P/ E*

	P/ E Ratio	Name of the company	Face value of equity shares (Rs.)
Highest	62.1	Titan Industries Limited	10
Lowest	9.9	Thangamayil Jewellery Limited	10
Average	28.1		

Source : BSE
**Industry comprises of Titan Industries Limited, Gitanjali Gems and Jewellery Limited and Thangamayil Jewellery Limited, P/E based on closing price of January 21, 2011 on BSE and the net profits of Fiscal 2010 (standalone).*

3. ***Return on Networth*** $^{*\#}$ ***(RoNW) - Standalone***

Period ended	RoNW (%)	Weight
March 31, 2010	24.69	3
March 31, 2009	20.25	2
March 31, 2008	16.26	1
Weighted Average	21.81	
September 30, 2010#	20.87	

 # Not annualised

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

Period ended	RoNW (%)
March 31, 2010	24.67
September 30, 2010#	20.76

 # Not annualised
**# Return on Networth = Profit after tax as restated/Networth at the end of the year (excluding preference share capital)*

RoNW for the year ended March 31, 2010: 24.67 %

5. *Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue Basic EPS for the year ended March 31, 2010 is [●]*

6. ***Net Asset Value***

NAV (Consolidated) as at March 31, 2010	: Rs. 13.71 per Equity Share
NAV (Standalone) as at March 31, 2010	: Rs. 13.71 per Equity Share
NAV (Consolidated) as at September 30, 2010	: Rs. 17.30 per Equity Share
NAV (Standalone) as at September 30, 2010	: Rs. 17.32 per Equity Share
Issue Price	: Rs. [●] per Equity Share
NAV (Consolidated) after the Issue	: Rs. [●] per Equity Share
NAV (Standalone) after the Issue	: Rs. [●] per Equity Share

Note:

(i) Net Asset Value per Equity Share (Rs.) = 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. 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:

	EPS as of March 31, 2010 (Rs.)	**P/E Ratio**	**RoNW (%)**	**NAV per Equity Share (Rs.)**	**Sales (Rs. in million)**
Tribhovandas Bhimji Zaveri Limited	3.38	[●]	24.69	13.71	8,848.95
Peers					
Titan Industries Limited	56.4	62.1	34.6	163.2	47,750
Gitanjali Gems Limited	16.8	12.4	7.0	241.6	33,550
Thangamayil Jewellery Limited	16.5	9.9	21.5	54.6	4,514

Source: *BSE*
P/E based on closing price of January 21, 2011 on BSE and the standalone net profits of Fiscal 2010.
All figures are on standalone basis

The Issue Price of Rs. [●] 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 xi and the financials of the Company including important profitability and return ratios, as set out in the section "Financial Statements" on page 124.

STATEMENT OF TAX BENEFITS

The Board of Directors
Tribhovandas Bhimji Zaveri Limited
241/43, Zaveri Bazaar,
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, 2010.

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

Akeel Master
Partner
Membership No: 046768

Place: Mumbai
Date: January 22, 2011

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, 2010) 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 one 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 $1/5^{th}$ 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.

iv. 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.

v. 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 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 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.

vi. 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.

vii. 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.

viii. 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 claims deduction in respect of its Hyderabad unit which commenced manufacturing on 1 October 2001. The Company could claim deduction under Section 80-IB(3)(ii) of the Act for and till the financial year 2010-11.

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 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.

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 / Funds (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 Venture Capital Company and Venture Capital Fund 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.

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 Direct Taxes Code 2010 (Bill No. 110 of 2010) is proposed to be enacted with effect from 1 April 2011. 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.

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 Rs. 45.70 for one US Dollar is the RBI reference rate as of January 21, 2011 (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 7.0% 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 1.17 billion people in July 2009. India had an estimated GDP of approximately US$ 3.56 trillion in 2009, 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:

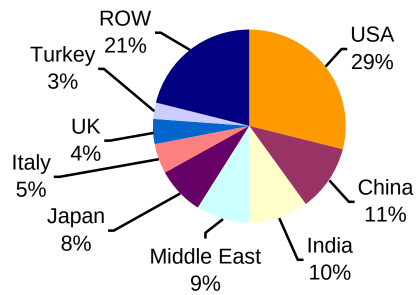
Countries*	2009	2008	2007
Australia	1.3%	2.3%	4.8%
Brazil	-0.2%	5.1%	6.1%
China	9.1%	9.0%	13.0%
Germany	-4.9%	1.3%	2.5%
India	7.4%	7.4%	9.0%
Indonesia	4.5%	6.1%	6.3%
Japan	-5.3%	-1.2%	2.3%
South Korea	0.2%	2.3%	5.1%
Malaysia	-1.7%	4.7%	6.5%
Russia	-7.9%	5.6%	8.1%
Thailand	-2.2%	2.5%	4.9%
United Kingdom	-4.9%	-0.1%	2.7%
United States	-2.6%	0.0%	1.9%

** Represents calendar year growth rates*
(Source: CIA World Factbook)

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: Four quarter totals (tonnes)

	12 months ended Q3 2009			12 months ended Q3 2010			% Ch Year on Year		
	Jewellery	Net Retail Invest.	Total	Jewellery	Net Retail Invest.	Total	Jewellery	Net Retail Invest.	Total
India	404.4	115.3	519.7	656.1	199.7	855.8	62	73	65
Greater China	372.1	80.9	453.1	401.0	148.2	549.2	8	83	21
China	345.7	90.1	435.7	373.6	153.2	526.8	8	70	21
Hong Kong	16.8	1.0	17.8	19.7	1.0	20.7	17	7	16
Taiwan	9.7	-10.1	-0.4	7.8	-6.1	1.7	-19	...	...
Japan	19.9	15.2	35.1	21.6	-68.0	-46.4	9	...	...
Indonesia	43.0	-0.2	42.8	34.7	-0.4	34.3	-19	...	-20
South Korea	20.5	-3.9	16.6	17.0	-1.0	16.0	-17	...	-4
Thailand	8.1	0.0	8.1	6.6	71.2	77.7	-18	...	859
Vietnam	16.1	61.9	78.0	14.9	59.4	74.3	-8	-4	-5
Middle East	248.4	24.6	273.1	223.3	22.0	245.4	-10	-10	-10
Saudi Arabia	84.2	14.7	98.8	79.2	13.3	92.5	-6	-9	-6
Egypt	63.2	1.1	64.3	54.2	0.9	55.1	-14	-25	-14
UAE	74.6	7.4	82.0	67.4	7.2	74.6	-10	-3	-9
Other Gulf	26.5	1.5	28.0	22.5	0.7	23.3	-15	-49	-17
Turkey	83.7	27.1	110.8	74.1	37.0	111.0	-11	36	0
Russia[2]	68.1	...	68.1	68.3	...	68.3	0	...	0
USA	161.8	114.1	275.9	144.7	112.9	257.5	-11	-1	-7
Italy[2]	43.8	...	43.8	37.9	...	37.9	-13	...	-13
UK[2]	33.0	...	33.0	30.6	...	30.6	-7	...	-7
Europe ex CIS[3]	...	388.4	388.4	...	229.2	229.2	...	-41	-41
France[3]	...	5.5	5.5	...	0.4	0.4	...	-92	-92
Germany[3]	...	179.9	179.9	...	110.1	110.1	...	-39	-39
Switzerland[3]	...	127.0	127.0	...	74.9	74.9	...	-41	-41
Other Europe[3]	...	75.9	75.9	...	43.8	43.8	...	-42	-42
Total above	1,522.8	823.5	2,346.2	1,730.7	810.1	2,540.8	14	-2	8
Other	272.5	45.2	317.7	247.6	82.5	330.1	-9	82	4
World total	1,795.3	868.7	2,663.9	1,978.3	892.6	2,870.9	10	3	8

1. Provisional, 2. Jewellery only, 3. Net retail investment only
Source: World Gold Council, Gold Demand Trends Q3-2010

Indian Gold Market

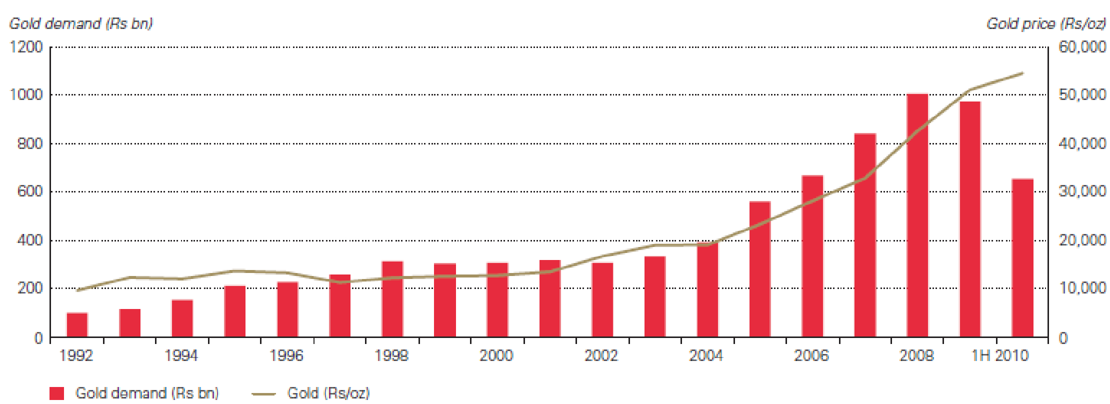
Gold is a very unique and distinguished precious metal world over but more so in India. For many decades India has maintained its status as the world's largest consumer of gold. Gold is a renowned metal not only for its traditional use for adornment but also for its stance as a time-tested investment-class 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 Rs. 18,232 per 10 grams during November 2009 and high volatility in gold prices.

CY	2004	2005	2006	2007	2008	2009	Jan-Sep 2010
Jewellery Consumption (tonnes)	517.5	587.1	526.2	558.2	501.6	405.8	455.0
Net Retail Investment (tonnes)	100.2	134.5	195.7	215.4	211.0	74.2	132.5
Total (tonnes)	**617.7**	**721.6**	**721.9**	**773.6**	**712.6**	**480.0**	**587.5**

Source: WGC

In 2009, India accounted for 25% of gold jewellery consumption, 19% of total net retail investment demand (coins and bars) and 17% of other industrial and decorative demand on a global basis. In 2010, India has had a good start to the year, as witnessed in both the Q1 2010 jewellery and net retail investment figures compared to the corresponding period in 2009.

<u>Gold Price (Rs/oz) and gold demand in India (Tonnes)</u>

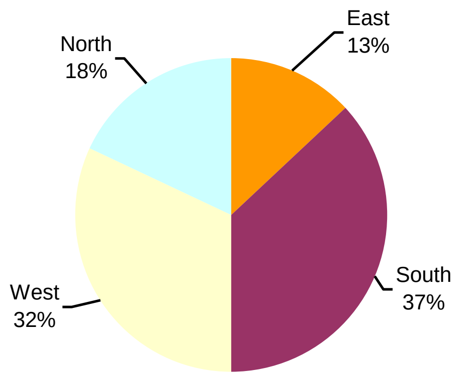


Source: WGC, India: Heart of Gold Revival, November 2010

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 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 75% of total domestic gold demand in 2009 and, 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 Rs. 56,000/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 Rs. 870 billion as of 2008-09 according to a FICCI-Technopak study and is expected to grow up to Rs. 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. 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 Rs.200,000 to Rs.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 Rs. 16,500 billion in the year 2009-10. Of this, the three largest categories are food and beverage (64%), clothing and textile (12%) and jewellery (6%). The category-wise share of the retail industry in 2009-10 is given below.

Verticals	(Percent)
Food & beverage	64%
Clothing and textile	12%
Jewellery	6%
Consumer durable	4%
Communication	3%
Home décor & furnishing	4%
Pharmacy	2%
Footwear	2%
Equipment paper & stationery	2%
Others	1%

(Source: CRISIL Research, October 2010)

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 2001-08. Households with income over Rs. 1 million per annum have grown at a CAGR of around 14% to 0.9% in 2008-09, and that of with income in the range of Rs. 90,000 to Rs. 1 million have grown at a CAGR of 9% during the same period to 54% in 2008-09.

2. ***Demographic changes:***
    a. *Increasing role of working women in consumer spends:* Working women currently form 15% of the total urban female population. This is expected to rise to over 20% 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. 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.

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.

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.

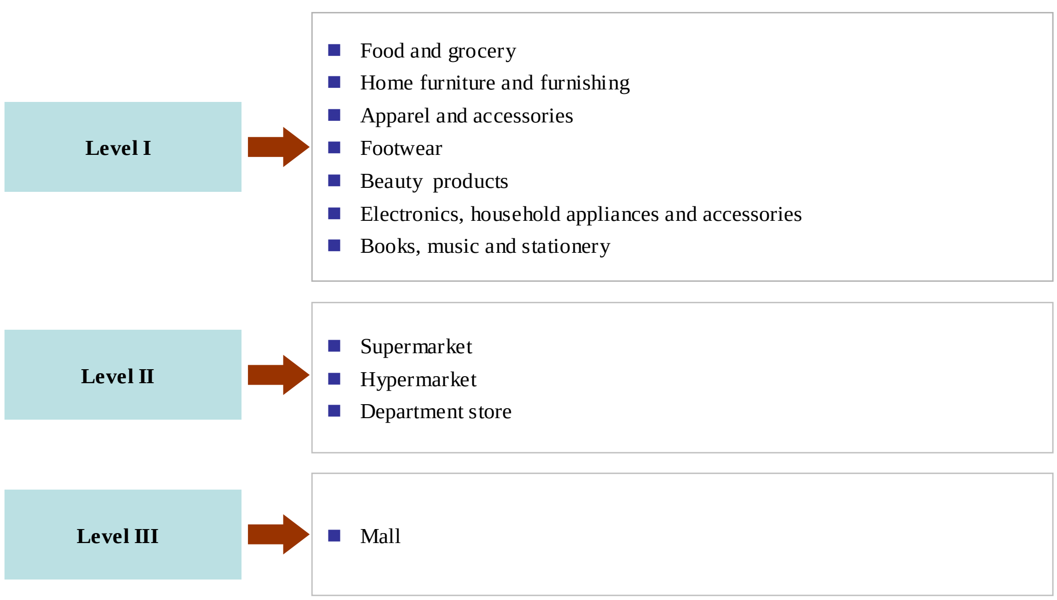
b. *Increased finance penetration along with convenience:* The credit card market has expanded rapidly over 2002-03 to 2007-08 with the total number of cards in circulation increasing nearly four fold. The credit card penetration in the country continues to grow at a steady pace but India remains underpenetrated in comparison to many other Asia-Pacific countries. During 2007-08, cardholders collectively spent Rs. 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, May 2010)

"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 10-14% 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.

However, in view of the economic rebound post mid 2009, CRISIL Research expects the Indian organized retail sector to grow at a CAGR of 22% to Rs. 2,570 billion in 2013-14 from Rs. 939 billion in 2008-09. Accordingly, the organized retail penetration is expected to increase to 9.4% in 2013-14 from 6.5% in 2008-09.

Growth in organized retail

	2008-09(A)	2013-14(P)	CAGR (2009-14)
Total retail (Rs. trillion)	14.4	27.2	13.5%
Organized retail (Rs. trillion)	0.9	2.6	22.3%
Organized retail penetration ("ORP") (%)	6.5%	9.4%	

(Source: CRISIL Research, May 2010)

The table below presents product-wise organized retail penetration in 2008-09, according to CRISIL Research:

Verticals	Organized Retail Market Size (Rs. Bn)	Share in Organized Retail	Organized Retail Penetration
Food and beverage	173	18%	1.9%
Clothing and textile	294	31%	16.6%
Consumer durable	165	18%	26.3%
Communication	44	5%	9.3%
Home décor and furnishing	30	3%	6.0%
Beauty and healthcare products	89	9%	5.8%
Footwear	56	6%	17.1%
Equipment, paper and stationery	89	9%	34.6%
Total	**939**	**100%**	**6.5%**

(Source: CRISIL Research, May 2010)

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

Cities	Retail Opportunity 2008-09 (Rs. Bn)	Organized Retail Penetration 2008-09	Retail Opportunity 2013-14 (Rs. Bn)	Organized Retail Penetration 2013-14
NCR	1,144	23.9%	1,918	34.0%
Mumbai	1,092	21.8%	1,791	34.0%
Kolkata	381	13.9%	778	24.0%
Bangalore	199	34.3%	443	43.0%

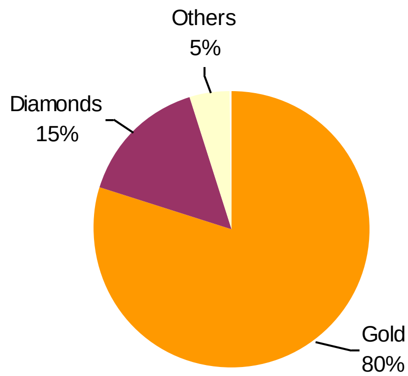
Chennai	303	21.2%	603	33.0%
Hyderabad	271	13.2%	546	25.0%
Pune	186	20.7%	332	30.0%
Kochi	45	7.1%	85	14.0%
Ahmedabad	204	18.1%	467	27.0%
Tier I A	381	13.2%	873	16.0%
Tier I B	151	12.9%	325	18.0%
Tier I C	116	8.3%	207	12.0%
Tier II A	350	5.3%	773	8.0%
Tier II B	151	5.1%	367	8.%

Notes: Tier I A (Large population, medium ORP) – Ludhiana, Surat, Jaipur, Lucknow, Coimbatore, Tier I B (Smaller population, medium ORP, fast growth) – Chandigarh, Vijayawada, Vizag, Tier I C (Smaller population, medium ORP, slow growth) – Meerut, Aurangabad, Jalandhar, Agra, Tier II A (Large population, low ORP) – Kanour, Nagpur, Madurai, Indore, Nashik, Vadodara, Tier II B (Smaller population, low ORP) – Raipur, Bhubaneshwar, Belgaum, Mangalore, Mysore, Salem, Rajkot.
(Source: CRISIL Research, May 2010)

Jewellery Retailing in India

According to CRISIL Research, the Indian jewellery retailing market is estimated at Rs. 973 billion as of 2009-10, contributing around 6% of the overall retailing industry in India. This makes jewellery the third largest contributor of India's overall retail industry.

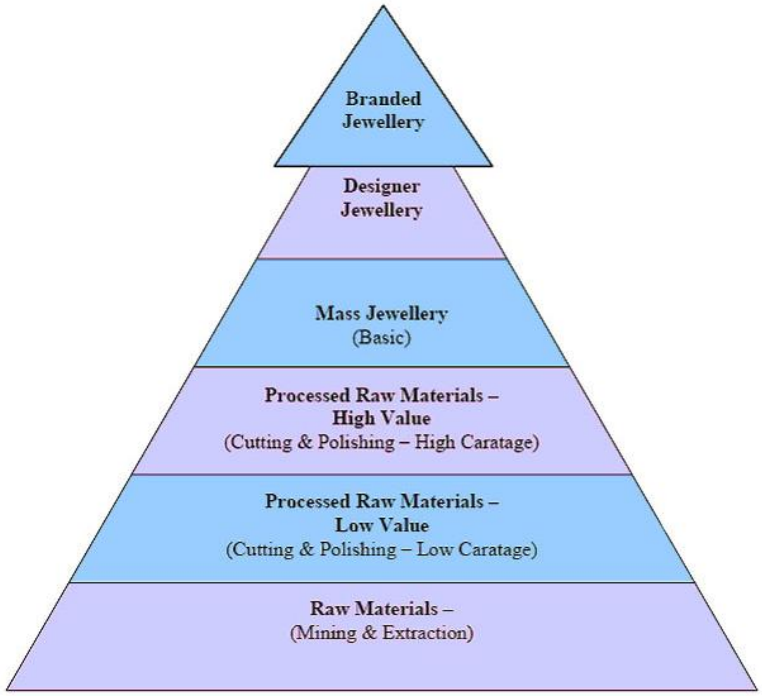
Within the jewellery retailing market in India, the share of gold jewellery is estimated to be around 80%, according to CRISIL Research.



Source: CRISIL Research, October 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

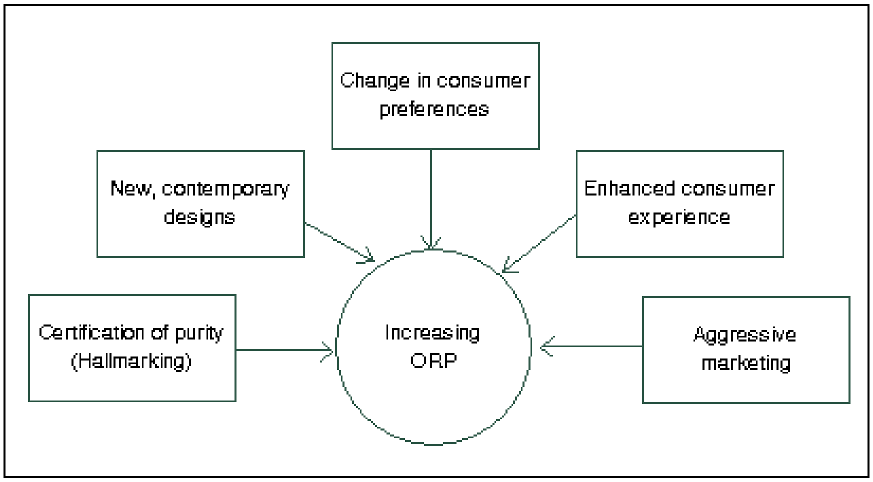
Changing trends in the Indian Jewellery Retail Industry

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.
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, October 2010

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

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.

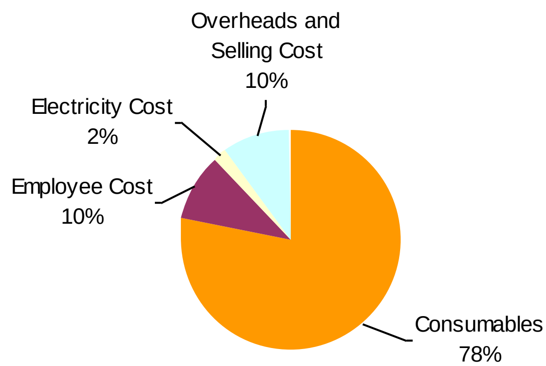
Gold jewellery constitutes the largest component of retailer revenues

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, October 2010

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

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.

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.

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) (Rs. 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 over 100 BIS-recognised assaying and hallmarking centres in India mostly in Tier I and

Tier II cities. 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.

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.

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.

BUSINESS

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in nine cities across five states, which have a total carpet area of approximately 44,000 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery, jadau jewellery and silverware. The design and manufacture of our products and silverware is done either in-house or by third parties. Our flagship showroom in Zaveri Bazaar, Mumbai, was established in 1864. Since 2001, we have opened 13 showrooms, including opening seven showrooms between August 2007 and October 2008.

We have 12 showrooms under the trade name of "Tribhovandas Bhimji Zaveri". In addition, we have two designer boutiques under the trade name "Krsāla", which predominately sell jadau and diamond studded jewellery. Out of these 14 showrooms, nine are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more), three are what we term a "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.) and two are designer boutique showrooms (carpet area of 2,200-2,300 sq. ft.). Four of our "Tribhovandas Bhimji Zaveri" showrooms are in Mumbai, Maharashtra; one is in Thane, 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 Indore, Madhya Pradesh; and one is in Kochi, Kerala. One of our "Krsāla" showrooms is in Pune, Maharashtra and the other is in Hyderabad, Andhra Pradesh.

We plan to open an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the name "Tribhovandas Bhimji Zaveri" by the end of Fiscal 2014, which would give us a total of 58 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 46 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 21 designers, six 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 were awarded 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.

We have our own manufacturing facility for diamond-studded jewellery, 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.

We manufacture diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. We are

building an additional facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. The majority of our production activity was shifted from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to move all of our production to the new facility when it is fully completed.

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.

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 September 30, 2010, we had 904 employees. In Fiscal 2010, our total sales revenue was Rs. 8,848.95 million on a consolidated basis, of which 73.48% was from the sale of gold jewellery, 21.62% was from the sale of diamond-studded jewellery and 4.91% was from sale of other products. Our profit after taxation for Fiscal 2010 was Rs. 169.04 million on a consolidated basis. For the six months ended September 30, 2010, our total sales revenue was Rs. 5,217.50 million on a consolidated basis, of which 69.54% was from the sale of gold jewellery, 23.22% was from the sale of diamond-studded jewellery, and 7.24% was from the sale of other products. Our profit after tax for the six months ended September 30, 2010 was Rs. 179.57 million on a consolidated basis.

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 21 designers, six 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.

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 recently 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.

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.

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 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 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. We are

building an additional facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. We moved the majority of our production activity from the old facility to the new facility during the third quarter of Fiscal 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 money 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 and silverware 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

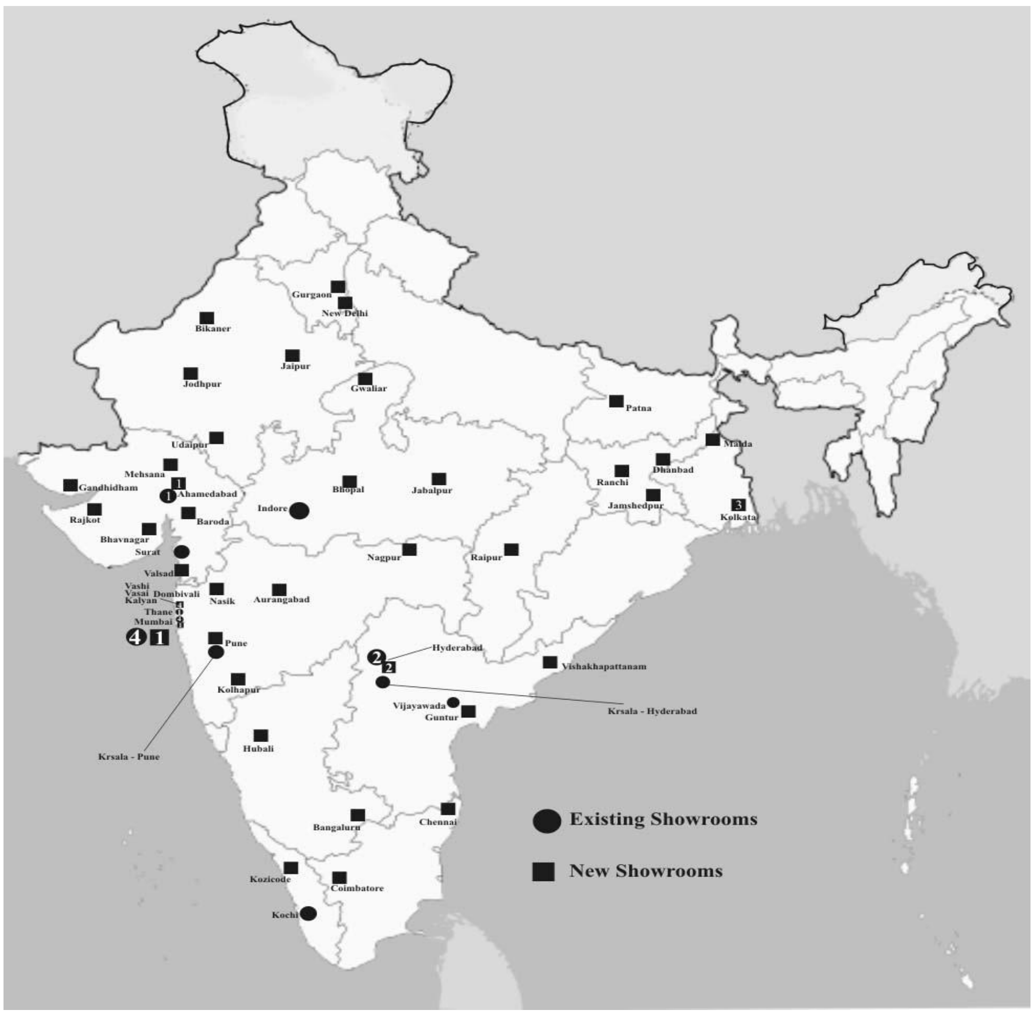
Our goal is to be the leading jewellery brand in India. We strive to achieve this goal by implementing the following key business strategies:

Expanding Our Retail Network

We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the Tribhovandas Bhimji Zaveri brand by the end of Fiscal 2014, which would give us a total of 58 showrooms (with a total carpet area of approximately 150,000 sq. ft) in 46 cities across 14 states.

Prior to choosing the proposed locations for the new showrooms, we conducted an analysis on the market in each location. We generally aim to enter potentially jewellery markets where we can gain market share from local companies by carving a niche in 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 the locations of our proposed new showrooms:



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 and launching new products and promotions. 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 complimentary 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 the six months ended September 30, 2010, our gross profit margin on sales of diamond-studded jewellery was 28.33% compared with 12.16% 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 and launching new diamond-studded jewellery products at various price points, including at entry level. In the six months ended September 30, 2010 and Fiscal 2010 and 2009, sales of diamond-studded jewellery were Rs. 1,211.6 million, Rs. 1,912.9 million and Rs. 1,552.59 million, respectively, on a consolidated basis representing 23.22%, 21.62% and 23.23% of total sales 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 marketing budget as a percentage of our sales to decrease from 2.49% in the six months ended September 30, 2010 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 sales revenue 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, we are building a new facility in Kandivali, Mumbai with a carpet area of approximately 17,739 sq. ft., which will have 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 4,500 kgs of coining. A portion of this facility has been completed. This is our first in-house facility for gold refining. We shifted most of our production activity from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to shift our entire production to the new facility when it is fully completed. 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 Bazaar. 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 95 and "Risk Factors" on page xi.

Our Operations

Products

Our products consist of gold jewellery, diamond-studded jewellery, precious and semi-precious stone-studded jewellery, plain platinum jewellery, gold coins, gold bullion, loose diamond solitaires, loose precious and semi-precious stones, jadau jewellery and silverware. In these categories, we provide daily wear jewellery, men's jewellery, jewellery for personal occasions, festival jewellery and wedding jewellery. 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.

Under the terms of the Company's agreement with Konfiaance Jewellery Private Limited, the Company has agreed that it will not sell jadau jewellery except through Konfiaance Jewellery Private Limited, the Company's 60%-owned subsidiary, under the Krsāla brand name. Our Krsāla branded showrooms also sell gold jewellery and diamond-studded jewellery.

Jewellery Design

We have a dedicated in-house design team, currently comprising of 21 designers, six 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.

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 do not enter into written agreements for outsourcing our manufacturing.

In-house Manufactured Goods

Tribhovandas Bhimji Zaveri (Bombay) Limited, the Company's 99.98%-owned subsidiary, manufactures diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. Tribhovandas Bhimji Zaveri (Bombay) Limited was a Promoter group company and only became a 99.98%-owned subsidiary of the Company in October 2010, when the Company purchased all of the outstanding shares in this company for Rs. 20.23 million.

The Company is building an additional facility with a carpet area of approximately 17,739 sq. ft. close to Tribhovandas Bhimji Zaveri (Bombay) Limited's existing facility in Kandivali, Mumbai. Tribhovandas Bhimji Zaveri (Bombay) Limited will use this facility to manufacture diamond-studded jewellery and gold ornaments and coins for the Company. We expect this facility to have 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 4,500 kgs of coining. A portion of this facility has been completed. We shifted most of our production activity from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to shift our entire production to the new facility when it is fully completed.

Our manufacturing facilities have state of the art equipment and machinery, including gem testing labs and karat meters. Both 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 sight-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 purchase silverware from five 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. 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 between 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.

Sales and Marketing

We sell our products through our 14 showrooms. We have 12 showrooms under the trade name of "Tribhovandas Bhimji Zaveri", of which four are in Mumbai (Zaveri Bazaar, Borivali, Santacruz and Ghatkopar) one is in Thane, 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 Indore, Madhya Pradesh and one is in Kochi, Kerala. In addition, we have two designer boutiques under the name Krsāla, one in Pune, Maharashtra and the other in Hyderabad (Banjara Hills), which sell jadau, diamond-studded and gold jewellery. Out of these 14 showrooms, nine are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more), three are what we term a "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.) and two are designer boutique showrooms (carpet area of 2,200-2,300 sq. ft.).

The Company proposes to transfer the Krsāla business division to Konfiaance Jewellery Private Limited ("KJPL"), a company in which the Company has a 60% interest, in the near future. For details on KJPL and the joint venture agreement pursuant to which it was formed, see sections titled "History and Certain Corporate Matters-Subsidiaries" and "History and Certain Corporate Matters-Material Agreements" on pages 97 and 98, respectively.

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.

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 also plan activities for Doctor's Day and Teacher's Day to reach the professional market base.

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 September 30, 2010, there were 12,654 members of this scheme. In Fiscal 2010, 7,872 members purchased Rs. 8.03 million of jewellery pursuant to the scheme, representing 0.09% of our total sales on a consolidated basis for the period. In the six months ended September 30, 2010, 5,794 members purchased Rs. 46.56 million worth of jewellery pursuant to the scheme, representing 0.89% of our total sales 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 an external security agency that provides 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 helps 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 a licence from Mrs. Bajaj to use the Krsāla logo, including the words "*Krsāla*" and "*The couture line from TBZ*".

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 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, please see section titled "History and Certain Corporate Matters" on page 95. We believe that the name "Tribhovandas Bhimji Zaveri" has not been registered.

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 September 30, 2010, we had 904 full-time employees and no part time employees. This includes our CEO, CFO, eight functional heads and 21 showroom managers and assistant managers. Of those employees, 671 are based at our 14 showrooms and 237 are based at offices as our corporate staff. Our attrition rate in the six months ended September 30, 2010 was 21% on an annualised basis.

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 Fiscal 2010, our training managers ran 75 sessions, training 706 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, please see section titled "Industry Overview- Organized Jewellery Retail Players in India" on page 78.

Insurance

We are covered by a standard fire and special perils insurance 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. We also maintain group mediclaim insurance for all employees at all offices and showrooms. Our other insurance policies include a jewellers block policy, exhibition, photoshoot, filmshoot and fashion show policy, money insurance policy, employee fidelity policy, vehicle policies, laptop insurance policy, group personal accident and an employee compensation policy.

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. For further information, see section titled "Risk Factors" on page xi.

Properties

Set forth below is a summary of the properties we own:

Location	Nature of Property	Carpet Area (Square Footage)
Zaveri Bazaar, Mumbai, Maharashtra	Showroom and Back Office	10,573
Kandivali, Mumbai, Maharashtra	Manufacturing Facility	2,248(1)
Kandivali, Mumbai, Maharashtra	Manufacturing Facility	18,487(2)
Punjagutta, Hyderabad, Andhra Pradesh	Showroom	2,361(3)
Surat, Gujarat	Showroom	2,790

(1) This is the total area of the land on which the facility is located. The carpet area of the facility is 5,755 sq. ft.
(2) This is the total area of the land on which the facility is to be located. This facility is still under construction. When completed, the carpet area of the facility is expected to be approximately 17,739 sq. ft.
(3) We also lease 1,190 sq. ft of this building, giving this showroom a total carpet area of 3,551 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
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	1,190(1)	March 31, 2014
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
Indore, Madhya Pradesh	Showroom	4,025	May 18, 2017

Location	Nature of Property	Carpet Area (Square Footage)	Lease Expires
Kochi, Kerala	Showroom	3,250	March 23, 2017
Pune, Maharashtra	Showroom	1,022	April 30, 2011
Banjara Hills, Hyderabad, Andhra Pradesh	Showroom	1,200	December 29, 2011

(1) We also own 2,361 sq. ft of this building, giving this showroom a total carpet area of 3,551 sq. ft.

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 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 KPCB 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 lowered import duty on platinum and 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.

As part of the Finance Bill, 2010, the government has proposed increase in custom duty on gold and platinum from Rs. 200 for 10 grams to Rs. 300 for 10 grams. The excise duty on refined gold made from ore or concentrate has been proposed to be changed from 8 per cent to a specific duty of Rs. 280 per 10 grams.

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 263.

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 Craft (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 Rs. 2,000,000 divided into 200,000 Equity Shares was increased to Rs. 20,000,000 divided into 2,000,000 Equity Shares.
March 19, 2008	The authorised share capital of Rs. 20,000,000 divided into 2,000,000 Equity Shares was increased to Rs. 100,000,000 divided into 10,000,000 Equity Shares.
April 4, 2008	The authorised share capital of Rs. 100,000,000 divided into 10,000,000 Equity Shares was increased to Rs. 200,000,000 divided into 20,000,000 Equity Shares.
September 30, 2010	The authorised share capital of Rs. 200,000,000 divided into 20,000,000 Equity Shares was increased to Rs. 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 Rs. 5,000 million in Fiscal 2009
	The company got its new brand identity.
2010	Corporate office established at Mumbai
	Volume of sales surpassed 3.7 tonnes of gold jewellery and 37,000 carats of diamond-studded jewellery in Fiscal 2010

	The Company reached out to national and global audience by the medium of television

The Company has 10 members as of the date of this Draft 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

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.

Capital Structure:

	No. of equity shares of Rs. **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 Rs. 100 each	Percentage of total equity holding (%)
1.	Tribhovandas Bhimji Zaveri Limited	5,019	99.98
2.	Shrikant Zaveri	1	0.02
Total		**10,000**	**100.00%**

Konfiaance Jewellery Private Limited ("KJPL")

Corporate Information:

KJPL was incorporated by means of a joint venture agreement between the Company and Parinda Bajaj on June 25, 2009, in Mumbai. KJPL was incorporated on September 11, 2010. 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 Rs. **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 Rs. 10 each**	**Percentage of total equity holding (%)**
1.	Tribhovandas Bhimji Zaveri Limited	60,000	60.00%
2.	Parinda Bajaj	40,000	40.00%
Total		**10,000**	**100.00%**

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. For details, see section "Related Party Transactions" on page 122.

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 board of directors of KJPL shall consist of two directors, namely, Shrikant Zaveri and Parinda Bajaj. The Company shall have the right to appoint the chairman of the board. An affirmative vote of at least one of the directors nominated by each shareholder is required for the matters qualified as 'Major Items' under the JV Agreement. During the term of the JV Agreement, both shareholders cannot transfer their shares to third parties. However, both parties can exercise a put and call option against the other party in the circumstances specified in the JV Agreement.

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 has entered into a trademark assignment agreement with Parinda Bajaj for the transfer of the trademark "Krsala". Further, in the event of sale of the equity shares by Parinda Bajaj or her affiliates to the Company, along with the consideration a proportionate amount of the accumulated profits is payable by the Company. Additionally, Parinda Bajaj and her affiliates may at their sole discretion require the Company or KJPL to purchase the trademark and brand 'Krsala' as at the date of transfer of equity shares. During the term of the JV Agreement and for five years after the termination the JV Agreement, the Company shall not engage in any business relating to jadau jewellery except in its dealing with KJPL. The parties shall agree upon the quantum of stock to be maintained by KJPL for each financial year and the Company shall ensure that the same is maintained.

Further to the above, the Company intends to transfer the division of its business related to manufacture and sale of jadau jewellery to KJPL by an agreement to sale for a consideration as mutually agreed between the parties.

Deed of assignment between the Company and Parinda Bajaj dated June 25, 2009

Further to the joint venture agreement date June 25, 2009, the Company has 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 Rs. 0.1 million. Additionally, the Company has transferred the trademark to Parinda Bajaj by a letter date June 25, 2009. In this regard, the Company has obtained the right to use the word and logo of 'Krsala' by a certificate dated on March 12, 2008 issued by the Registrar of Trade marks under class 14. The assignment will be registered with the Registrar of Trade marks by Parinda Bajaj.

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 Draft 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	51	***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 Metals Crafts (Bombay) Private Limited 4. New Transmission and Power Technology Private Limited* 5. T.B. Zaveri Jewelleries Limited* 6. Cupid Annibis Jewellery Private Limited 7. 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 DIN: 00263657	28	***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 Metals Crafts (Bombay)Private Limited 4. New Transmission and Power Technology Private Limited* 5. T.B. Zaveri Jewelleries Limited* 6. Cupid Annibis Jewellery Private Limited
Raashi Zaveri Wholetime Director D/o Shrikant Zaveri	24	***Public Companies*** 1. Tribhovandas Bhimji Zaveri (Bombay) 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**
Address: 31, Usha Kiran M.L. Dahanukar Marg Mumbai 400 026 Occupation: Business Nationality: Indian Term: Liable to retire by rotation DIN: 00713688		***Private Companies*** 1. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited 2. Tribhovandas Bhimji Zaveri (TBZ) Private Limited 3. Super Traditional Metals Crafts (Bombay)Private Limited 4. New Transmission and Power Technology Private Limited* 5. T.B. Zaveri Jewelleries Limited* 6. 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	50	***Public Companies*** 1. Navneet Publications (India) Limited 2. Ramky Infrastructure Limited 3. Aditya Birla Retail Limited 4. Axis Mututal Fund Trustee Limited 5. Neptune Developers Limited 6. Man Infraconstructions 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 ***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 *Term:* Liable to retire by rotation *Din:* 00028405	51	***Public Companies*** 1. Deepak Nitrite Limited ***Private Companies*** 1. Blue Shell Investments Private Limited 2. Prolific Credits and Capital Private Limited 3. Sofotel Software Services Private Limited 4. Superpose Credits and Capital Private Limited 5. The Lakaki Words Private Limited 6. Deepak Asset Reconstruction Private Limited 7. Crossover Advisors Private Limited 8. Crossover Trustees Private Limited 9. Nucore Capital Management Private Limited 10. Synergy Li Power Resources (India) 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
		Section 25 Companies 1. National Agriculture and Food Analysis and Research Institute ***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	47	***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. Finolex Plasson Industries Limited 7. Finolex Infrastructure Limited 8. Kryfs Power Components Limited 9. Mandhana Industries Limited 10. Repro India Limited 11. Schlafhorst Engineering (India) Limited 12. Sharp India Limited 13. Sparsh BPO Services Limited 14. Shree Renuka Sugars Limited 15. Sudarshan Chemicals Industries Limited ***Private Companies*** 1. A.L. Movers Private Limited 2. A.L. Records Management Private Limited 3. Allied Pickfords India Private Limited 4. Diamant Board Marketing Private Limited 5. Enam Infrastructure Trusteeship Services Private Limited 6. Finolib Chemicals Private Limited 7. Hoganas India Private Limited 8. ArjoHuntleigh Healthcare India Private Limited 9. I2IT Private Limited 10. Majesty Investments Private Limited 11. Morgan Stanley Investment Management Private Limited 12. NV Advisory Services Private Limited 13. Orbit Electricals Private Limited 14. Oerlikon Textile Components India Private Limited 15. Peass Industrial Engineers Private Limited 16. Ratiopharm India Private Limited 17. Siporex India Private Limited 18. ValueQb Consulting Private Limited 19. Zinser Textile Systems Private Limited ***Partnerships*** 1. M/s Crawford Bayley and Co.

** New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited will cease to exist from January 26, 2011 and January 24, 2011 respectively, in accordance Section 560 of the Companies Act through the Easy Exit Scheme of 2010.*

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 51 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 28 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 24 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 50 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 28 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. 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 51 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 23 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 47 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 the Draft 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 the 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 December 7, 2010 ("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 an aggregate annual salary of Rs. 7.5 million for the Fiscal 2011, Rs. 9 million for the Fiscal 2012 and Rs. 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 the 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 December 7, 2010 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 an aggregate annual salary of Rs. 1.5 million for the Fiscal 2011, Rs. 1.8 million for the Fiscal 2012 and Rs. 2.16 million for the Fiscal 2013.

Agreement dated January 11, 2011 between the 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. As Raashi Zaveri is below the age of 25, in accordance with the eligibility requirements of clause C (i) of Part I of Schedule XIII to the Companies Act, her appointment has been approved by a special resolution passed by the Company in general meeting.

The Company has entered into an agreement dated December 7, 2010 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 an aggregate annual salary of Rs. 1.5 million for the Fiscal 2011, Rs. 1.8 million for the Fiscal 2012 and Rs. 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 the last Fiscal to the executive Directors of the Company are set forth in the table below:

S. No	Name of the Director	Salary (In Rs. million)
1.	Shrikant Zaveri	90.00
2.	Binaisha Zaveri	12.00
3.	Raashi Zaveri	12.00

2. Remuneration to non-executive Directors:

All the non-executive Directors of the Company have been appointed in this Fiscal and hence no remuneration was paid to them in the previous Fiscal.

Shareholding of Directors

The shareholding of the Directors as of the date of this Draft Red Herring Prospectus is set forth below:

Name of Director	Number of Equity Shares held
Shrikant Zaveri	36,742,275
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 Rs. 5000 million at any one time.

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 on January 11, 2011.

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 Audit 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 met on January 11, 2011.

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.

Employee Stock Options Scheme

For details, see section titled "Capital Structure" on page 31.

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 Draft 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 113.

Except as stated in this section titled "Management" on page 100 this, 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.

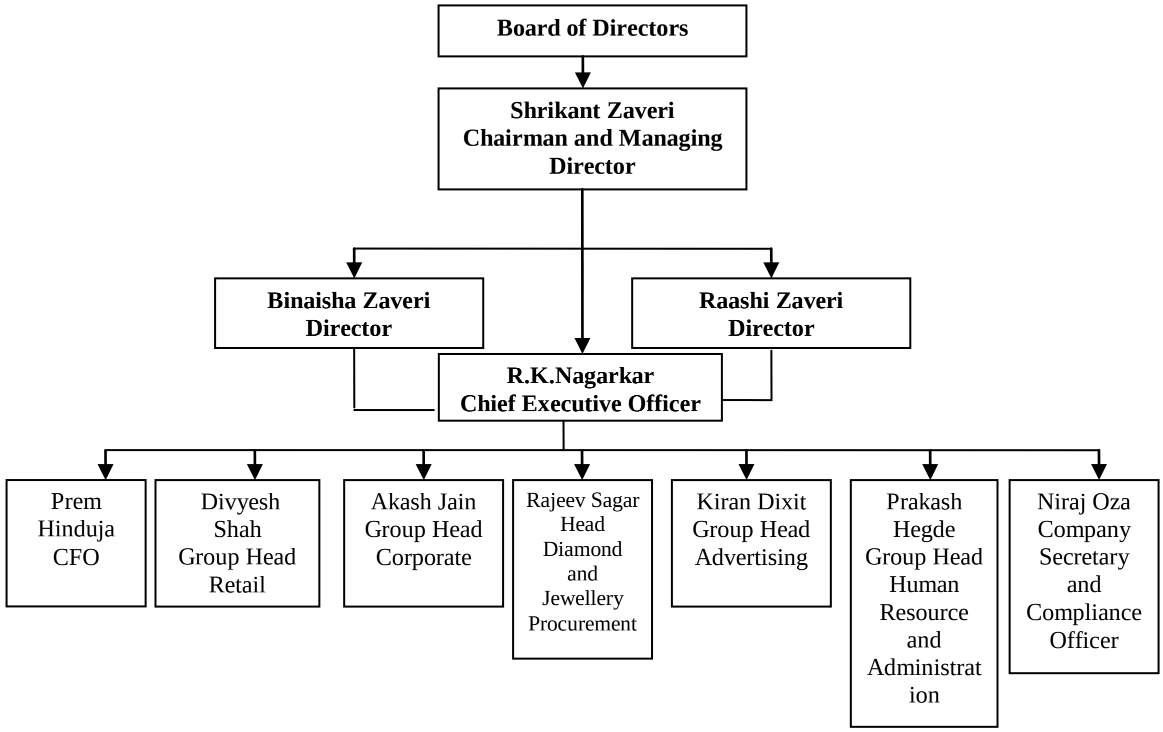
No loans have been availed by the Directors or the key management personnel from the Company.

Except as stated in the section titled "Related Party Transactions" on page 122 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
Raashi Zaveri	June 30, 2008	Appointment
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 Draft Red Herring Prospectus, are as follows:

R K Nagarkar, aged 59 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 last Fiscal was Rs. 2.98 million.

Prem Hinduja, aged 59 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 last Fiscal was Rs. 2.63 million

Divyesh Shah, aged 37 years, is the head of the retails 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 last Fiscal was Rs. 2.52 million.

Akash Jain, aged 34 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 last Fiscal was Rs. 2.48 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 last Fiscal was Rs. 1.60 million.

Kiran Dixit, aged 36 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 last Fiscal was Rs. 1.48 million.

Prakash Hegde, aged 41 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 last Fiscal was Rs. 2.12 million.

Niraj Oza, aged 39 years, is the Company Secretary and Compliance Officer of the Company. He holds bachelor's degree in commerce from Mumbai University 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.

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.

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. None of the other key management personnel hold any shares in the Company as of the date of this Draft 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 and the employee stock options held, if any.

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
Prakash Hegde	Group Head – Human Resource and Administration	July 2, 2008	Appointment
Niraj Oza	Company Secretary and Compliance Officer	November 17, 2010	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 Draft 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 51 years, is the Chairman and Managing Director of the Company. For further details, see section titled "Management" on page 100.

His voter identification number is ISD1781327.

Binaisha Zaveri, aged 28 years, is the wholetime Director of the Company. For further details, see section titled "Management" on page 100.

Her driving license number is MH01-20080039749.

Raashi Zaveri, aged 24 years, is the wholetime Director of the Company. For further details, see section titled "Management" on page 100.

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 shall be 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 31. 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 100.

The Company has under the agreement dated November 16, 2010, obtained on lease from Shrikant Zaveri, a promoter of the Company, property admeasuring approximately 200 sq. mtrs. (on the ground floor and first floor) located at No. G/B99, S.V. Road, Santacruz (West), Mumbai 400 054. The Company shall pay a lease rent of Rs. 1.2 million per month to Shrikant Zaveri under the agreement and lease is valid for 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 Rs. 100 million and Rs. 40 million, respectively.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft 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 “Related Party Transactions” on page 122, there has been no payment of benefits to the Promoters during the two years preceding the filing of this Draft 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 will cease to exist 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
	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 Craft (Bombay) Private Limited
3. Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
4. Tribhovandas Bhimji Zaveri (TBZ) Private Limited
5. New Transmission and Power Technology Private Limited*
6. T.B.Zaveri Jewelleries Limited*

** New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited will cease to exist from January 26, 2011 and January 24, 2011 respectively, in accordance Section 560 of the Companies Act through the Easy Exit Scheme of 2010.*

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 Draft Red Herring Prospectus.

The Group Companies are as follows:

Companies

- Cupid Annibis Jewellery Private Limited
- Super Traditional Metal Craft (Bombay) Private Limited
- Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited
- Tribhovandas Bhimji Zaveri (TBZ) Private Limited
- New Transmission and Power Technology Private Limited*
- T.B.Zaveri Jewelleries Limited*

** New Transmission and Power Technology Private Limited and T.B. Zaveri Jewelleries Limited will cease to exist from January 26, 2011 and January 24, 2011 respectively, in accordance Section 560 of the Companies Act through the Easy Exit Scheme of 2010.*

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 Bazaar, Mumbai 400 002.

Interest of the Promoter

Shrikant Zaveri and Binaisha Zaveri hold 23,999 equity shares and 1 equity share, respectively, aggregating to 99.99% and 0.01% of the issued and paid up equity share capital, respectively, of CAJPL.

Financial Performance

The summary audited financial information are as follows:

(in Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	**March 31, 2009**	**March 31, 2008**
1.	Equity Capital	2,400,000	2,400,000	2,400,000
2.	Reserves (excluding revaluation reserve) and surplus	(4,699,726)	(5,016,590)	(3,086,922)
3.	Income including other income	1,237,901	6,036,753	3,087,206
4.	Profit/ (Loss) after tax	316,864	(1,929,668)	(1,067,203)
5.	Earnings per share (face value of Rs. 100 each) (basic and diluted)	13.20	(80.40)	(44.47)
6.	Net asset value	(95.82)	(109.02)	(28.62)

2. Super Traditional Metal Craft (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 Bazaar, Mumbai 400 002.

Interest of the Promoter

Shrikant Zaveri and Binaisha Zaveri hold 23,999 equity shares and 1 equity share, respectively, aggregating to 90.56% and 0.01% of the issued and paid up equity share capital, respectively, of STMCBPL.

Financial Performance

The summary audited financial information are as follows:

(in Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	**March 31, 2009**	**March 31, 2008**
1.	Equity Capital	500,000	500,000	500,000
2.	Reserves (excluding revaluation reserve) and surplus	2,511,786	2,612,562	2,754,047
3.	Income including other income	Nil	20,416	1,545,858
4.	Profit/ (Loss) after tax	(100,776)	(141,485)	1,537,219
5.	Earnings per share (face value of Rs. 100 each) (basic and diluted)	(20.16)	(28.30)	307.44
6.	Net asset value	602.36	622.51	650.81

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 Bazaar, Mumbai 400 002.

Interest of the Promoter

Shrikant Zaveri and Binaisha Zaveri hold 9,900 equity shares and 100 equity shares, respectively, aggregating to 99% and 1% of the issued and paid up equity share capital, respectively, of TBZJMPL.

Financial Performance

The summary audited financial information are as follows:

(in Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Equity Capital	100,000	100,000	100,000
2.	Reserves (excluding revaluation reserve) and surplus	1,625,784	1,722,139	1,829,241
3.	Income including other income	Nil	Nil	1,151,822
4.	Profit/ (Loss) after tax	(96,355)	(107,102)	1,134,611
5.	Earnings per share (face value of Rs. 10 each) (basic and diluted)	(9.64)	(10.71)	113.46
6.	Net asset value	172.58	182.21	192.92

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 Bazaar, Mumbai 400 002.

Interest of the Promoter

Shrikant Zaveri and Binaisha Zaveri hold 9,900 equity shares and 100 equity shares, respectively, aggregating to 99% and 1% of the issued and paid up equity share capital, respectively, of TBZJMPL.

Financial Performance

The summary audited financial information are as follows:

(in Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Equity Capital	100,000	100,000	100,000
2.	Reserves (excluding revaluation reserve) and surplus	1,624,730	1,720,371	1,827,473
3.	Income including other income	Nil	Nil	1,151,822
4.	Profit/ (Loss) after tax	(95,641)	(107,102)	1,132,843
5.	Earnings per share (basic and diluted)	(9.56)	(10.71)	113.28
6.	Net asset value	172.47	182.04	192.75

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

The profit / (loss) sharing ratio of Shrikant Zaveri in TBZTC is 90.00%.

Financial Performance

The summary audited financial information are as follows:

(in Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Capital	15,594,150	17,769,625	17,714,936
2.	Income including other income	126,027	120,000	120,600
3.	Profit/ (Loss) after tax	49,556	54,689	38,647

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 Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Capital	1,050,728	1,050,793	1,061.667
2.	Income including other income	Nil	Nil	Nil
3.	Profit/ (Loss) after tax	(3,926)	(2,874)	(180)

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 Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Capital	12,663	12,663	4,968

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
2.	Income including other income	Nil	Nil	Nil
3.	Profit/ (Loss) after tax	(3,861)	(3,114)	(1,210)

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 Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
1.	Capital	30,700,451	31,525,197	31,599,849
2.	Income including other income	17,991	18,358	17,147

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 Rs.)

Sr. No.	Particulars	For the year ended		
		March 31, 2010	March 31, 2009	March 31, 2008
3.	Capital	319,343	387,543	387,543
4.	Income including other income	45,929	46,279	423,866

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 122.

Sale/Purchase between Group Companies, Subsidiaries

For details, see section titled "Related Party Transactions" on page 122.

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 140 and 172, 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.

22 January 2011

Dear Sirs

1 We have the examined the attached financial information of Tribhovandas Bhimji Zaveri Limited ('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 the consolidated financial statements for the six months period ended 30 September 2010 and year ended 31 March 2010 and standalone financial statements for the years ended 30 September 2010, 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006. The audit for the financial years ended 31 March 2008, 31 March 2007 and 31 March 2006 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 years ended 31 March 2008, 31 March 2007 and 31 March 2006 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 30 September 2010 and 31 March 2010 and Summary statement of Standalone Assets and Liabilities, as Restated as at 30 September 2010, 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006 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 Notes on adjustments for Standalone restated financial statements, as restated under Indian GAAP' (Refer Annexure IV). For the financial years ended 31 March 2008, 31 March 2007 and 31 March 2006, 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, as Restated of the Company, and the Summary Statement of Consolidated Cash Flows as restated for the period/ year ended 30 September 2010 and 31 March 2010 and Summary statement of Standalone Profit and losses, as restated for the period/ years ended 30 September 2010, 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006 and Summary Statement of Standalone Cash Flows as restated for the period/years 30 September 2010, 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007 and 31 March 2006, (together with Summary Statement of Consolidated Assets and Liabilities as restated /Summary statement of Standalone Restated Assets and Liabilities), examined by us, as set out in Annexures 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 Consolidated restated financial statements, as restated under Indian GAAP' (Refer Annexure IV). For the financial years ended 31 March 2008, 31 March 2007 and 31 March 2006, 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 years/ periods 30 September 2010, 31 March 2010, 31 March 2009, 31 March 2008, 31 March 2007, and 31 March 2006.

i) Statement of Standalone Other Income as appearing in Annexure V
ii) Statement of Standalone Cost of goods sold as appearing in Annexure VI
iii) Statement of Statement of Standalone loans funds as appearing in Annexure VII
iv) Statement of Standalone current liabilities and provisions as appearing in Annexure VIII
v) Statement of Standalone Sundry Debtors, as appearing in Annexure IX
vi) Statement of Standalone Loans and Advances, as appearing in Annexure X
vii) Statement of principal terms of secured loans and assets charged as security, as appearing in Annexure XI
viii) Statement of Standalone Capitalisation as at 30 September 2010 as appearing in Annexure XII
ix) Statement of Standalone accounting ratios, as appearing in Annexure XIII
x) Statement of tax shelter, as appearing in Annexure XIV

We have also examined the consolidated Financial information (the "Financial Information") for the years/periods ended 31 March 2010 and 30 September 2010 comprising

(i) Statement of Consolidated Other Income, as appearing in Annexure V

(ii) Statement of Consolidated Cost of goods sold as appearing in Annexure VI

(iii) Statement of Consolidated loan funds, as appearing in Annexure VII

(iv) Statement of Consolidated Current liabilities and Provisions, as appearing in Annexure VIII

(v) Statement of Consolidated Sundry Debtors as appearing in Annexure IX

(vi) Statement of Consolidated Loans and Advances, as appearing in Annexure X Statement of principal terms of secured loans and assets charged as security, as appearing in Annexure XI

(vii) Statement of Consolidated capitalization as at 30 September 2010, as appearing in Annexure XII and

(viii) Statement of Consolidated accounting ratios, as appearing in Annexure XIII

of the Company and its subsidiary, Konfiaance Jewellery Private Limited ('KJPL') as approved by the board of directors of the Company, included in the Company's Draft Red Herring Prospectus.

For the purposes of making adjustments to the financial information for the financial years ended 31 March 2006, 31 March 2007 and 31 March 2008 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 financial statements of the Company and its subsidiary as at 31 March 2010 and 30 September 2010. The Consolidated financial information has been prepared by the management from the consolidated financial statements of the Company for the years/periods ended 31 March 2010 and for the six months period ended 30 September 2010 audited by us.

The Consolidated financial information of the Company for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 have not been prepared by the management, as the Company did not have any subsidiary 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 XIV 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

Akeel Master
Partner
Membership No: 046768
Mumbai

ANNEXURE I: SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Fixed assets						
Gross block	572.73	527.86	453.91	216.67	113.67	78.58
Less: Accumulated depreciation	142.86	125.23	94.33	64.84	52.62	45.33
Net block	**429.87**	**402.63**	**359.58**	**151.83**	**61.05**	**33.25**
Capital work-in-progress	**40.41**	**41.71**	**10.88**	**19.46**	**-**	**3.21**
Investments	**9.62**	**0.06**	**-**	**-**	**-**	**-**
Deferred tax asset (net)	**14.42**	**12.38**	**4.46**	**1.02**	**-**	**-**
Current assets, loans and advances						
Inventories	3,749.85	2,865.46	2,280.22	1,467.48	969.90	652.29
Sundry debtors	60.66	30.55	20.03	41.86	14.23	10.57
Cash and bank balances	73.39	58.68	55.11	137.46	47.30	92.34
Loans and advances	85.69	71.08	75.93	54.30	72.26	91.60
Total	**3,969.59**	**3,025.77**	**2,431.29**	**1,701.11**	**1,103.69**	**846.80**
Liabilities and provisions						
Secured loans	2,010.01	1,936.13	1,720.77	884.56	510.20	442.57
Unsecured loans	81.96	88.08	71.92	405.84	385.21	35.42
Current liabilities	1,407.94	739.22	474.86	509.36	258.12	231.51
Provisions	97.77	33.71	22.49	12.00	7.61	5.59
Total	**3,597.68**	**2,797.14**	**2,290.04**	**1,811.76**	**1,161.14**	**715.09**
Deferred tax liability (net)		**-**	**-**	**-**	**1.60**	**0.26**
Net worth	**866.23**	**685.42**	**516.17**	**61.66**	**2.00**	**167.91**
Net worth represented by:						
Share capital						
Equity share capital	100.00	100.00	100.00	2.00	2.00	167.91
Reserves and surplus						
Securities premium	340.00	340.00	340.00	-	-	-
Profit and loss account	426.23	245.42	76.17	59.66	-	-
Net worth	**866.23**	**685.42**	**516.17**	**61.66**	**2.00**	**167.91**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) 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 2006, 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 the Annual General Meeting held on 30 September 2010, the Company has approved issue of fully paid bonus shares in the proportion of 4 equity shares for every 1 equity share held as on 30 September 2010. Accordingly 40,000,000 bonus shares of Rs.10 each fully paid have been issued by capitalization of securities premium and profit and loss account aggregating Rs.400,000,000 on 7 October 2010.

ANNEXURE II: SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year / period ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
INCOME						
Sales	5,217.50	8,848.95	6,687.43	4,393.53	3,051.55	2,262.61
Other income	2.87	3.57	1.34	3.64	2.67	0.49
Total income	**5,220.37**	**8,852.52**	**6,688.77**	**4,397.17**	**3,054.22**	**2,263.10**
EXPENDITURE						
Cost of goods manufactured	3,127.05	6,351.43	4,428.01	2,968.48	2,149.69	1,852.56
Purchase of traded goods	1,272.98	1,215.58	1,315.51	774.52	390.10	169.35
Personnel expenses	168.91	307.22	264.28	210.43	160.53	66.30
Administrative and selling expenses	249.28	480.26	337.11	187.28	129.13	96.83
Speculation loss	-	-	-	-	20.92	14.71
Finance charges	120.38	219.18	159.32	98.91	74.29	46.11
Depreciation	17.63	30.91	29.50	15.91	8.21	6.23
Total expenditure	**4,956.23**	**8,604.58**	**6,533.73**	**4,255.53**	**2,932.87**	**2,252.09**
Profit before taxation	**264.14**	**247.94**	**155.04**	**141.64**	**121.35**	**11.01**
Less: Provision for tax						
Current tax	85.37	86.46	51.77	66.66	44.50	7.90
Wealth tax	-	0.16	-	-	-	-
Deferred tax (credit) / charge	(2.04)	(7.93)	(3.44)	(2.62)	1.34	0.69
Fringe benefit tax	-	-	2.20	1.57	0.97	1.05
Profit after taxation	**180.81**	**169.25**	**104.51**	**76.03**	**74.54**	**1.37**
Profit brought forward	245.42	76.17	59.66	-	-	-
Profit available for appropriation	426.23	245.42	164.17	76.03	74.54	1.37
Less: Utilised for the issue of bonus shares	-	-	88.00	-	-	-
Balance carried forward, as restated	**426.23**	**245.42**	**76.17**	**76.03**	**74.54**	**1.37**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Summary Statement of Standalone 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 2006, 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 the Annual General Meeting held on 30 September 2010, the Company has approved issue of fully paid bonus shares in the proportion of 4 equity shares for every 1 equity share held as on 30 September 2010. Accordingly 40,000,000 bonus shares of Rs.10 each fully paid have been issued by capitalization of securities premium and profit and loss account aggregating Rs.400,000,000 on 7 October 2010.

ANNEXURE III: SUMMARY STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A. Cash flow from operating activities						
Net profit before prior period item, tax and extraordinary items	264.14	247.94	155.04	141.64	121.35	11.01
Adjustment for:						
Depreciation	17.63	30.91	29.50	15.91	8.21	6.23
Interest expenses	109.34	196.08	158.93	98.91	74.29	46.11
Debit balances written off	-	0.03	-	-	-	-
(Profit) on sale of fixed assets	-	-		(1.57)	(1.27)	-
Foreign exchange gain	(0.24)	-	-	-	-	-
Provision for bad debts	3.52	-	-	-	-	-
Interest income	(2.38)	(3.42)	(1.34)	(0.53)	-	-
Operating profit before working capital changes	392.01	471.54	342.13	254.36	202.58	63.35
Adjustment for						
Trade and other receivables	(51.64)	(14.17)	3.41	(29.22)	19.24	(33.95)
Inventories	(884.39)	(585.23)	(812.75)	(497.58)	(317.62)	(110.42)
Trade payables and other Liabilities	682.12	290.49	(22.85)	255.64	28.70	15.16
Cash generated from / (used in) operations	138.10	162.63	(490.06)	(16.80)	(67.10)	(65.86)
Income taxes paid (net of refunds)	(32.16)	(91.16)	(55.98)	(48.69)	(49.10)	(6.53)
Net cash from operating activities	**105.94**	**71.47**	**(546.04)**	**(65.49)**	**(116.20)**	**(72.39)**
B. Cash flow from investing activities						
Purchase of fixed assets	(44.39)	(102.82)	(228.67)	(127.65)	(33.98)	(7.90)
Sale of fixed assets				3.07	2.46	0.25
Purchase of investment	(9.56)	(0.06)	-		-	-
Interest received	4.30	(0.85)	0.15	0.53	-	-
Net cash used in investing activities	**(49.65)**	**(103.73)**	**(228.52)**	**(124.05)**	**(31.52)**	**(7.65)**
C. Cash flow from Financing activities						
Interest paid	(109.34)	(196.08)	(158.93)	(98.91)	(74.29)	(46.11)
Proceeds from shares issued	-	-	-	-	-	-
Repayments of secured loans	(42.84)	(63.77)	(32.85)	(0.99)	(1.01)	(1.35)
Proceeds from secured loans	116.72	279.52	867.90	375.34	68.64	168.77
Repayment of unsecured	(149.12)	(204.77)	(532.31)	(15.90)	-	-

loans						
Proceeds from unsecured loans	143.00	220.93	548.40	20.16	109.34	44.24
Net cash generated from / (used in) financing activities	**(41.58)**	**35.83**	**692.21**	**279.70**	**102.68**	**165.55**
Net Increase / (Decrease) in cash and cash equivalents	**14.71**	**3.57**	**(82.35)**	**90.16**	**(45.04)**	**85.51**
Cash and cash equivalents at the beginning of the year / period	**58.68**	**55.11**	**137.46**	**47.30**	**92.34**	**6.83**
Cash and cash equivalents at the end of the year / period	**73.39**	**58.68**	**55.11**	**137.46**	**47.30**	**92.34**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Summary Statement of Standalone 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 2006, 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.

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.of which 2 showrooms exclusively deal with jadau sold under the brand 'Krsala'in which the Company under a joint venture agreement holds joint control. 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 2006, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010 and 30 September 2010, the related Summary Statement Of Standalone Profit And Losses as Restated for the years/ period ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010 and 30 September 2010, and the related Summary Statement Of Standalone Cash Flows, as Restated for each of the years/period ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009, 31 March 2010 and 30 September 2010, (these Standalone Restated Financial Statements hereinafter are collectively referred to as "Restated Statements"). The 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. 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% of the share capital of Tribhovandas Bhimji Zaveri (Bombay) Private Limited thereby making it a subsidiary of the Company. Based on the unaudited financial statements of the acquired subsidiary and as assessed by Management,the book value of the assets acquired and the total income is less than 20% of the total income of the of the total pre acquisition book value of the assets / total income of the Company. Accordingly the proforma financials statements of Tribhovandas Bhimji Zaveri (Bombay) Private Limited 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 / periods immediately preceding the issue of the Prospectus.

2. Significant Accounting Policies adopted by the Company in preparing its financial statements

2.1 Basis of Preparation

The Company prepares and presents its financial statements 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.

In respect of period from 1 April 2010 to 30 September 2010, the Company has followed the same accounting policies in preparation of the interim financial statements as those followed in preparation of the annual financial statements for the year ended 31 March 2010.

2.2 Use of estimates

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

2.3 Fixed assets and depreciation

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

Depreciation on fixed assets other than lease hold improvements and computer software has been provided on the written down value, prorata to the period of use at the rates specified in schedule XIV of the Companies Act, 1956, which reflect the management's best estimate of the economic useful life of the assets. Lease hold improvements are amortised over 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, diamond, silver, zaverat , platinum and platinum diamond at weighted average cost; and

ii) 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 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.

2.7 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.

2.10Leases

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

2.11 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.

2.12 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.

2.13 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 / periods 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 / periods ended						
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	Prior to 01-Apr-05
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)	(0.00)	
Depreciation (refer	0.11	0.48	0.85	0.67	8.21	6.23	41.63

note 3.2(i)and (v))							
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)	18.27	48.27
- Stock (refer note 3.2(ii) and (v))	(1.22)	(6.48)	38.55	28.01	21.40	(17.03)	(61.96)
Personnel expenses							
- Provision for bonus (refer note 3.2(iv))				(1.99)	0.77	0.32	0.90
Administrative and selling expenses							
- Lease rent (refer note 3.2(ii))					(0.11)	(0.39)	0.50
- Loss on sale of fixed assets (refer note 3.2(i))							0.15
- Miscellaneous expenses (refer note3.2(iii) & (vi))			0.00	2.76	(0.01)	0.02	0.07
- Expenses grouped in Capital work in progress (refer note 3.2(iii))					(1.01)	1.01	
- 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)				
Provision for tax (refer note 3.2(vi))							
- Income tax	1.42	(4.54)	16.77	0.43	44.50	7.90	
- Fringe benefit tax	-			(2.10)	0.97	1.05	
- Deferred tax	(0.81)	(0.73)	1.71	(2.89)	1.34	0.69	(0.43)
Prior period items							
- Provision for gratuity (refer note 3.2(ii))			(11.11)	3.50	2.10	1.37	4.14
- Provision for leave			(0.90)	0.90			

encashment (refer note 3.2(ii))							
- 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	1.66	0.47
Depreciation (refer note 3.2(ii))			8.23	(8.23)			
- Stock (refer note 3.2(ii))			(14.83)	14.83			
Interest (refer note 3.2(ii))		(0.38)	0.38				
Total	0.34	(15.59)	(51.79)	70.52	64.38	22.01	33.74

Impact on Assets and Liabilities (Cumulative)

(Rupees in million)

Particulars	As at						
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	01-Apr-05
Adjustment due to conversion of partnership firm into the Company							
Gross block	57.21	57.21	57.21	57.21	(3.24)	(2.69)	(2.34)
Accumulated depreciation	(55.77)	(55.66)	(55.18)	(46.10)	(52.62)	(45.33)	(39.44)
Other adjustments							
Capital Account / Unsecured loans	(113.49)	(113.49)	(113.49)	(113.49)			
Capital work in progress			(2.76)	(2.76)			
Inventories	(1.24)	(2.47)	(8.95)	14.76	57.60	78.99	61.96
Sundry debtors			(1.10)	(0.92)	(0.91)	(0.91)	
Loans and Advances	-	(9.32)	(13.94)	2.84	(54.49)	(10.05)	(0.07)
Secured loans			(0.38)	-	-	(1.46)	(0.03)
Current liabilities	-	0.16	0.16	(90.82)	(57.26)	(68.53)	(50.11)
Provisions	(10.75)		-	(12.00)	(7.61)	(5.51)	(4.14)
Deferred tax asset / liability	1.11	0.30	(0.43)	1.28	(1.60)	(0.26)	0.43
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 periods / years ended 31 March 2008, 31 March 2009, 31 March 2010 and 30 September 2010 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 periods / 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 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

Taxation

vi. 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

Non-Adjustment

Auditors' qualification

vii. No adjustment has been made for the following comments made by the auditors in the audit reports for the year ended 31 March 2010:

(a) The Company is in the process of updating their records to show full particulars including quantitative details and situation of fixed assets.

(b) 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.

(c) 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.

Other 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.

ii. In the Extraordinary General meeting held on 12 January 2011, the shareholders of the Company by a special resolution have approved and authorised the Company to Grant such number of Options and Restricted Stock Unitsunder the TBZ Employees 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 Remuneration Committee constituted by the Board.

iii. Share Capital

a. 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.

b. 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.

c. Share capital includes 8,800,000 bonus shares of Rs.10/- each fully paid issued on capitalization of accumulated profits aggregating Rs.88.00 million during the financial year 2008-09.

iv. 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					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Capital commitments (net of advances)	24.94	54.04	4.92	NIL	NIL	11.76

Contingent Liabilities

(Rupees in million)

Particulars	As at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Liability on account of Income tax (refer note below)	NIL	NIL	NIL	12.83	6.51	3.45
Guarantees given on behalf of the directors in respect of loans taken by them	140	-	-	-	-	-

Note: 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.

v. 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 period /years ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Lease payments	38.48	70.31	63.20	31.38	23.90	19.03

The future minimum lease payments in respect of non-cancelable operating leases for rented premises are as follows:

(Rupees in million)

Particulars	As at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Amount due within one year from the balance sheet date	65.00	70.08	51.96	32.76	23.49	18.29
Amount due for the period after one year and before five years	160.48	172.60	155.45	85.61	75.84	70.83
Amount due for the period after five years	92.10	109.74	129.67	82.40	46.46	53.62
Total	**317.58**	**352.42**	**337.08**	**200.77**	**145.79**	**142.74**

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					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Shrikant Zaveri	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel
Binaisha Zaveri	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel

Name of the related party	Relation as at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Raashi Zaveri	Key Managerial Personnel	Key Managerial Personnel	Key Managerial Personnel	Relatives of Key Managerial Personnel (w.e.f 23 July 2007)	Key Managerial Personnel	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	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 (retired from partnership on 31 January 2007)	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 ma.nagerial 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					
New Transmission & Power Technology Private Limited	Entities over which key managerial personnel and / or their relatives exercise significant influence					
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					
Tribhovandas Bhimji Zaveri (Bombay) 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 Jewllery Private Limited	Subsidiary (w.e.f 11 September 2009)					

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.

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 / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Remuneration						
- Shrikant G Zaveri	15.00	90.00	90.00	85.21	60.15	13.50
- Binaisha Zaveri	6.00	12.00	4.80	18.93	40.10	9.00
- Raashi Zaveri	6.00	12.00	3.60	-	-	-
Interest expense						
- Shrikant G Zaveri		-	-	11.34	19.91	14.07
- Binaisha Zaveri	0.35	0.14	-	2.40	2.36	1.37
- Raashi Zaveri		-	-	-	0.40	0.34
- Kamla Zaveri		-	-	-	-	1.57
- Bindu Zaveri		-	-	-	2.10	0.83
Share in profit of the firm						
- Shrikant G Zaveri		-	-	9.82	44.72	0.82
- Binaisha Zaveri		-	-	1.64	7.45	0.14
- Raashi Zaveri		-	-	-	7.45	0.14
- Kamla Zaveri		-	-	-	-	0.14
- Bindu Zaveri		-	-	-	7.45	0.14
Capital introduced						
- Shrikant G Zaveri					143.19	79.04
- Binaisha Zaveri					49.91	10.51
- Raashi Zaveri					7.86	0.48
- Kamla Zaveri					-	9.25
- Bindu Zaveri					19.40	0.97
Loan taken						
- Shrikant G Zaveri	87.48	159.05	164.93	163.41		
- Binaisha Zaveri	11.50	18.50	4.80	24.88		
- Raashi Zaveri	7.41	20.24	5.83	-		
- Kamla Zaveri	-	-	-	-		
- Bindu Zaveri	-	-	-	-		
Drawings						
- Shrikant G Zaveri					41.77	47.65
- Binaisha Zaveri					13.73	3.70
- Raashi Zaveri					2.51	2.20
- Kamla Zaveri					-	0.54
- Bindu Zaveri					1.23	0.76
Loan repaid						
- Shrikant G Zaveri	120.78	140.49	440.69	107.28		

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
- Binaisha Zaveri	6.06	19.20	60.63	20.03		
- Raashi Zaveri	16.27	12.86	5.83	-		
- Kamla Zaveri		-	-	-		
- Bindu Zaveri		-	-	-		
Shares issued including bonus		-	-	-		
- Shrikant G Zaveri		-	351.57	1.40	-	-
- Binaisha Zaveri		-	63.75	0.20	-	-
- Raashi Zaveri		-	13.88	-	-	-
Closing balance						
Loans payable / (Receivable)						
- Shrikant G Zaveri	(17.20)	16.09	(2.47)	273.29	233.14	
- Binaisha Zaveri	3.63	(1.80)	(1.10)	54.73	52.29	
- Raashi Zaveri	(1.97)	6.89	(0.49)	-	4.27	
- Bindu Zaveri		-	-	-	22.03	
Remuneration payable						
- Shrikant G Zaveri	2.20					
- Binaisha Zaveri	1.00					
- Raashi Zaveri	1.00					
Capital account						
- Shrikant G Zaveri			-	-	1.20	132.87
- Binaisha Zaveri			-	-	0.20	16.31
- Raashi Zaveri			-	-	0.20	(0.88)
- Bindu Zaveri			-	-	0.20	4.04
- Kamla Zaveri						15.57
Other receivable						
- Binaisha Zaveri				6.66	-	-
Guarantees given on behalf of the directors in respect of loans taken by them	140.00					

(b) Relatives of Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Interest paid						
- Kamla Zaveri			-	-	2.69	-
- Bindu Zaveri				1.27		
- Raashi Zaveri				0.60		

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Share in profit of the firm						
- Kamla Zaveri			-	-	6.21	-
- Bindu Zaveri				1.64		
- Raashi Zaveri				1.64		
Shares issued including bonus						
- Raashi Zaveri			-	0.20	-	-
Loan taken						
- Kamla Zaveri		-	-	0.55	19.17	-
- Bindu Zaveri		0.13	3.05	5.58	-	-
- Raashi Zaveri		-	-	4.01	-	-
Loan repaid						
- Kamla Zaveri		0.18	0.06	1.69	1.69	-
- Bindu Zaveri		10.97	3.78	16.47	-	-
- Raashi Zaveri				0.81		
Closing balance						
Loan payable / (Receivable)						
- Bindu Zaveri	(2.86)	(2.86)	7.99	8.72	-	-
- Kamla Zaveri	32.97	32.97	33.14	33.20	32.84	-
- Raashi Zaveri		-	-	2.66	-	-

(c) Entities over which Key Managerial Personnel and / or their relatives exercise significant influence

(Rupees in million)

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Purchase (net of purchase return)						
- Cupid annibis Jewellery Pvt Ltd		0.98	8.05	2.49	9.90	12.33
Sales (net of sales return)						
- Cupid annibis Jewellery Pvt Ltd			-	-	1.71	1.72
Making, Melting and Repairing charges						
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	2.28	75.84	52.82	52.93	40.00	28.33
Interest paid						

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	1.36	2.49	2.09	2.15	1.01	2.07
Capital introduced						
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	-
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						
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	1.36	4.36	19.79	2.15	12.81	2.07
- Tribhovandas Bhimji Zaveri Trading Co.			-	-	31.95	
- Shrikant G Zaveri (HUF)			-	-	8.25	-
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 given						
- Tribhovandas Bhimji Zaveri Trading Co.		0.03	0.03	0.27	-	7.33
Loan given received						
- Tribhovandas Bhimji Zaveri Trading Co.		0.26			24.62	
Loan repaid						
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	-	2.12	18.13	0.44	5.00	2.30
- Tribhovandas Bhimji Zaveri Trading Co.			-	-		-
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private	0.03	0.17	0.02	-		

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Limited						
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.03	0.17	0.02	-		
Super Traditional Metal Crafts (Bombay) Private Limited	5.60	0.19	0.02	-		
- Shrikant G Zaveri (HUF)		0.04	-	2.96	0.01	-
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) Pvt Ltd	28.49	27.13	24.89	23.23	21.52	20.44
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.73	0.76	0.85	0.86		
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.73	0.76	0.84	0.86		
Super Traditional Metal Crafts (Bombay) Private Limited	21.12	1.72	1.82	1.84		0.69
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	0.54	0.54	0.54	0.54	0.54	0.54
- Shrikant G Zaveri (HUF)	5.87	5.87	5.91	5.91	8.24	-
Loan receivable						
- Tribhovandas Bhimji Zaveri Trading Co.	0.11	0.11	0.34	0.31	-	7.33
Capital Account (fixed)						
- 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			-	-	13.24	14.13
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd			-	-	9.19	-

Nature of Transaction	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
- 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	0.69
Current account receivable						
- Cupid Annibis Jewellery Private Limited			-	-	-	1.72
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd			-	-	-	8.28

(d) Subsidiary

(Rupees in million)

Nature of Transaction	For the period /years ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Reimbursement on behalf of						
- Konfiaance Jewellery Private Limited	0.16	0.16	-	-	-	-
Share application money paid						
- Konfiaance Jewellery Private Limited	9.56	0.06	-	-	-	-
Other receivable						
- Konfiaance Jewellery Private Limited	0.16	0.16	-	-	-	-
Loan taken						
- Konfiaance Jewellery Private Limited	9.90	-				
Investment						
- Konfiaance Jewellery Private Limited	9.62	0.06	-	-	-	-

(e)

(Rupees in million)

Nature of Transaction	For the period /years ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
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					

viii. The Company has entered into a joint venture agreement with Parinda Bajaj on June 25, 2009. As a part of the agreement one of the Company's brand "Krsala" has been transferred to the joint venture partner which in turn has been licensed back to the Company. The Company has equity participation of 60% in the (said) joint venture company incorporated as Konfiaance Jewellery Private Limited. Till the time the said Konfiaance Jewellery Private Limited commences its business, the Company will continue the said Krsala business.

This financial statements (till September 30, 2010) includes the revenue and assets and liabilities pertaining to the said "Krsāla" business but the same are not material / significant compared to the total revenue, assets and liabilities of the Company's business.

ANNEXURE V: STATEMENT OF STANDALONE OTHER INCOME

(Rupees in million)

Particulars	For the period /years ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Other income, as restated	2.87	3.57	1.34	3.64	2.67	0.49
Net profit / (loss) before tax, as restated	264.14	247.94	155.04	141.64	121.35	11.01
Other income as % of Net profit	1.09%	1.44%	0.86%	2.57%	2.20%	4.45%
Source of other income						
Recurring						
Interest - Bank	2.38	3.42	1.34	-	-	-
Interest – Others		0.01	-	0.54	-	0.35
Non-recurring						
Sales tax refund			-	1.15	1.17	-
Exchange gain	0.49	0.04	-	0.12	-	-
Profit on sale of fixed assets (net)			-	1.57	1.27	0.00
Miscellaneous income		0.10	-	0.26	0.23	0.14

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of Standalone 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 standalone profits and losses, as restated, of the Company.

ANNEXURE VI: STATEMENT OF STANDALONE COST OF GOODS SOLD

(Rupees in million)

Particulars	As at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Raw Material						
Opening stock	36.11	30.87	7.18	6.75	6.23	2.06
Purchases	3,841.09	6,584.65	4,915.02	3,328.19	2,305.00	1,821.09
Closing stock	65.70	36.11	30.87	7.18	6.75	6.23
Raw material consumed	**3,811.50**	**6,579.41**	**4,891.33**	**3,327.76**	**2,304.47**	**1,816.92**
Making charges	**168.85**	**348.51**	**322.66**	**136.51**	**161.11**	**140.39**
Melting charges	**1.49**	**3.51**	**3.07**	**1.36**	**1.20**	**1.50**
Purchase cost of traded goods	**1,272.98**	**1,215.58**	**1,315.51**	**774.52**	**390.10**	**169.35**
Opening stock of finished goods	2,829.36	2,249.36	1,460.31	963.16	646.06	539.81
Closing stock of finished goods	(3,684.15)	(2,829.36)	(2,249.36)	(1,460.31)	(963.16)	(646.06)
(Increase) in inventory	**(854.79)**	**(580.00)**	**(789.05)**	**(497.15)**	**(317.10)**	**(106.25)**
	4,400.03	**7,567.01**	**5,743.52**	**3,743.00**	**2,539.79**	**2,021.91**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this statement of standalone cost of goods sold.

ANNEXURE VII: STATEMENT OF STANDALONE LOAN FUNDS

(Rupees in million)

Particulars	As at					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Secured loans						
Term loans from financial institutions including vehicle loan	137.42	110.29	172.25	10.36	2.39	3.17
Cash credit facilities	1,872.59	1,825.84	1,548.52	874.20	507.81	439.40
Total – Secured loans	**2,010.01**	**1,936.13**	**1,720.77**	**884.56**	**510.20**	**442.57**
Unsecured loans						
Long term						
From directors, shareholders, relatives and companies under same management within the meaning of section 370(1B) of the Companies Act, 1956	72.06	88.08	71.92	405.84	376.82	21.67
Loan from subsidiary	9.90	-	-	-	-	-
Loan from outsiders	-	-	-	-	8.39	13.75
Total – Unsecured loans	**81.96**	**88.08**	**71.92**	**405.84**	**385.21**	**35.42**
Amount repayable within one year	**54.45**	**59.96**	**45.30**	**0.94**	**0.99**	**1.01**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of standalone loan funds.

Notes:

1. Secured by way of exclusive charge on the properties situated at Surat and Charkop and hypothecation of fixed assets to be purchased at these locations together with equitable mortgage of property located at Zaveri Bazar, Mumbai and Punjagutta,Hyderabad.Paripassu charge by way of hypothecation of raw materials, finished goods, consumables and other moveables and book, documentary or clean bills, outstanding monies and receivables including fixed deposit with bank. Vehicle loans have been secured by way of hypothecation of vehicles
2. Paripassu charge by way of hypothecation of raw materials, finished goods, receivables, entire fixed assets of the company, properties at Zaveri Bazar, other current assets, documents and clean bills. Personal guarantees of directors and their relatives and corporate guarantees of shareholders upto an amount of Rs. 200,000,000
3. The unsecured loans include loans from directors amounting to Rs. 32,309,462
4. Loans amounting to Rs.100,340,253 are interest free loans.
5. Unsecured loans are repayable on demand. It includes interest bearing loan taken from Tribhovandas Bhimji Zaveri (Bombay) Private Limited (a companies under same management within the meaning of section 370(1B) of the Companies Act, 1956) at the rate of 10% p.a. and Interest bearing loan from a director at the rate of 11%
6. Loans from outsiders were payable on demand
7. The figures disclosed above are based on the summary statement of standalone assets and liabilities, as restated, of the Company

ANNEXURE VIII: STATEMENT OF STANDALONE CURRENT LIABILITIES AND PROVISIONS

(Rupees in million)

Particulars	As at					
	30-Sep-10	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**31-Mar-06**
Current liabilities						
Sundry Creditors						
- goods	911.51	389.63	341.13	390.46	187.96	180.04
- expenses	53.52	42.73	25.97	23.08	14.41	7.04
- making charges	85.23	61.94	17.78	30.62	21.20	17.51
Advance received from customers	307.87	208.17	73.19	51.98	29.86	21.39
Other liabilities		-	-	-	-	-
- employees	32.01	24.69	10.49	7.47	2.87	1.54
- others	17.80	12.06	6.30	5.75	1.82	3.99
Total– Current liabilities	**1,407.94**	**739.22**	**474.86**	**509.36**	**258.12**	**231.51**
Provisions						
Provision for gratuity	31.35	24.39	18.00	11.10	7.61	5.51
Provision for wealth tax	-	0.16	-	-	-	-
Provision for tax	51.64	-	-	-	-	-
Provision for sales promotion expenses	5.17	3.33	-	-	-	-
Provision for leave encashment	9.61	5.83	4.49	0.90	-	-
Provision for Fringe benefit tax	-	-	-	-	-	0.08
Total - Provisions	**97.77**	**33.71**	**22.49**	**12.00**	**7.61**	**5.59**

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of standalone current liabilities and provisions.

Note:

1. There are no amounts due and outstanding to be credited to Investor Education and Protection fund.
2. The figures disclosed above are based on the summary statement of standalone assets and liabilities, as restated, of the Company.

ANNEXURE IX : STATEMENT OF STANDALONE SUNDRY DEBTORS

(Rupees in million)

Particulars	As at					
	30-Sep-10	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**31-Mar-06**
Debt outstanding for a period exceeding six months						
- Considered goods	3.83	6.99	5.01	29.14	1.71	1.69
- Considered doubtful	3.52	-	-	-	-	-
	7.35	6.99	5.01	29.14	1.71	1.69
Other debts	56.83	23.56	15.02	12.72	12.52	8.88
	64.18	30.55	20.03	41.86	14.23	10.57
Less: Provision for doubtful debts	3.52	-	-	-	-	-
Total	**60.66**	**30.55**	**20.03**	**41.86**	**14.23**	**10.57**
Debt outstanding from promoters and promoter group companies	-	-	-	-	-	1.72

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of standalone sundry debtors.

Notes:

1. The list of persons / entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the previous auditors M/s K. M. Modi & Associates.
2. The figures disclosed above are based on the summary statement of standalone assets and liabilities, as restated, of the Company.

ANNEXURE X: STATEMENT OF STANDALONE LOANS AND ADVANCES (Unsecured – considered good)

(Rupees in million)

Particulars	As at					
	30-Sep-10	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**	**31-Mar-07**	**31-Mar-06**
Interest accrued and not due on fixed deposit	2.35	4.27	1.19	-	-	-
Advances recoverable in cash or in kind or for value to be received	34.57	15.95	10.34	14.50	12.86	25.68
Sundry deposits	48.58	48.94	51.68	29.10	28.06	37.95
Balance with Sales tax department	-	-	-	-	1.09	1.28
Advance tax and tax deducted at source (net of provision for tax)	-	1.73	12.52	10.63	30.17	26.69
Fringe benefit tax (net of provision for tax)	0.19	0.19	0.19	0.08	0.08	-
Total	**85.69**	**71.08**	**75.93**	**54.30**	**72.26**	**91.60**
Advance recoverable from promoters and promoter group companies	0.27	0.27	0.34	0.31	-	15.61

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of standalone loans and advances.

Notes:

1. The list of persons / entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by the previous auditors M/s K.M.Modi & Associates.
2. The figures disclosed above are based on the summary statement of standalone assets and liabilities, as restated, of the Company.

ANNEXURE XI: STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in million)

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
1. Term loan				
SBI-Term loan- I	8.42	Sanction amount Rs. 41.00 million (Originally sanctioned Rs.160.00 million) Interest at 1% below State Bank Advance Rate (SBAR) with a minimum of 12.75%, rising or falling therewith	Primary security: Equitable Mortgage of Shop No.100, Ground floor, & Shop No.101, First floor "SNS House" Athwa Lines, Surat & other fixed assets to be purchased (exclusive charge) Hypothecation charge on the fixed assets to be purchased (exclusive charge) Collateral security: (see note 1) Guarantee: (see note 2)	14 monthly installments commencing from April 2010 in accordance with the schedule prescribed by the lender
SBI-Term loan- II	85.36	Sanction amount Rs. 140.00 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	42.06	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)	478.12	Sanction amount Rs. 480.00 million CC: Bank PLR – 3.50% plus	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	CC- on demand WCDL- Principal amount to be

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
		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	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) Pvt Ltd, Tribhovandas Bhimji Zaveri (TBZ) Pvt Ltd, Super Traditional Metal Crafts (Bombay) Pvt Ltd	repaid as bullet payment on the maturity date
SBI (CC)	1,394.47	Sanction amount Rs. 1,400 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
2. Vehicle loan				
ICICI Bank – LAMUM00014458933	0.67	Loan amount Rs. 1,655,000/- Interest: 13.64% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Dec.' 2008
ICICI Bank – LAMUM00012529410	0.09	Loan amount Rs. 748,000/- Interest: 10.50% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from March' 2008
ICICI Bank – LAMUM00012099676	0.46	Loan amount Rs. 7,353,000/- Interest: 9.24% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Jan.' 2008

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
ICICI Bank – LAMUM00013806582	0.30	Loan amount Rs. 1,077,700/- Interest: 10.72% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Aug.' 2008
ICICI Bank – LAMUM00011764371	0.05	Loan amount Rs. 1,391,000/- Interest: 10.16% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Dec.' 2007

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 XII: STATEMENT OF STANDALONE CAPITALISATION AS AT 30 SEPTEMBER 2010

(Rupees in million)

Particulars	Pre issue	Post issue
Debt		
Long Term Debt (A)	82.98	
Short Term Debt	2,008.99	
Total Debt (B)	**2,091.97**	
Shareholders' funds		
Share Capital		
- Equity share capital	100.00	
Reserves		
- Security premium	340.00	
- Profit and loss account	426.23	
Total Shareholders' funds (C)	**866.23**	
Long Term Debt / Shareholders' funds (A / C)	**0.10**	
Total Debt / Shareholders' funds (B / C)	**2.42**	

Notes:

1. Short Term Debt represents amount repayable within one year from 30 September 2010.
2. The figures disclosed above are based on the summary statement of standalone assets and liabilities, as restated, of the Company as at 30 September 2010.
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 XIII: STATEMENT OF STANDALONE ACCOUNTING RATIOS

(Rupees)

Particulars	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Earnings per share						
Basic & Diluted* (Rs.)	3.62	3.38	2.14	1.69	1.69	0.03
Net Asset Value per share (Rs.)	86.62	68.54	57.35	51.94	43.02	18.66
Net Asset Value per share (Rs.) (considering issue of bonus shares)	17.32	13.71	10.32	10.39	8.60	3.73
Return on Net worth %	20.87%	24.69%	20.25%	16.26%	19.25%	0.81%
Weighted average no. of equity shares outstanding during the year / period	50,000,000	50,000,000	48,753,425	45,000,000	45,000,000	45,000,000
Total number of equity shares outstanding at the end of the year / period	10,000,000	10,000,000	10,000,000	9,000,000	9,000,000	9,000,000
Total number of equity shares outstanding at the end of the year / period (including bonus shares)	50,000,000	50,000,000	50,000,000	45,000,000	45,000,000	45,000,000

* face value of Rs. 10 each

Notes on adjustments for Standalone Restated Financial Statements (Annexure VI) forms integral part of this Statement of standalone accounting ratios.

Notes:

1. The accounting ratios calculated for the period ended 30 September 2010 pertains to 6 months period and hence not comparable.
2. The ratios have been computed as below:

Earning per share (Rs.)	Restated profit after tax / Weighted average number of equity shares outstanding during the year / period
Net Asset Value per share (Rs.)	Net worth at the end of the year / period / Number of equity shares outstanding at the end of the year / period
Return on Net worth %	Restated profit after tax / Net worth as at the end of the year / period

3. Net worth = Equity share capital + Security premium + Profit and loss account
4. 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.
5. 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.
6. 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 XIV: STATEMENT ON TAX SHELTER, AS RESTATED

(Rupees in million)

Particulars	For the year / periods ended					
	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Profit / (loss) as restated	264.14	247.94	155.04	141.64	121.35	11.01
Tax rate (including surcharge and education cess)	33.22%	33.99%	33.99%	33.99%	33.66%	33.66%
Tax at notional rate on profits	**87.74**	**84.27**	**52.70**	**48.14**	**40.85**	**3.71**
Adjustments:						
Permanent Differences						
Donation under section 80G	0.53	0.10	0.30	0.06	0.33	0.11
Personal expenses disallowable				0.02	0.17	0.33
Speculation loss					20.92	14.71
Interest on TDS						0.02
Expenses not debited during the year				0.65		1.01
Debtors written off			0.18	0.01		0.91
Miscellaneous expenses written off			0.38	2.76		
Disallowances pursuant to Assessment / Appellate orders				1.30	1.50	
(Profit) / loss on sale of asset				(1.57)	(1.27	
Deduction under section 80-IB	(13.90)	(17.46)	(14.58)	(21.20)	(20.25)	(10.03)
Book depreciation due to restatement	0.11	0.48	0.85	(7.56)	8.21	6.23
Stock adjustment on account of refinements				72.30	5.21	1.24
Total Permanent difference	**(13.26)**	**(16.88)**	**(12.87)**	**46.77**	**14.82**	**14.53**
Timing difference						
Difference between book and tax depreciation as per Return of Income	(6.69)	0.25	(1.10)	(0.79)	(9.54)	(5.00)
Provision for Gratuity, Leave encashment and Bonus	5.81	16.94	7.29	5.50	2.87	1.69
Provision for expenses	7.01	6.14	3.93	3.00	2.69	1.27
Total Timing difference	**6.13**	**23.33**	**10.12**	**7.71**	**(3.98)**	**(2.04)**
Total Adjustments	**(7.13)**	**6.45**	**(2.75)**	**54.48**	**10.84**	**12.49**
Tax on adjustments	**(2.37)**	**2.19**	**(0.93)**	**18.52**	**3.65**	**4.20**
Taxable restated profit	**257.01**	**254.39**	**152.29**	**196.12**	**132.19**	**23.50**
Tax liability on restated profits	**85.37**	**86.46**	**51.77**	**66.66**	**44.50**	**7.90**

Notes:

1. The statement of tax shelter and adjustment have been prepared as per the summary statement of standalone 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. The figures for the period ended 30 September 2010 are based on the provisional computation of total income prepared by the Company for the said period.

5. 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, 31 March 2007 and 31 March 2006 would be higher by Rs 24.57 million, Rs 1.75 million and Rs 0.42 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	
	30-Sep-10	31-Mar-10
Goodwill on consolidation (net of amortization)	**2.40**	-
Fixed assets		
Gross block	572.73	527.86
Less: Accumulated depreciation	142.86	125.23
Net block	**429.87**	**402.63**
Capital work-in-progress	**40.41**	**41.71**
Investments	**-**	**-**
Deferred tax asset (net)	**14.42**	**12.38**
Current assets, loans and advances		
Inventories	3,749.85	2,865.46
Sundry debtors	60.66	30.55
Cash and bank balances	73.50	58.78
Loans and advances	85.51	70.92
Total	**3,969.52**	**3,025.71**
Liabilities and provisions		
Secured loans	2,010.01	1,936.13
Unsecured loans	72.06	88.08
Minority interest	3.91	-
Current liabilities	1,408.00	739.26
Provisions	97.77	33.71
Total	**3,591.75**	**2,797.18**
Deferred tax liability (net)		**-**
Net worth	**864.87**	**685.25**
Net worth represented by:		
Share capital		
Equity share capital	100.00	100.00
Reserves and surplus		
Securities premium	340.00	340.00
Profit and loss account	424.87	245.25
Net worth	**864.87**	**685.25**

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

Notes:

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

iv. Also refer note (i) and (ii) of Annexure I: Summary Statement of Assets and Liabilities.

ANNEXURE II: SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSSES AS RESTATED

(Rupees in million)

Particulars	For the year / period ended	
	30-Sep-10	**31-Mar-10**
INCOME		
Sales	5,217.50	8,848.95
Other income	2.87	3.57
Total income	**5,220.37**	**8,852.52**
EXPENDITURE		
Cost of goods manufactured	3,127.05	6,351.43
Purchase of traded goods	1,272.98	1,215.58
Personnel expenses	168.91	307.22
Administrative and selling expenses	249.31	480.47
Finance charges	120.38	219.18
Depreciation	18.84	30.91
Total expenditure	**4,957.47**	**8,604.79**
Profit before taxation	**262.90**	**247.73**
Less: Provision for tax		
Current tax	85.37	86.46
Wealth tax	-	0.16
Deferred tax (credit) / charge	(2.04)	(7.93)
Fringe benefit tax	-	-
Profit after taxation	**179.57**	**169.04**
Less: Minority interest	(0.01)	(0.08)
Profit brought forward	245.25	76.17
Profit available for appropriate, as restated	424.83	245.29
Less / (add): Adjustment of minority interest	(0.04)	0.04
Balance carried forward, as restated	**424.87**	**245.25**

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

Notes:

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

iv. Also refer note (i) and (ii) of Annexure II: Summary Statement of standalone Profit and losses, as restated.

ANNEXURE III: SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

(Rupees in million)

Particulars	**For the year / period ended**	
	30-Sep-10	**31-Mar-10**
A. Cash flow from operating activities		
Net profit before prior period item, tax and extraordinary items	262.90	247.73
Adjustment for:		
Depreciation	18.84	30.91
Interest expenses	109.34	196.08
Debit balances written off	-	0.03
Preliminary expenses written off	-	0.16
Foreign exchange gain	(0.24)	-
Provision for bad debts	3.52	-
Interest income	(2.38)	(3.42)
Operating profit before working capital changes	391.98	471.49
Adjustment for		
Trade and other receivables	(51.57)	(15.39)
Inventories	(884.39)	(585.23)
Trade payables and other Liabilities	681.97	274.17
Cash generated from / (used in) operations	137.99	145.04
Income taxes paid (net of refunds)	(32.00)	(75.66)
Net cash from operating activities	**105.99**	**69.38**
B. Cash flow from investing activities		
Purchase of fixed assets	(44.39)	(101.92)
Goodwill on consolidation	(3.61)	
Interest received	4.30	0.34
Net cash used in investing activities	**(43.70)**	**(101.58)**
C. Cash flow from Financing activities		
Receipt from minority interest	-	0.04
Interest paid	(109.34)	(196.08)
Repayments of secured loans	(42.84)	(63.77)
Proceeds from secured loans	116.72	279.52
Repayment of unsecured loans	(149.12)	(204.77)
Proceeds from unsecured loans	133.10	220.93
Increase in the minority share	3.91	-
Net cash generated from / (used in) financing activities	**(47.57)**	**35.87**
Net Increase / (Decrease) in cash and cash equivalents	**14.72**	**3.67**
Cash and cash equivalents at the beginning of the year / period	**58.78**	**55.11**
Cash and cash equivalents at the end of the year / period	**73.50**	**58.78**

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

Note:

ii. 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.

iii. refer note (i) and (ii) of Annexure III: 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.of which 2 showrooms exclusively deal with jadau sold under the brand "Krsala" in which the Company under a joint venture agreement holds joint control. 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 of Statement of Consolidated Assets and Liabilities, as Restated of the Company as at 31 March 2010 and 30 September 2010, the related Summary of Statement Of Consolidated Profit And Losses as Restated for the year/period ended 31 March 2010 and 30 September 2010, and the related Summary of Statement Of Consolidated Cash Flows, as Restated for each of the year / period ended 31 March 2010 and 30 September 2010, (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. Based on the unaudited financial statements of the acquired subsidiary and as assessed by Management, the book value of the assets acquired and the total income is less than 20% of the total income of the of the total pre acquisition book value of the assets / total income of the Company. Accordingly the proforma financials statements of Tribhovandas Bhimji Zaveri (Bombay) Private Limited 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 / periods immediately preceding the issue of the Prospectus.

2. Significant Accounting Policies adopted by the Company in preparing its financial statements

2.1 Basis of Preparation

The Company prepares and presents its financial statements 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.

In respect of period from 1 April 2010 to 30 September 2010, the Company has followed the same accounting policies in preparation of the interim financial statements as those followed in preparation of the annual financial statements for the year ended 31 March 2010.

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 and impairment. Cost includes purchase price and other cost attributable to acquisition and installation of the assets.
Depreciation on fixed assets other than lease hold improvements and computer software has been provided on the written down value, prorata to the period of use at the rates specified in schedule XIV of the Companies Act, 1956, which reflect the management's best estimate of the economic useful life of the assets. Lease hold improvements are amortised over 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 arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently amortised over a period of three years.

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 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.

2.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined as follows:
iii) in case of gold, diamond, silver, zaverat , platinum and platinum diamond at weighted average cost; and
iv) 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 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.

2.7 Revenue recognition

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

Interest income is recognized on a time proportion basis.

2.8 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign currency transactions settled during the 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 Leases

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

2.11 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.

2.12 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.

2.13 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	60%	1 April - 31 March

3.2 Principles of Consolidation

(i) The consolidated financial statements of Tribhovandas Bhimji Zaveri Private Limited together with audited financial statements of its subsidiary as described in note 3.1 have been considered for the purpose of consolidation.

(ii) The financial statements of the parent company and its subsidiary as described in note 19.2 have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. The results of subsidiaries acquired or disposed off during the year are included in the consolidated profit and loss account from the effective date of acquisition or upto the effective date of disposal, as appropriate. All significant intra group balances and transactions have been eliminated on consolidation. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post – acquisition increase in the relevant reserves of the subsidiary.

(iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statements.

(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 / period 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 / periods ended		
	30-Sep-10	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))	0.11	0.48	57.59
Sales (refer note 3.4(iii))	-	-	1.10
Cost of goods manufactured			
- Stock (refer note 3.4(ii) and (v))	(1.22)	(6.48)	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))	0.16	-	(0.16)
Provision for tax (refer note 3.4(vi))			
- Income tax	1.42	(4.54)	69.60
- Fringe benefit tax	-	-	(0.08)
- Deferred tax	(0.81)	(0.73)	0.42
Prior period items			
Interest (refer note 3.4(ii))	-	(0.38)	0.38
Total	0.34	(15.59)	138.86

Impact on Assets and Liabilities (Cumulative)

(Rupees in million)

Particulars	As at	
	30-Sep-10	31-Mar-10
Gross block	57.21	57.21
Accumulated depreciation	(55.77)	(55.66)
Capital Account / Unsecured loans	(113.49)	(113.49)
Inventories	(1.24)	(2.47)
Loans and Advances	-	(9.32)
Current liabilities	-	0.16
Provisions	(10.75)	-
Deferred tax asset / liability	1.11	0.30

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 periods / years ended 31 March 2008, 31 March 2009, 31 March 2010 and 30 September 2010 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 periods / 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 the Company for the period from 24 July 2007 to 31 March 2008 , included during the period ended 31 March 2008 is as follows:
   c) Inventory and restated profits have been understated by Rs. 21.76 million
   d) Depreciation and restated profits have been understated by Rs.0.88 million

Taxation

vi. 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

Non-Adjustment

Auditors' qualification

vii. No adjustment has been made for the following comments made by the auditors in the audit reports for the year ended 31 March 2010:

(a) The Company is in the process of updating their records to show full particulars including quantitative details and situation of fixed assets.

(b) 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.

(c) 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.

Other 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.

ii. In the Extraordinary General meeting held on 12 January 2011, the shareholders of the Company by a special resolution have approved and authorised the Company to Grant such number of Options and Restricted Stock Unitsunder the TBZ Employees 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 Remuneration Committee constituted by the Board.

iii. Share Capital

a. 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

b. 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.

c. Share capital includes 8,800,000 bonus shares of Rs.10/- each fully paid issued on capitalization of accumulated profits aggregating Rs.88.00 million during the financial year 2008-09.

iv. 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	
	30-Sep-10	31-Mar-10
Capital commitments (net of advances)	24.94	54.04

Contingent Liabilities

Guarantees given on behalf of the directors in respect of loans taken by them: Rs. 140 million

v. 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	
	30-Sep-10	31-Mar-10
Lease payments	38.48	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	
	30-Sep-10	31-Mar-10
Amount due within one year from the balance sheet date	65.00	70.08
Amount due for the period after one year and before five years	160.48	172.60
Amount due for the period after five years	92.10	109.74

Total	**317.58**	**352.42**

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	
	30-Sep-10	**31-Mar-10**
Shrikant Zaveri	Key Managerial Personnel	
Binaisha Zaveri	Key Managerial Personnel	
Raashi Zaveri	Key Managerial Personnel	
Parinda Bajaj	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 ma.nagerial personnel and / or their relatives exercise significant influence	
T B Zaveri Jewelleries Limited	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
New Transmission & Power Technology Private Limited	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
Tribhovandas Bhimji Zaveri Trading Co	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
Cupid Annibis Jewellery Private Limited	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
Tribhovandas Bhimji Zaveri (Bombay) Private Limited	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
Shrikant G Zaveri (HUF)	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	Entities over which key ma.nagerial personnel and / or their relatives exercise significant influence	

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	
	30-Sep-10	**31-Mar-10**
Remuneration		
- Shrikant G Zaveri	15.00	90.00
- Binaisha Zaveri	6.00	12.00

Nature of Transaction	For the year / period ended	
	30-Sep-10	31-Mar-10
- Raashi Zaveri	6.00	12.00
- Parinda Bajaj	17.53	15.14
Interest expense		
- Binaisha Zaveri	0.35	0.14
Loan taken		
- Shrikant G Zaveri	87.48	159.05
- Binaisha Zaveri	11.50	18.50
- Raashi Zaveri	7.41	20.24
Loan repaid		
- Shrikant G Zaveri	120.78	140.49
- Binaisha Zaveri	6.06	19.20
- Raashi Zaveri	16.27	12.86
Closing balance		
Loans payable / (Receivable)		
- Shrikant G Zaveri	(17.20)	16.09
- Binaisha Zaveri	3.63	(1.80)
- Raashi Zaveri	(1.97)	6.89
Remuneration payable		
- Shrikant G Zaveri	2.20	
- Binaisha Zaveri	1.00	
- Raashi Zaveri	1.00	
- Parinda Bajaj	0.23	
Guarantees given on behalf of the directors in respect of loans taken by them	140.00	-

(b) Relatives of Key Managerial Personnel

(Rupees in million)

Nature of Transaction	For the year / period ended	
	30-Sep-10	31-Mar-10
Loan taken		
- Bindu Zaveri	-	0.13
Loan repaid		
- Kamla Zaveri	-	0.18
- Bindu Zaveri	-	10.97
Closing balance		
Loan payable / (Receivable)		
- Bindu Zaveri	(2.86)	(2.86)
- Kamla Zaveri	32.97	32.97

(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	
	30-Sep-10	31-Mar-10
Purchase (net of purchase return)		
- Cupid annibis Jewellery Pvt Ltd	-	0.98
Making, Melting and Repairing charges		
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	2.28	75.84
Interest paid		
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	1.36	2.49
Loan taken		
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	1.36	4.36
Loan given		
- Tribhovandas Bhimji Zaveri Trading Co.	-	0.03
Loan given received		
- Tribhovandas Bhimji Zaveri Trading Co.	-	0.26
Loan repaid		
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	-	2.12
-Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.03	0.17
-Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.03	0.17
-Super Traditional Metal Crafts (Bombay) Private Limited	5.60	0.19
- Shrikant G Zaveri (HUF)	-	0.04
Closing balance		
Loan payable		
- Tribhovandas Bhimji Zaveri (Bombay) Pvt Ltd	28.49	27.13
Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	0.73	0.76
Tribhovandas Bhimji Zaveri (TBZ) Private Limited	0.73	0.76
Super Traditional Metal Crafts (Bombay) Private Limited	21.13	1.73
T.B.Zaveri / A.B.Zaveri (Family Benefit Trust)	0.54	0.54
- Shrikant G Zaveri (HUF)	5.87	5.87
Loan receivable		
- Tribhovandas Bhimji Zaveri Trading Co.	0.11	0.11

(d)

(Rupees in million)

Nature of Transaction	For the year/period ended	
	30-Sep-10	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	-

vii. The Company has entered into a joint venture agreement with Parinda Bajaj on June 25, 2009. As a part of the agreement one of the Company's brand "Krsala" has been transferred to the joint venture partner which in turn has been licensed back to the Company. The Company has equity participation of 60% in the (said) joint venture company incorporated as Konfiaance Jewellery Private Limited. Till the time the said Konfiaance Jewellery Private Limited commences its business, the Company will continue the said Krsala business.

This financial statements (till September 30, 2010) includes the revenue and assets and liabilities pertaining to the said "Krsāla" business but the same are not material / significant compared to the total revenue, assets and liabilities of the Company's business.

ANNEXURE V: STATEMENT OF CONSOLIDATED OTHER INCOME

(Rupees in million)

Particulars	For the period /years ended	
	30-Sep-10	31-Mar-10
Other income, as restated	2.87	3.57
Net profit / (loss) before tax, as restated	262.90	247.73
Other income as % of Net profit	1.09%	1.44%
Source of other income		
Recurring		
Interest – Bank	2.38	3.42
Interest – Others	-	0.01
Non-recurring		
Exchange gain	0.49	0.04
Miscellaneous income	-	0.10

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) 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 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 consolidated profits and losses, as restated of the Company.

ANNEXURE VI: STATEMENT OF CONSOLIDATED COST OF GOODS SOLD

(Rupees in million)

Particulars	As at	
	30-Sep-10	31-Mar-10
Raw Material		
Opening stock	36.11	30.87
Purchases	3,841.09	6,584.65
Closing stock	65.70	36.11
Raw material consumed	**3,811.50**	**6,579.41**
Making charges	**168.85**	**348.51**
Melting charges	**1.49**	**3.51**
Purchase cost of traded goods	**1,272.98**	**1,215.58**
Opening stock of finished goods	2,829.36	2,249.36
Closing stock of finished goods	(3,684.15)	(2,829.36)
(Increase) in inventory	**(854.79)**	**(580.00)**
	4,400.03	**7,567.01**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) forms integral part of this statement of consolidated cost of goods sold.

ANNEXURE VII: STATEMENT OF CONSOLIDATED LOAN FUNDS

(Rupees in million)

Particulars	As at	
	30-Sep-10	**31-Mar-10**
Secured loans		
Term loans from financial institutions including vehicle loan	137.42	110.29
Cash credit facilities	1,872.59	1,825.84
Total – Secured loans	**2,010.01**	**1,936.13**
Unsecured loans		
Long term		
From directors, shareholders, relatives and companies under same management within the meaning of section 370(1B) of the Companies Act, 1956	72.06	88.08
Total – Unsecured loans	**72.06**	**88.08**
Amount repayable within one year	**54.45**	**59.96**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) forms integral part of this Statement of consolidated loan funds.

Notes:

1. Secured by way of exclusive charge on the properties situated at Surat and Charkop and hypothecation of fixed assets to be purchased at these locations together with equitable mortgage of property located at Zaveri Bazar, Mumbai and Punjagutta,Hyderabad.Paripassu charge by way of hypothecation of raw materials, finished goods, consumables and other moveables and book, documentary or clean bills, outstanding monies and receivables including fixed deposit with bank. Vehicle loans have been secured by way of hypothecation of vehicles
2. Paripassu charge by way of hypothecation of raw materials, finished goods, receivables, entire fixed assets of the company, properties at Zaveri Bazar, other current assets, documents and clean bills. Personal guarantees of directors and their relatives and corporate guarantees of shareholders upto an amount of Rs. 200,000,000
3. The unsecured loans include loans from directors amounting to Rs. 7,394,591
4. Loans amounting to Rs.62,001,524 are interest free loans.
5. Unsecured loans are repayable on demand. It includes interest bearing loan taken from Tribhovandas Bhimji Zaveri (Bombay) Private Limited (a companies under same management within the meaning of section 370(1B) of the Companies Act, 1956) at the rate of 10% p.a. and Interest bearing loan from a director at the rate of 11%
6. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company

ANNEXURE VIII: STATEMENT OF CONSOLIDATED CURRENT LIABILITIES AND PROVISIONS

(Rupees in million)

Particulars	As at	
	30-Sep-10	31-Mar-10
Current liabilities		
Sundry Creditors		
- goods	911.51	389.63
- expenses	53.52	42.73
- making charges	85.29	61.94
Advance received from customers	307.87	208.21
Other liabilities		
- employees	32.01	24.69
- others	17.80	12.06
Total– Current liabilities	**1,408.00**	**739.26**
Provisions		
Provision for gratuity	31.35	24.39
Provision for wealth tax	-	0.16
Provision for tax	51.64	-
Provision for sales promotion expenses	5.17	3.33
Provision for leave encashment	9.61	5.83
Provision for Fringe benefit tax	-	-
Total – Provisions	**97.77**	**33.71**

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) forms integral part of this Statement of consolidated current liabilities and provisions.

Note:

1. There are no amounts due and outstanding to be credited to Investor Education and Protection fund.
2. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company

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ANNEXURE IX: STATEMENT OF CONSOLIDATED SUNDRY DEBTORS

(Rupees in million)

Particulars	As at	
	30-Sep-10	31-Mar-10
Debt outstanding for a period exceeding six months		
- Considered goods	3.83	6.99
- Considered doubtful	3.52	-
	7.35	6.99
Other debts	56.83	23.56
	64.18	30.55
Less: Provision for doubtful debts	3.52	-
Total	**60.66**	**30.55**
Debt outstanding from promoters and promoter group companies	-	-

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) forms integral part of this Statement of consolidated sundry debtors.

Note:

1. 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 LOANS AND ADVANCES (Unsecured – considered good)

(Rupees in million)

Particulars	As at 30-Sep-10	31-Mar-10
Interest accrued and not due on fixed deposit	2.35	4.27
Advances recoverable in cash or in kind or for value to be received	34.39	15.79
Sundry deposits	48.58	48.94
Balance with Sales tax department	-	-
Advance tax and tax deducted at source (net of provision for tax)	-	1.73
Fringe benefit tax (net of provision for tax)	0.19	0.19
Total	**85.51**	**70.92**
Advance recoverable from promoters and promoter group companies	0.27	0.27

Notes on adjustments for Consolidated Restated Financial Statements (Annexure VI) 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 XI: STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rupees in million)

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
1. Term loan				
SBI-Term loan- I	8.42	Sanction amount Rs. 41.00 million (Originally sanctioned Rs.160.00 million) Interest at 1% below State Bank Advance Rate (SBAR) with a minimum of 12.75%, rising or falling therewith	Primary security: Equitable Mortgage of Shop No.100, Ground floor, & Shop No.101, First floor “SNS House” Athwa Lines, Surat & other fixed assets to be purchased (exclusive charge) Hypothecation charge on the fixed assets to be purchased (exclusive charge) Collateral security: (see note 1) Guarantee: (see note 2)	14 monthly installments commencing from April 2010 in accordance with the schedule prescribed by the lender
SBI-Term loan- II	85.36	Sanction amount Rs. 140.00 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	42.06	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)	478.12	Sanction amount Rs. 480.00 million	First pari passu charge by way of hypothecation of Company’s entire stocks of raw materials,	CC- on demand

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
		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	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) Pvt Ltd, Tribhovandas Bhimji Zaveri (TBZ) Pvt Ltd, Super Traditional Metal Crafts (Bombay) Pvt Ltd	WCDL- Principal amount to be repaid as bullet payment on the maturity date
SBI (CC)	1,394.47	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
2. Vehicle loan				
ICICI Bank – LAMUM00014458933	0.67	Loan amount Rs. 1,655,000/- Interest: 13.64% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Dec.' 2008
ICICI Bank – LAMUM00012529410	0.09	Loan amount Rs. 748,000/- Interest: 10.50%	Secured by way of hypothecation of vehicle	36 monthly installments commencing from March'

Particulars	As at 30 September 2010	Sanction amount and Rate of Interest	Details of Security	Repayment Schedule
		p.a.		2008
ICICI Bank – LAMUM00012099676	0.46	Loan amount Rs. 7,353,000/- Interest: 9.24% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Jan.' 2008
ICICI Bank – LAMUM00013806582	0.30	Loan amount Rs. 1,077,700/- Interest: 10.72% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Aug.' 2008
ICICI Bank – LAMUM00011764371	0.05	Loan amount Rs. 1,391,000/- Interest: 10.16% p.a.	Secured by way of hypothecation of vehicle	36 monthly installments commencing from Dec.' 2007

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 XII: STATEMENT OF CONSOLIDATED CAPITALISATION AS AT 30 SEPTEMBER 2010

(Rupees in million)

Particulars	Pre issue	Post issue
Debt		
Long Term Debt (A)	82.98	
Short Term Debt	1,999.09	
Total Debt (B)	**2,082.07**	
Shareholders' funds		
Share Capital		
- Equity share capital	100.00	
Reserves		
- Security premium	340.00	
- Profit and loss account	424.87	
Total Shareholders' funds (C)	**864.87**	
Long Term Debt / Shareholders' funds (A / C)	**0.10**	
Total Debt / Shareholders' funds (B / C)	**2.41**	

Notes:
1. Short Term Debt represents amount repayable within one year from 30 September 2010.
2. The figures disclosed above are based on the summary statement of consolidated assets and liabilities, as restated, of the Company
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 XIII: STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS

(Rupees)

Particulars	For the year / periods ended	
	30-Sep-10	31-Mar-10
Earnings per share		
Basic & Diluted* (Rs.)	3.59	3.38
Net Asset Value per share (Rs.)	86.49	68.53
Net Asset Value per share (Rs.) (considering issue of bonus shares)	17.30	13.71
Return on Net worth %	20.76%	24.67%
Weighted average no. of equity shares outstanding during the year / period	50,000,000	50,000,000
Total number of equity shares outstanding at the end of the year / period	10,000,000	10,000,000
Total number of equity shares outstanding at the end of the year / period (including bonus shares)	50,000,000	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 accounting ratios calculated for the period ended 30 September 2010 pertains to 6 months period and hence not comparable.
2. The ratios have been computed as below:

$$\textbf{Earning per share (Rs.)} = \frac{\text{Consolidated Restated profit after tax}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

$$\textbf{Net Asset Value per share (Rs.)} = \frac{\text{Net worth at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

$$\textbf{Return on Net worth \%} = \frac{\text{Consolidated Restated profit after tax}}{\text{Net worth as at the end of the year / period}}$$

3. Net worth = Equity share capital + Security premium + Profit and loss account
4. 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.
5. The earnings per share (basic and diluted) 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

You should read the following discussion of the financial condition and results of operations together with the restated audited consolidated and standalone financial statements including the notes thereto and the examination reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. 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 section "Risk Factors", which discusses a number of factors and contingencies that could impact the 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 of and for the years ended March 31, 2010, 2009 and 2008 and the six months ended September 30, 2010. See section titled "**Financial Statements**" on page 124.*

Overview

We are a well-known and trusted jewellery retailer in India with 14 showrooms in nine cities across five states, which have a total carpet area of approximately 44,000 sq. ft. We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum jewellery, jadau jewellery and silverware. The design and manufacture of our products and silverware is done either in-house or by third parties. Our flagship showroom in Zaveri Bazaar, Mumbai, was established in 1864. Since 2001, we have opened 13 showrooms, including opening seven showrooms between August 2007 and October 2008.

We have 12 showrooms under the trade name of "Tribhovandas Bhimji Zaveri". In addition, we have two designer boutiques under the trade name "Krsāla", which predominately sell jadau and diamond studded jewellery. Out of these 14 showrooms, nine are what we term "large format" high street showrooms (carpet area of 3,000 sq. ft. or more), three are what we term a "small format" high street showrooms (carpet area of 1,000-3,000 sq. ft.) and two are designer boutique showrooms (carpet area of 2,200-2,300 sq. ft.). Four of our "Tribhovandas Bhimji Zaveri" showrooms are in Mumbai, Maharashtra; one is in Thane, 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 Indore, Madhya Pradesh; and one is in Kochi, Kerala. One of our "Krsāla" showrooms is in Pune, Maharashtra and the other is in Hyderabad, Andhra Pradesh.

We plan to open an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the name "Tribhovandas Bhimji Zaveri" by the end of Fiscal 2014, which would give us a total of 58 showrooms (with a total carpet area of approximately 150,000 sq. ft.) in 46 cities across 14 states.

We have our own manufacturing facility for diamond-studded jewellery, 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 99.98%-owned subsidiary, manufactures diamond-studded jewellery for sale in our showrooms at a facility in Kandivali, Mumbai, which has a carpet area of 5,755 sq. ft. This facility produced 31,103 cts. and 18,045 cts. of diamond-studded jewellery in Fiscal 2010 and the six months ended September 30, 2010, respectively. Tribhovandas Bhimji Zaveri (Bombay) Limited was a Promoter group company and only became a wholly-owned subsidiary of the Company in October 2010, when the Company purchased 99.98% of the outstanding shares in this company for Rs. 20.23 million.

The Company is building an additional facility with a carpet area of approximately 17,739 sq. ft. close to Tribhovandas Bhimji Zaveri (Bombay) Limited's existing facility in Kandivali, Mumbai. Tribhovandas Bhimji Zaveri (Bombay) Limited will use this facility to manufacture diamond-studded jewellery and gold ornaments and coins for the Company. We expect this facility to have 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 4,500 kgs of coining. A portion of this facility has been completed. We shifted most of our production activity from the old facility to the new facility during the third quarter of Fiscal 2011 and we intend to shift our entire production to the new facility when it is fully completed.

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 Subsidiaries	Date of incorporation/ acquisition of the Company's interest	Company's percentage ownership
Konfiaance Jewellery Private Limited	September 11, 2009	60%
Tribhovandas Bhimji Zaveri (Bombay) Limited	October 4, 2010	99.98%

However, the effect of Konfiaance Jewellery Private Limited on our consolidated results of operations and financial condition for the year ended March 31, 2010 and the six months ended September 30, 2010 was immaterial as Konfiaance Jewellery Private Limited has yet to begin operations. As the Company acquired its 99.98% interest in Tribhovandas Bhimji Zaveri (Bombay) Limited after September 30, 2010, the last balance sheet date included in this Draft Red Herring Prospectus, Tribhovandas Bhimji Zaveri (Bombay) Limited's financial statements are not consolidated with the Company's financial statements included in this Draft Red Herring Prospectus. Set forth below is a comparison of our results of operations and financial condition on a standalone basis and on a consolidated basis as at and for the six months ended September 30, 2010 and as at and for the year ended March 31, 2010:

(Rs. in million)

	As at and for the six months ended September 30, 2010		As at and for the year ended March 31, 2010	
	Standalone	**Consolidated**	**Standalone**	**Consolidated**
Total income	5,220.37	5,220.37	8,852.52	8,852.52
Profit before taxation	264.14	262.90	247.94	247.73
Profit after taxation	180.81	179.57	169.25	169.04
Total borrowings	2,091.97	2,082.07	2,024.21	2,024.21
Total assets	3,969.59	3,969.52	3,025.77	3,025.71
Total liabilities and provisions	1,505.71	1,505.37	772.93	772.97

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 and profit after taxation 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 (Rs. in million)	Profit after taxation (Rs. in million)
Fiscal 2008	8[(1)]	26,962	4,397.17	76.03
Fiscal 2009	13	42,526	6,688.77	104.51
Fiscal 2010	14	44,196	8,852.52	169.25
Six months ended September 30, 2010	14	44,196	5,220.37	180.81

(1) We had six showrooms at the beginning of the period.

We plan to leverage the Tribhovandas Bhimji Zaveri brand by opening an additional 44 showrooms (26 large format high street showrooms and 18 small format high street showrooms) under the Tribhovandas Bhimji Zaveri brand by the end of Fiscal 2014, which would give us a total of 58 showrooms, with a total carpet area of approximately 150,000 sq. ft., in 46 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 expenses as a percentage of our sales to increase in the next few years from 2.49% in the six months ended September 30, 2010, 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 sales to decrease as our sales revenue 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 section titled "Business-Competition" on page 90.

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.

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 September 30, 2010, we had Rs. 1,872.59 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 section titled "Risk Factors" on page xi.

Significant 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 124.

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 of the date of the financial statements. The estimates and assumptions used in our financial statements are based on management's evaluation of the relevant fact and circumstances as of the date of the financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods. By their nature, these estimates and assumptions are subject to an inherent degree of uncertainty, and there can be no assurance that such estimates and assumptions will prove correct.

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 cost of acquisition less accumulated depreciation and impairment. Cost includes purchase price and other cost attributable to acquisition and installation of the assets.

Depreciation

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, 1956, which reflect the management's best estimate of the economic useful life of the assets. Assets individually costing up to Rs. 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 of the Company's asset, the carrying amounts of the Company's assets 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.

Value of Inventories

Inventories are stated at 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 specified cost.

Cost of traded products 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 manufactured by us includes the 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.

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 and sales return and trade discount).

Interest income is recognized on a time proportion basis.

Statement of Restated Profits and Losses

	Six Months Ended 30 September 2010		**Fiscal 2010**		**Fiscal 2009**		**Fiscal 2008**	
	Rs. in million	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***

INCOME								
Sales	5,217.50	*99.95%*	8,848.95	*99.96%*	6,687.43	*99.98%*	4,393.53	*99.92%*
Other income	2.87	*0.05%*	3.57	*0.04%*	1.34	*0.02%*	3.64	*0.08%*
Total income	**5,220.37**	***100%***	**8,852.52**	***100%***	**6,688.77**	***100%***	**4,397.17**	***100%***
EXPENDITURE								
Cost of goods manufactured	3,127.05	*59.90%*	6,351.43	*71.75%*	4,428.01	*66.20%*	2,968.48	*67.51%*
Purchase of traded goods	1,272.98	*24.38%*	1,215.58	*13.73%*	1,315.51	*19.67%*	774.52	*17.61%*
Personnel expenses	168.91	*3.24%*	307.22	*3.47%*	264.28	*3.95%*	210.43	*4.79%*
Administrative and selling expenses	249.28	*4.78%*	480.26	*5.43%*	337.11	*5.04%*	187.28	*4.26%*
Finance charges	120.38	*2.31%*	219.18	*2.48%*	159.32	*2.38%*	98.91	*2.25%*
Depreciation	17.63	*0.34%*	30.91	*0.35%*	29.50	*0.44%*	15.91	*0.36%*
Total expenditure	**4,956.23**	***94.94%***	**8,604.58**	***97.20%***	**6,533.73**	***97.68%***	**4,255.53**	***96.78%***
Profit before taxation	**264.14**	***5.06%***	**247.94**	***2.80%***	**155.04**	***2.32%***	**141.64**	***3.22%***
Less: Provision for tax								
Current tax	85.37	*1.64*	86.46	*0.98%*	51.77	*0.77%*	66.66	*1.52%*
Wealth tax	-		0.16	*0.00%*	-		-	
Deferred tax (credit) / charge	(2.04)	*(0.04)%*	(7.93)	*(0.09)%*	(3.44)	*(0.05)%*	(2.62)	*(0.06)%*
Fringe benefit tax	-		-		2.20	*0.03%*	1.57	*0.04%*
Profit after taxation	**180.81**	***3.46%***	**169.25**	***1.91%***	**104.51**	***1.56%***	**76.03**	***1.73%***

Income

Sales Income

We primarily sell gold jewellery and diamond-studded jewellery. We also sell other products, including platinum, jewellery, jadau jewellery and silverware. Set forth below is table showing our sales by product type and as a percentage of total sales for the periods indicated:

(Rs. in million, except percentages)

Product	**Six months ended September 30, 2010**	***% of Total Sales***	**Fiscal 2010**	***% of Total Sales***	***Y-o-Y Growth (%)***	**Fiscal 2009**	***% of Total Sales***	***Y-o-Y Growth (%)***	**Fiscal 2008**	***% of Total Sales***
Gold Jewellery	3,628.09	*69.54%*	6,501.88	*73.48%*	*35.56%*	4,796.17	*71.72%*	*60.12%*	2,995.44	*68.18%*
Diamond -studded Jewellery	1,211.60	*23.22%*	1,912.90	*21.62%*	*23.21%*	1,552.59	*23.21%*	*44.77%*	1,072.46	*24.41%*
Other Products	377.81	*7.24%*	434.17	*4.91%*	*28.19%*	338.67	*5.07%*	*4.00%*	325.63	*7.41%*
Total	**5,217.50**	***100%***	**8,848.95**	***100%***		**6,687.43**	***100%***		**4,393.53**	***100%***

Below is a table showing the volume of the gold and diamonds sold, the average price per volume unit and the year-on-year growth for the periods indicated:

Product	**Six months ended September 30, 2010**	**Fiscal 2010**	***Y-o-Y Growth (%)***	**Fiscal 2009**	***Y-o-Y Growth (%)***	**Fiscal 2008**

Gold (grams)	1,841,104	3,792,453	*9.02%*	3,478,634	*29.50%*	2,686,296
Average Price per gram (Rs.)	1,970.61	1,714.43	*24.35%*	1,378.75	*23.65%*	1,115
Diamonds (cts.)	25,208	41,276	*16.55%*	35,414	*42.24%*	24,898
Average Price per ct. (Rs.)	48,065	46,344.29	*5.71%*	43,841.22	*1.78%*	43,074

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 Goods Sold

Cost of goods sold comprises (1) cost of manufactured goods sold and (2) cost of traded goods sold. The cost of manufactured goods sold comprises (1) raw material costs, (2) making charges and (3) melting charges. Set forth below is a table showing our cost of goods sold as broken out by particular elements for the periods indicated:

(Rs. in million)

Particulars	Six months ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Raw Material				
Opening stock	*36.11*	*30.87*	*7.18*	*6.75*
Purchases	*3,841.09*	*6,584.65*	*4,915.02*	*3,328.19*
Closing stock	*65.70*	*36.11*	*30.87*	*7.18*
Raw material consumed	3,811.50	6,579.41	4,891.33	3,327.76
Making charges	168.85	348.51	322.66	136.51
Melting charges	1.49	3.51	3.07	1.36
Purchase cost of traded goods	1,272.98	1,215.58	1,315.51	774.52
Opening stock of finished goods	*2,829.36*	*2,249.36*	*1,460.31*	*963.16*
Closing stock of finished goods	*(3,684.15)*	*(2,829.36)*	*(2,249.36)*	*(1,460.31)*
(Increase) in inventory	(854.79)	(580.00)	(789.05)	(497.15)
Total	**4,400.03**	**7,567.01**	**5,743.52**	**3,743.00**

Set forth below is table showing our cost of goods sold by product type and as a percentage of sales of each product type for the periods indicated:

(Rs. in million, except percentages)

Product	Six months ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008

Gold Jewellery	3,185.91	5,795.63	4,310.73	2,660.31
As a percentage of sales of gold jewellery	*87.81%*	*89.14%*	*89.88%*	*88.81%*
Diamond-studded Jewellery	867.98	1,377.80	1,146.66	792.12
As a percentage of sales of diamond-studded jewellery	*71.64%*	*72.03%*	*73.85%*	*73.86%*
Other Products	346.14	393.59	286.14	290.57
As a percentage of sales of other products	*91.62%*	*90.65%*	*84.49%*	*89.23%*
Total	**4,400.03**	**7,567.01**	**5,743.52**	**3,743.00**
As a percentage of total sales	***84.33%***	***85.51%***	***85.89%***	***85.19%***

Personnel Expenses

Personnel expenses comprise (1) salaries, wages and bonus, (2) contributions to provident and other funds, (3) staff welfare payments and (4) staff gratuity payments.

	Six Months Ended 30 September 2010		**Fiscal 2010**		**Fiscal 2009**		**Fiscal 2008**	
	Rs. in million	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***
Salaries, wages and bonus	153.19	*2.93%*	290.48	*3.28%*	243.54	*3.64%*	196.76	*4.47%*
Contributions to provident and other funds	4.36	*0.08%*	3.31	*0.04%*	1.96	*0.03%*	1.41	*0.03%*
Staff welfare payments	4.26	*0.08%*	6.69	*0.08%*	10.52	*0.16%*	8.76	*0.20%*
Staff gratuity payments	7.10	*0.14%*	6.74	*0.08%*	8.26	*0.12%*	3.50	*0.08%*
Total	**168.91**	***3.23%***	**307.22**	***3.48%***	**264.28**	***3.95%***	**210.43**	***4.78%***

Administrative and Selling Expenses

Administrative and selling 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.

	Six Months Ended 30 September 2010		**Fiscal 2010**		**Fiscal 2009**		**Fiscal 2008**	
	Rs. in million	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***	**Rs. in million**	***% of Total Income***
Advertisement and sales promotion costs	129.92	*2.49%*	254.41	*2.87%*	129.52	*1.94%*	77.93	*1.77%*

Rent, rates and taxes	55.32	*1.06%*	97.00	*1.10%*	80.27	*1.20%*	46.59	*1.06%*
Legal and professional fees	12.67	*0.24%*	34.41	*0.39%*	33.46	*0.50%*	16.02	*0.36%*
Power, fuel and water costs	9.45	*0.18%*	22.09	*0.25%*	20.17	*0.30%*	13.47	*0.31%*
Travelling and conveyance costs	7.67	*0.15%*	16.67	*0.19%*	21.67	*0.32%*	12.54	*0.29%*
Postage, telephone and internet expenses	6.62	*0.13%*	12.13	*0.14%*	8.87	*0.13%*	3.55	*0.08%*
Repairs and maintenance	5.57	*0.11%*	7.97	*0.09%*	10.92	*0.16%*	4.74	*0.11%*
Provision for doubtful debts	3.52	*0.07%*	-	*0.00%*	-	*0.00%*	-	*0.00%*
Insurance	2.75	*0.05%*	3.65	*0.04%*	3.00	*0.04%*	1.77	*0.04%*
Donation	1.03	*0.02%*	0.15	*0.00%*	0.35	*0.01%*	0.12	*0.00%*
Miscellaneous expenses	14.76	*0.28%*	31.78	*0.36%*	28.88	*0.43%*	10.55	*0.24%*
Total	**249.28**	***4.78%***	**480.26**	***5.43%***	**337.11**	***5.03%***	**187.28**	***4.26%***

Finance Charges

Finance Charges comprise (1) bank interest, (2) bank charges and (3) other interest.

Results of Operations

Six months ended September 30, 2010

Significant events

The following significant events occurred in the six months ended September 30, 2010, each of which had an impact on our revenue, expenses and results of operations for the period:

- The gold price increased from Rs. 1,532.07 per gram as at March 31, 2010 to Rs. 1,730.92 per gram as at September 30, 2010, a 12.98% increase. The high and low gold price for the six months ended September 30, 2010 was Rs. 1,922.17 per gram and Rs. 1,638.67 per gram, respectively.

Income

Our total income was Rs. 5,220.37 million for the six months ended September 30, 2010.

Sales

Sales for the six months ended September 30, 2010 were Rs. 5,217.50 million or 99.95% of our total income. A breakdown of sales by product type is set forth below:

- Sales of gold jewellery were Rs. 3,628.09 million or 69.54% of total sales. During the six months ended September 30, 2010, we sold 1,841,104 grams of gold jewellery at an average price of Rs. 1,971 per gram;

- Sales of diamond-studded jewellery were Rs. 1,211.60 million or 23.22% of total sales. During the six months ended September 30, 2010, we sold 25,208 cts. of diamonds at an average price of Rs. 48,064 per ct.; and

- Sales of other products were Rs. 377.81 million or 7.24% of total sales.

Other Income

Other income was Rs. 2.87 million for the six months ended September 30, 2010, which was 0.05% of our total income. Other income included bank interest of Rs. 2.38 million and exchange gains of Rs. 0.49 million.

Expenditure

Total expenditure before taxation, including depreciation, was Rs. 4,956.23 million for the six months ended September 30, 2010, which was 94.95% of total income for this period.

Cost of Goods Manufactured

The cost of goods manufactured was Rs. 3,127.05 million for the six months ended September 30, 2010. A breakdown of costs by product type is set forth below:

- Cost of gold jewellery manufactured was Rs. 2,687.72 million;
- Cost of diamond-studded jewellery manufactured was Rs. 159.17 million; and
- Cost of all other products manufactured was Rs. 280.16 million.

Purchase of Traded Goods

Purchase of traded goods was Rs. 1,272.98 million for the six months ended September 30, 2010. A breakdown of costs by product type is set forth below:

- Purchase of traded gold jewellery was Rs. 498.19 million;
- Purchase of traded diamond-studded jewellery was Rs. 708.80 million; and
- Purchase of all other traded products was Rs. 65.99 million.

Personnel Expenses

Personnel expenses were Rs. 168.91 million for the six months ended September 30, 2010. As a percentage of total income, personnel expenses were 3.23% for the six months ended September 30, 2010.

Administrative and Selling Expenses

Administrative and selling expenses were Rs. 249.28 million for the six months ended September 30, 2010, primarily comprising Rs. 129.92 million for advertisement and sales promotion costs, Rs. 55.32 million for rent, rates and taxes, Rs. 12.67 million for legal and professional fees, Rs. 9.45 million for power, fuel and water costs and Rs. 7.67 million for travelling and conveyance costs. As a percentage of total income, administrative and selling expenses were 4.78% for the six months ended September 30, 2010.

Finance Charges

Finance charges were Rs. 120.38 million for the six months ended September 30, 2010, comprising Rs. 109.34 million for interest on borrowings from banks and Rs. 11.04 million for bank charges. As a percentage of total income, finance charges were 2.31% for the six months ended September 30, 2010.

Depreciation

Depreciation was Rs. 17.63 million for the six months ended September 30, 2010. As a percentage of total income, depreciation was 0.34% for the six months ended September 30, 2010.

Profit before Taxation

As a result of the foregoing, our profit before taxation was Rs. 264.14 million for the six months ended September 30, 2010. As a percentage of total income, our profit before taxation was 5.05% for the six months ended September 30, 2010.

Taxation Expense

Our taxation expense for the six months ended September 30, 2010 was Rs. 83.33 million. As a percentage of profit before taxation, our taxation expense for the six months ended September 30, 2010 was 31.55% compared with the statutory tax rate of 33.22%. The difference was primarily attributable to the deduction of Rs. 13.90 million under section 80IB of the Income Tax Act.

Profit after Taxation

As a result of the foregoing, our profit after taxation was Rs. 180.81 million for the six months ended September 30, 2010. As a percentage of total income, our profit after taxation was 3.46% for the six months ended September 30, 2010.

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
- Increase in gold prices, from Rs. 1,244.21 per gram as at March 31, 2009 to Rs. 1,532.07 per gram as at March 31, 2010. The high and low gold price in Fiscal 2010 was Rs. 1,827.21 per gram and Rs. 1,406.67 per gram, respectively.

The following significant events occurred in Fiscal 2009, each of which had an impact on our revenue, expenses and 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
- Increase in gold prices, from Rs. 1,115.08 per gram as at March 31, 2008 to Rs. 1,244.21 per gram as at March 31, 2009. The high and low gold price in Fiscal 2009 was Rs. 1,580.64 per gram and Rs. 1,120.00 per gram, respectively.

Income

Our total income increased from Rs. 6,688.77 million in Fiscal 2009 to Rs. 8,852.52 million in Fiscal 2010.

Sales

Sales increased by 32.32% from Rs. 6,687.43 million in Fiscal 2009 to Rs. 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 Rs. 5,238.16 million in Fiscal 2009 to Rs. 6,503.57 million in Fiscal 2010.

A breakdown of sales by product type is set forth below:

- Sales of gold jewellery increased by 35.56% from Rs. 4,796.17 million in Fiscal 2009 to Rs. 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 Rs. 1,379 per gram in Fiscal 2009 to an average price of Rs. 1,714 per gram in Fiscal 2010, and a 9.02% increase in the volume of gold sold, from 3,478,634 grams in Fiscal 2009 to 3,792,453 grams in Fiscal 2010;
- Sales of diamond-studded jewellery increased by 23.21% from Rs. 1,552.59 million in Fiscal 2009 to Rs. 1,912.90 million in Fiscal 2010. This increase was due to a 16.55% increase in the volume of diamonds sold, from 35,413.90 cts. in Fiscal 2009 to 41,276.11 cts. in Fiscal 2010 and a 5.71% increase in the average price of diamonds, from Rs. 43,841.22 per ct. in Fiscal 2009 to Rs. 46,344 per ct. in Fiscal 2010; and
- Sales of all other products increased by 28.19% from Rs. 338.67 million in Fiscal 2009 to Rs. 434.17 million in Fiscal 2010.

Other Income

Other income increased from Rs. 1.34 million in Fiscal 2009 to Rs. 3.57 million in Fiscal 2010. This increase was primarily the result of an increase in bank interest from Rs. 1.34 million in Fiscal 2009 to Rs. 3.42 million in Fiscal 2010.

Expenditure

Our total expenditure before taxation, including depreciation, increased by 31.69% from Rs. 6,533.73 million in Fiscal 2009 to Rs. 8,604.58 million in Fiscal 2010. This increase was primarily due to the significant events discussed above. As a percentage of total income, our total expenditure before taxation decreased from 97.68% of total income in Fiscal 2009 to 97.21% of total income in Fiscal 2010.

Cost of Goods Manufactured

The cost of goods manufactured increased by 43.44% from Rs. 4,428.01 million in Fiscal 2009 to Rs. 6,351.43 million in Fiscal 2010. A breakdown of costs by product type is set forth below:

- cost of gold jewellery manufactured increased by 33.76% from Rs. 3,982.61 million in Fiscal 2009 to Rs. 5,326.97 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 135.92% from Rs. 298.99 million in Fiscal 2009 to Rs. 705.36 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 increased by 117.95% from Rs. 146.41 million in Fiscal 2009 to Rs. 319.10 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 7.60% from Rs. 1,315.51 million in Fiscal 2009 to Rs. 1,215.58 million in Fiscal 2010. A breakdown of costs by product type is set forth below:

- purchase of traded gold jewellery increased by 42.84% from Rs. 328.11 million in Fiscal 2009 to Rs. 468.66 million in Fiscal 2010. This increase was due to a decrease 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 Rs. 847.67 million in Fiscal 2009 to Rs. 672.44 million in Fiscal 2010. This decrease was due to a decrease in the volume of diamonds sold; and

- purchase of all other traded products decreased by 46.69% from Rs. 139.73 million in Fiscal 2009 to Rs. 74.49 million in Fiscal 2010. This decrease was due to a change in the product mix sold.

Personnel Expenses

Personnel expenses increased by 16.25% from Rs. 264.28 million in Fiscal 2009 to Rs. 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 income, personnel expenses decreased from 3.47% of total income in Fiscal 2009 to 3.48% of total income in Fiscal 2010.

Administrative and Selling Expenses

Administrative and selling expenses increased by 42.46% from Rs. 337.11 million in Fiscal 2009 to Rs. 480.26 million in Fiscal 2010. This increase was primarily the result of a 96.43% increase in advertisement and sales promotion expenses, which increased from Rs. 129.52 million in Fiscal 2009 to Rs. 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 sales income, advertisement and sales promotion expense increased from

1.94% in Fiscal 2009 to 2.87% in Fiscal 2010. As a percentage of total income, administrative and selling expenses increased from 5.04% of total income in Fiscal 2009 to 5.43% of total income in Fiscal 2010.

Finance Charges

Finance charges increased by 37.57% from Rs. 159.32 million in Fiscal 2009 to Rs. 219.18 million in Fiscal 2010. This increase was primarily the result of a Rs. 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 Rs. 2,024.21 million as at March 31, 2010, compared with Rs. 1,792.69 million as at March 31, 2009. As a percentage of total income, finance charges increased from 2.38% of total income in Fiscal 2009 to 2.48% of total income in Fiscal 2010.

Depreciation

Depreciation increased by 4.78% from Rs. 29.50 million in Fiscal 2009 to Rs. 30.91 million in Fiscal 2010. This increase was primarily the result of the purchase of part of the showroom at Panjagutta. As a percentage of total income, depreciation decreased from 0.44% of total income in Fiscal 2009 to 0.35% of total income in Fiscal 2010.

Profit before Taxation

As a result of the foregoing, profit before taxation increased by 59.92% from Rs. 155.04 million in Fiscal 2009 to Rs. 247.94 million in Fiscal 2010. Our profit before taxation increased from 2.32% of total income for Fiscal 2009 to 2.79% of total income for Fiscal 2010.

Taxation Expense

Our taxation expense increased by 55.73% from Rs. 50.53 million in Fiscal 2009 to Rs. 78.69 million in Fiscal 2010. This increase was primarily due to an increase in our profit before taxation.

As a percentage of profit before taxation, our taxation expense in Fiscal 2010 was 31.74% compared with the statutory tax rate of 33.99%. The difference was attributable to the deduction of Rs. 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 taxation, our taxation expense in Fiscal 2009 was 32.59% compared with the statutory tax rate of 33.99%. The difference was primarily attributable to the deduction of Rs. 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 Rs. 104.51 million in Fiscal 2009 to Rs. 169.25 million in Fiscal 2010. As a percentage of total income, profit after taxation increased from 1.56% of total income in Fiscal 2009 to 1.91% of total income in Fiscal 2010.

Fiscal 2009 Compared to Fiscal 2008

Significant events

The following significant events occurred in Fiscal 2008, each of which had an impact on our revenue, expenses and results of operations for the period:

- Two new showrooms were opened: one in Thane, Maharashtra in August 2007 and one in Surat, Gujarat in December 2007;

- Increase in gold prices, from Rs. 1,115.08 per gram as at March 31, 2008 to Rs. 1,215.00 per gram as at March 31, 2009. The high and low gold price in Fiscal 2008 was Rs. 1,355.00 per gram and Rs. 852.25 per gram, respectively.

See above for a description of significant events in Fiscal 2009.

Income

Our total income increased by 52.12% from Rs. 4,397.17 million in Fiscal 2008 to Rs. 6,688.77 million in Fiscal 2009. This increase was primarily the result of the significant events discussed above.

Sales

Sales increased by 52.21% from Rs. 4,393.53 million in Fiscal 2008 to Rs. 6,687.43 million in Fiscal 2009. This increase was primarily due to the significant events discussed above. Same store sales operating for a full Fiscal Year increased by 19.51% from Rs. 4,395.23 million in Fiscal 2008 to Rs. 5,236.96 million in Fiscal 2009.

A breakdown of sales by product type is set forth below:

- Sales of gold jewellery increased by 60.12% from Rs. 2,995.44 million in Fiscal 2008 to Rs. 4,796.17 million in Fiscal 2009. This increase was due to a 29.50% increase in volume of gold sold, from 2,686,296 grams in Fiscal 2008 to 3,478,634.42 grams in Fiscal 2009, and a 23.68% increase in the average price per gram of gold sold, from Rs. 1,115 per gram to Rs. 1,379 per gram.;

- Sales of diamond-studded jewellery increased by 44.77% from Rs. 1,072.46 million in Fiscal 2008 to Rs. 1,552.59 million in Fiscal 2009. This increase was due to a 42.24% increase in the volume of diamonds sold, from 24,898 cts. in Fiscal 2008 to 35,413.90 cts. in Fiscal 2009 and a 1.75% increase in the average price of diamonds sold, from an average of Rs. 43,074 per ct. in Fiscal 2008 to an average of Rs. 43,841.22 per ct. in Fiscal 2009; and

- Sales of other products increased by 3.98% from Rs. 325.63 million in Fiscal 2008 to Rs. 338.67 million in Fiscal 2009.

Other Income

Other income decreased by 63.19% from Rs. 3.64 million in Fiscal 2008 to Rs. 1.34 million in Fiscal 2009. This decrease was primarily the result of net profits on the sale of fixed assets and sales tax refunds received during Fiscal 2008.

Expenditure

Our total expenditure before taxation, including depreciation, increased by 53.54% from Rs. 4,255.53 million in Fiscal 2008 to Rs. 6,533.73 million in Fiscal 2009. This increase was primarily due to the significant events discussed above. As a percentage of total income, our total expenditure increased from 96.78% of total income in Fiscal 2008 to 97.68% of total income in Fiscal 2009.

Cost of Goods Manufactured

The cost of goods manufactured increased by 49.17% from Rs. 2,968.48 million in Fiscal 2008 to Rs. 4,428.01 million in Fiscal 2009. A breakdown of costs by product type is set forth below:

- Cost of gold jewellery manufactured increased by 56.30% from Rs. 2,547.97 million in Fiscal 2008 to Rs. 3,982.61 million in Fiscal 2009. 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 22.13% from Rs. 244.82 million in Fiscal 2008 to Rs. 298.99 million in Fiscal 2009. 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 16,66% from Rs. 175.69 million in Fiscal 2008 to Rs. 146.41 million in Fiscal 2009. This decrease was due to a change in the product mix sold.

Purchase of Traded Goods

Purchase of traded goods decreased by increased by 69.85% from Rs. 774.52 million in Fiscal 2008 to Rs. 1,315.51 million in Fiscal 2009. A breakdown of costs by product type is set forth below:

- Purchase of traded gold jewellery increased by 192.07% from Rs. 112.34 million in Fiscal 2008 to Rs. 328.11 million in Fiscal 2009. 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 increased by 54.88% from Rs. 547.30 million in Fiscal 2008 to Rs. 847.67 million in Fiscal 2009. This increase was due to an increase in the volume of diamonds sold and an increase in the average cost of diamonds; and

- Purchase of all other traded products increased by 21.63% from Rs. 114.88 million in Fiscal 2008 to Rs. 139.73 million in Fiscal 2009. This increase was due to a change in the product mix sold.

Personnel Expenses

Personnel expenses increased by 25.59% from Rs. 210.43 million in Fiscal 2008 to Rs. 264.28 million in Fiscal 2009. This increase was due to an increase in the number of our employees, which increased from 589 as at March 31, 2008 to 782 as at March 31, 2009, as well as a general increase in salaries, wages and bonus to existing employees. As a percentage of total income, personnel expenses decreased from 4.78% of total income in Fiscal 2008 to 3.95% of total income in Fiscal 2009.

Administrative and Selling Expenses

Administrative and selling expenses increased by 80.24% from Rs. 187.28 million in Fiscal 2008 to Rs. 337.11 million in Fiscal 2009. This increase was primarily the result of a 66.20% increase in advertisement and sales promotion expenses, which increased from Rs. 77.93 million in Fiscal 2008 to Rs. 129.52 million in Fiscal 2009, and a 72.28% increase in rent, rates and taxes, which increased from Rs. 46.59 million in Fiscal 2008 to Rs. 80.27 million in Fiscal 2009, both of which increased primarily due to the opening of five new stores and the operation of two stores for a full Fiscal Year for the first time. As a percentage of sales income, advertisement and sales promotion expenses increased from 1.77% in Fiscal 2008 to 1.94% in Fiscal 2009. As a percentage of total income, administrative and selling expenses increased from 4.26% of total income in Fiscal 2008 to 5.03% of total income in Fiscal 2009.

Finance Charges

Finance charges increased by 61.08% from Rs. 98.91 million in Fiscal 2008 to Rs. 159.32 million in Fiscal 2009. This increase was primarily the result of a Rs. 51.20 million or 57.50% 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 and the fact that we paid Rs. 15.60 million in interest in Fiscal 2008 on a loan from partners, which loan was reduced from Rs. 405 million to Rs.71 million, due to conversion of loan into equity of Rs. 350 million. Our total debt outstanding was Rs. 1,795.79 million as at March 31, 2009, compared with Rs. 1,293.49 million as at March 31, 2008. As a percentage of total income, finance charges increased from 2.25% of total income in Fiscal 2008 to 2.38% of total income in Fiscal 2009.

Depreciation

Depreciation increased by 85.42% from Rs. 15.91 million in Fiscal 2008 to Rs. 29.50 million in Fiscal 2009. This increase was primarily the result of the depreciation on an addition of Rs. 99.27 million of leasehold improvements, plant and machinery, furniture and fixtures on account of opening five new showrooms.

Profit before Taxation

As a result of the foregoing, our profit before taxation increased by 9.46% from Rs. 141.64 million in Fiscal 2008 to Rs. 155.04 million in Fiscal 2009. Our profit before taxation decreased from 3.22% of total income in Fiscal 2008 to 2.32% of total income in Fiscal 2009.

Taxation Expense

Our taxation expense decreased by 22.98% from Rs. 65.61 million in Fiscal 2008 to Rs. 50.53 million in Fiscal 2009. This decrease was primarily the result of the adjustment of Rs. 72.30 million on account of retirement in the method of stock valuation in fiscal 2008.

As a percentage of profit before taxation, our taxation expense in Fiscal 2009 was 32.59% compared with the statutory tax rate of 33.99%. The difference was primarily attributable to the deduction of Rs. 14.58 million under section 80IB of the Income Tax Act.

As a percentage of profit before taxation, our taxation expense in Fiscal 2008 was 46.32% compared with the statutory tax rate of 33.99%. The difference was primarily attributable to the adjustment of Rs. 72.30 million on account of refinement in the method of stock valuation, which was partly offset by deduction of Rs. 21.20 million under section 80IB of the Income Tax Act.

Profit after Taxation

As a result of the foregoing, our net profit after taxation increased by 37.46% from Rs. 76.03 million in Fiscal 2008 to Rs. 104.51 million in Fiscal 2009. As a percentage of total income, our profit after taxation decreased from 1.73% of total income in Fiscal 2008 to 1.56% of total income in Fiscal 2009.

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) as at September 30, 2010 were Rs. 2,463.88 million. We avail the majority of our working capital from loans from various banks and our working capital loans as at September 30, 2010 were Rs. 1,872.59 million. Our working capital facilities consisted of an aggregate fund based limit of Rs. 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, please see section titled "Financial Indebtedness" on page 207.

As at September 30, 2010, the Company had a total of Rs. 85.05 million of unsecured loans that were repayable on demand. For details, see section titled "Financial Indebtedness - Unsecured loans" on page 210.

For details of how we intend to use the net proceeds of the Issue, see section titled "Objects of the Issue" on page 44.

We believe that our cash flow from operations, the net proceeds of this 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:

(Rs. in million)

	Six Months ended September 30, 2010	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net cash provided by/(used in) operating activities	105.94	71.47	(546.04)	(65.49)
Net cash provided by/(used in) investing activities	(49.64)	(103.73)	(228.52)	(124.05)
Net cash provided by/(used in) financing activities	(41.58)	35.83	692.21	279.70
Net increase / (decrease) in cash	14.71	3.57	(82.34)	90.16
Closing Cash and Cash Equivalents	73.39	58.68	55.11	137.46

Net Cash from Operating Activities

Net cash provided by operating activities in the six months ended September 30, 2010 was Rs. 105.94 million and our operating profit before working capital changes for that period was Rs. 392.01 million. The difference was attributable to a Rs. 51.64 million downward adjustment for trade and other receivables, a Rs. 884.39 million downward adjustment for inventories, a Rs. 681.12 million upward adjustment for trade payables and other liabilities and a Rs. 32.00 million downward adjustment for income taxes paid (net of refunds).

Net cash provided by operating activities in Fiscal 2010 was Rs. 71.47 million and our operating profit before working capital changes for that period was Rs. 471.54 million. The difference was attributable to a Rs. 14.17

million downward adjustment for trade and other receivables, a Rs. 585.23 million downward adjustment for inventories, a Rs. 290.49 million upward adjustment for trade payables and other liabilities and a Rs. 91.16 million downward adjustment for income taxes paid (net of refunds).

Net cash used in operating activities in Fiscal 2009 was Rs. 546.04 million and our operating profit before working capital changes for that period was Rs. 342.13 million. The difference was attributable to a Rs. 3.41 million upward adjustment for trade and other receivables, a Rs. 812.75 million downward adjustment for inventories, a Rs. 22.85 million downward adjustment for trade payables and other liabilities and a Rs. 55.98 million downward adjustment for income taxes paid (net of refunds).

Net cash used in operating activities in Fiscal 2008 was Rs. 65.49 million and our operating profit before working capital changes for that period was Rs. 254.36 million. The difference was attributable to a Rs. 29.22 million downward adjustment for trade and other receivables, a Rs. 497.58 million downward adjustment for inventories, a Rs. 255.64 million upward adjustment for trade payables and other liabilities and a Rs. 48.69 million downward adjustment for income taxes paid (net of refunds).

Net Cash Used in Investing Activities

In the six months ended September 30, 2010, our net cash used in investing activities was Rs. 49.65 million, resulting primarily from the purchase of fixed assets of Rs. 44.39 million.

In Fiscal 2010, our net cash used in investing activities was Rs. 103.73 million, resulting primarily from the purchase of fixed assets of Rs. 102.82 million.

In Fiscal 2009, our net cash used in investing activities was Rs. 228.52 million, resulting primarily from the purchase of fixed assets of Rs. 228.67 million.

In Fiscal 2008, our net cash used in investing activities was Rs. 124.05 million, resulting primarily from the purchase of fixed assets of Rs. 127.65 million.

Net Cash from Financing Activities

In the six months ended September 30, 2010, our net cash used in financing activities was Rs. 41.58 million. This primarily reflected proceeds from secured loans of Rs. 116.72 million and proceeds from unsecured loans of Rs. 143.00 million, which were offset by repayments of secured loans of Rs. 42.84 million, repayment of unsecured loan of Rs. 149.12 and interest paid of Rs. 109.34 million.

In Fiscal 2010, our net cash from financing activities was Rs. 35.83 million. This primarily reflected proceeds from secured loans of Rs. 279.52 million and proceeds from unsecured loans of Rs. 220.93 million, which were partially offset by repayments of secured loans of Rs. 204.77 million and interest paid of Rs. 196.08 million.

In Fiscal 2009, our net cash from financing activities was Rs. 692.21 million. This primarily reflected proceeds from secured loans of Rs. 867.90 million and proceeds from unsecured loans of Rs. 548.40 million, which were partially offset by repayments of secured loans of Rs. 532.31 million and interest paid of Rs. 158.93 million.

In Fiscal 2008, our net cash from financing activities was Rs. 279.70 million. This primarily reflected proceeds from secured loans of Rs. 375.34 million and proceeds from unsecured loans of Rs. 20.16 million, which were partially offset by repayments of secured loans of Rs. 15.90 million and interest paid of Rs. 98.91 million.

Indebtedness

As at September 30, 2010, our total outstanding debt was Rs. 2,091.97 million, comprising Rs. 81.96 million in unsecured loans, which are repayable on demand, and Rs. 2,010.01 million in secured loans (comprising cash credit facilities of Rs. 1,872.59 million and term loans of Rs. 137.42 million). The entire amount of the cash credit facilities and term loans are secured by a charge on current and fixed assets of the Company and the Company's property at Zaveri Bazaar. The cash credit facilities are additionally secured by personal guarantees of directors and their relatives and corporate guarantees of shareholders. For further details on our secured loans, including the debt covenants that we are bound by, see section titled "Financial Indebtedness" on page 207.

The cash credit facilities are repayable on demand. Set forth below is table showing our repayment obligations under the terms of our Rs. 137.42 million term loans outstanding as at September 30, 2010 for the periods indicated:

(Rs. in million)

	September 30, 2010 to March 31, 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	After Fiscal 2015
Term loans	30.86	45.17	35.51	9.45	12.89

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 of September 30, 2010, we had Rs. 2,091.97 million of debt, Rs. 1,872.59 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 and disruptions in the supply chain. 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 September 30, 2010

On October 4, 2010, the Company acquired 99.98% of the share capital of Tribhovandas Bhimji Zaveri (Bombay) Limited (converted to a public limited company from a private limited company on December 27, 2010) for Rs. 20.23 million, thereby making it a subsidiary of the Company. Prior to that, Tribhovandas Bhimji Zaveri (Bombay) Limited was a Promoter Group company. Tribhovandas Bhimji Zaveri (Bombay) Limited manufactures diamond-studded jewellery exclusively for the Company, which is sold in the Company's showrooms. As per its audited financial statements, Tribhovandas Bhimji Zaveri (Bombay) Limited made a profit after tax of Rs. 1.56 million in Fiscal 2010, a loss after tax of Rs. 5.95 million in Fiscal 2009 and a profit after tax of Rs. 5.24 million in Fiscal 2008.

At the Company's Annual General Meeting held on September 30, 2010, the Company's shareholders approved the issue of fully paid bonus Equity Shares in the proportion of four Equity Shares for every one Equity Share held as on September 30, 2010. On October 7, 2010, 40,000,000 fully paid Equity Shares were issued by capitalization of the securities premium account in the profit and loss account aggregating Rs. 400.00 million.

The Company adopted the TBZ ESOP Scheme 2011 on January 11, 2011, pursuant to 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, 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. For further details, see section titled "Capital Structure" on page 31.

Except as stated above, there are no developments after September 30, 2010 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 Draft Red Herring Prospectus, to our knowledge there have been no unusual or infrequent events or transactions that have taken place since April 1, 2007.

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as disclosed in this Draft 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 xi. To our knowledge, except as we have described in this Draft 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 xi and 80, 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 93, 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 section titled "Business-Competition" on page 90.

FINANCIAL INDEBTEDNESS

Details of Secured Loans

The details of the secured loans of the Company are as follows:

(i) Fund Based

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in Rs. million)	Amount outstanding as of December 31, 2010 (in Rs. 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 (Cash Credit Facility) *	Sanctioned:1,400.00	1,397.00	SBAR (present effective rate 12.50%)	Renewable annually due on January 19, 2011	Repayable in demand	25.00	Not applicable	Please see Note 1 below
		Sanction letter dated December 20, 2005 and amended by sanction letter dated September 30, 2008 and sanction	Sanctioned: 44.10 (Originally sanctioned : 160.00) Availed: 94.98(upto August 2010)	Nil	1% plus SBAR with minimum 12.75% p.a (present effective rate 13.50%)	Renewable every six months due on January 19, 2011	Repayable in 14 monthly instalments from April 2010 in accordance with the schedule prescribed by the lender	30.43	Not applicable	Please see Note 1 below

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in Rs. million)	Amount outstanding as of December 31, 2010 (in Rs. million)	Interest (per annum)	Tenure	Repayment	Margin (%)	Prepayment	Security
		letter dated February 5, 2010 (Term loan - I)								
		Sanction letter dated September 30, 2008 (Term loan - II)	Sanctioned: 140.00 Availed: 12.06	75.01	SBAR with minimum 13.75% p.a (present effective rate 13.75%)	Renewable every six months due on January 19, 2011	Repayable in 45 instalments ending in June 2013	28.20	Not applicable	Please see Note 1 below
2.	HDFC Bank Limited	Sanction letter dated September 5, 2008 for cash credit or working capital facility and revised by sanction letter dated February 19, 2010	Sanctioned: 480 Availed: 480	465.12	Working capital facility -The rate of interest shall be specified for each tranche at the time of disbursement (presently 11%) Cash credit-Bank PLR of 11.50% p.a.	Working Capital facility - 30 days to 90 days	Working capital is repayable as bullet payment at the time of maturity Cash Credit is repayable on demand	25% of inventory and book debts (excluding obsolete stock & debtors ageing more than 120 days)	Not applicable	Please see Note 2 below
		Sanction letter dated May 7, 2010 and loan agreement dated June	Sanctioned: 44 Availed: 44	40.31	10.50% p.a.	5 years	60 equated monthly instalments starting from July 2010	25% of project cost	Not applicable	Please see Note 2 below

S. No.	Name of the Lenders	Nature of Borrowing	Amount Sanctioned/Availed (in Rs. million)	Amount outstanding as of December 31, 2010 (in Rs. million)	Interest (per annum)	Tenure	Repayment	Margin (%)	Prepayment	Security
		4, 2010*								
3.	ICICI Bank Limited	Credit facility Application form dated October 25, 2008	Sanctioned :1.66 Availed: 1.66	0.72	13.64	3 years	35 monthly instalments starting December 2008	-	Prepayment charges of 5% of the outstanding amount as of the date of prepayment	Please see Note 3 below
		Credit facility Application form dated February 11, 2008	Sanctioned :0.75 Availed: 0.75		10.5	3 years	35 monthly instalments starting March 2008	-	Prepayment charges of 5% of the outstanding amount as of the date of prepayment	
		Credit facility Application form dated July 10, 2008	Sanctioned :1.08 Availed: 1.08		10.72	3 years	35 monthly instalments starting August 2008	-	Prepayment charges of 5% of the outstanding amount as of the date of prepayment	

** Recallable on demand*

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 Bazaar 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 Bazaar, 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.
- Unconditional and irrevocable personal guarantee of the Promoters.
- Corporate guarantees of Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited, Tribhovandas Bhimji Zaveri (TBZ) Private Limited, Super Traditional Metal Crafts (Bombay) Private Limited.

3. The facilities provided by ICICI Bank 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 unsecure loans and all unsecured loans are payable on demand:

(Amount in Rs. million)

S.No	Particulars	Amount
1.	Shrikant Zaveri	32.72
2.	Raashi Zaveri	20.02
3.	Konfiaance Jewellery Private Limited	9.90
4.	Tribhovandas Bhimji Zaveri (Bombay) Limited	29.17
5.	Tribhovandas Bhimji Zaveri Jewellers (Mumbai) Private Limited	1.66
6.	Tribhovandas Bhimji Zaveri Jewellers (TBZ) Private Limited	1.66
7.	Super Traditional Metal Craft (Bombay) Private Limited	24.73
	Total	**119.86**

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 exchanges 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 Rs. 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 124.

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 Bazaar, 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, KVAT 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 Rs. 4,979,320. The matter is currently pending.

2. The Sales Tax Department issued a notice dated June 29, 2009 under Section 25(1) of the Kerala Value Added Tax Act, 2003 deny certain special rebate on purchase tax for jewellery sold outside Kerala. Additionally, the sales tax department alleged the sales returns were not supported with debit and credit notes. A payment of Rs. 1,745,566 towards rebate against purchase tax and payment of Rs. 203,989 towards sales tax rebate has been demanded as penalty by the department. An assessment order dated November 16, 2009 was passed by the department dismissing the Company's contention towards special rebate and levied a tax of Rs. 1,859,732 (with interest) but the claim for sales tax rebate was allowed. The Company has made both payments. Subsequently, the Company has filed an appeal before the Commercial Tax Officer, IV Circle, Ernakulum (sales tax appeal no. KVATA – 635/10) dated February 17, 2010 against the assessment order challenging the disallowance of the special rebate. The Deputy Commissioner (Appeals), Ernakulum by an order dated June 10, 2010 remanded the matter back to the assessing authority for verification of facts. The matter is currently pending.

3. 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 IT 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.

4. 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 December 31, 2010, we have five complaints across our showrooms. The complaints are primarily concerned with price of product, methodology of billing, defects in products and deficiency of service.

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 2002-03 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 the showroom located at Unit 31, Connaught Place, Pune alleging that the building has not obtained the occupation certificate.

Litigation by the Company

Criminal Proceeding

The Company supplied gold coins to various corporate entities of the Suzlon group through Ashok Mujumale, in his capacity as a representative of Suzlon Energy Limited. The Company would get the rates approved by Ashok Mujmale and deliver the gold coins at his office with the invoice for the transaction. Payments were made by Suzlon by means of a demand draft or postal order. Subsequent to July 2009, the Company has not received any payments in relation to the gold coins delivered and the amount due was approximately Rs. 1,325,272. It was informed by the other representatives of Suzlon group that Ashok Mujumale was unauthorised to make purchases of gold coins and thereby, they are not liable to make any payments to the Company. Upon the representative denying any liability to pay, the Company has filed a first information report dated January 1, 2010 alleging offence under sections 34, 406 and 420 of the Indian Penal Code. The matter is pending.

Tax Proceedings

1. The Company had filed its return of income for the assessment year 2006-2007 declaring an income of Rs. 23,483,335. The Additional Commissioner of Income Tax, by an order dated December 12, 2008, disallowed certain deductions claimed of the Company and assessed the total income of the Company for

the assessment year 2006-2007 as Rs. 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. 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 Rs. 1,352,083 per month to Rs. 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. The matter is currently pending.

B. Litigation involving the Subsidiaries

I. Tribhovandas Bhimji Zaveri (Bombay) Limited

Litigation by Tribhovandas Bhimji Zaveri (Bombay) Limited

Civil Proceedings

Tribhovandas Bhimji Zaveri (Bombay) Limited has filed a petition dated May 15, 2010 before the Company Law Board, Western Region seeking the Company Law Board to direct the Registrar of Companies, Mumbai to allow the company to rectify the date of creation of charge in the Form 8 filed with them. The matter is pending.

C. Litigation involving the Directors

I. 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 matter is pending.

II. Sanjay Asher

Kallappa Babu Chougula has filed a criminal case before the Judicial Magistrate - I class, Belgaum against Sanjay Asher, amongst others, in his capacity as an independent director of Shree Renuka Sugars Limited alleging involvement in forgery and forged documents. The matter is pending.

D. Litigation involving the Group Companies

I. Tribhovandas Bhimji Zaveri Trading Company

Litigation by Tribhovandas Bhimji Zaveri Trading Company

Tax Proceedings

Tribhovandas Bhimji Zaveri Trading Company, in its capacity as a partnership firm, has filed an appeal to the Income Tax Appellate Tribunal on December 3, 2009 against the order of the Commissioner of Income Tax (Appeals) dated September 17, 2009 dismissing the appeal against the order of the assessing officer.

The assessing officer had by an order dated December 28, 2007 rejected the revised return filed by the firm for the assessment year 2005-06 and disallowed the method of valuation of stock adopted by the firm. The matter is pending.

E. *Material Developments*

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 187.

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 Draft 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 [●].

2. In-principle approval from the NSE dated [●].

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 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.	February 16, 2010	Legal Metrology - Maharashtra	2331831	February 16, 2011

2.	May 26, 2010	Legal Metrology - Maharashtra	292631	May 26, 2011
3.	September 24, 2010	Legal Metrology - Maharashtra	061110	September 24, 2011
4.	September 24, 2010	Legal Metrology - Maharashtra	0208618	September 24, 2011
5.	December 30, 2010	Legal Metrology - Maharashtra	275028	December 30, 2011
6.	October 16, 2010	Legal Metrology - Maharashtra	168411	October 16, 2011
7.	February 11, 2010	Legal Metrology - Maharashtra	0229590	February 11, 2011
8.	February 8, 2010	Legal Metrology - Ahmadabad	06	February 7, 2011
9.	June 7, 2010	Legal Metrology - Surat	0007	June 6, 2011
10.	March 8, 2010	Legal Metrology - Madhya Pradesh	55	March 7, 2011
11.	January 4, 2010	Legal Metrology - Andhra Pradesh	1020918	January 3, 2011
12.	October 20, 2010	Legal Metrology - Andhra Pradesh	0996425	October 19, 2011
13.	June 17, 2010	Legal Metrology - Andhra Pradesh	394295	June 16, 2011
14.	October 25, 2010	Legal Metrology - Andhra Pradesh	0293750	October 24, 2011
15.	July 17, 2010	Legal Metrology - Kerala	1656/2010	July 16, 2011

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	December 31, 2010*
2.	June 21, 2003	Bombay Shops and Establishment Act, 1948	RC015274/Shop I	December 31, 2011
3.	June 21, 2003	Bombay Shops and Establishment Act, 1948	RC015275/Shop I	December 31, 2011
4.	September 26, 2006	Bombay Shops and Establishment Act, 1948	HW011578/Shop I	December 31, 2011
5.	October 25, 2004	Bombay Shops and Establishment Act, 1948	NO11001/Shop I	December 31, 2011
6.	January 20, 2010	Bombay Shops and Establishment Act, 1948	760121515/Commercial II	December 31, 2011
7.	November 11, 2009	Bombay Shops and Establishment Act, 1948	C002547	November 13, 2011
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, 2011
12.	June 25, 2010	Kerala Shops and Establishment Act	HIC-17/392010	March 31, 2011
13.	April 9, 2010	Madhya Pradesh Shops and Establishment Act, 1958	8354/I/S/2010	December 31, 2014

** Application has been made on December 29, 2010 to the Municipal Corporation of Vijayawada 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
December 4, 2010	Greater Hyderabad Municipal Corporation	Banjara Hills	060-030-0110	March 31 ,2011

Date of Certificate	Authority	Showroom location	License Number	Date of expiry
February 1, 2010	Greater Hyderabad Municipal Corporation	Basheer Baug	047-349-0245	March 31 ,2011
November 8, 2010	Greater Hyderabad Municipal Corporation	Punjagutta	050-320-8499	March 31, 2011
April 1, 2010	Vijayawada Municipal Corporation	Vijayawada	23-595-1249	March 31, 2011

Tribhovandas Bhimji Zaveri (Bombay) Private Limited

- Approval bearing factory permit number 785010031 dated and renewed on dated February 11, 2010 granted under to Mayur Choksi 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, 2011.

- 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 of the words and logo of 'Krsala' in the name of the Company by a certificate dated March 12, 2008 under class 14 of the Trademarks Act, 1999 which deals with precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and other chronometric instruments. The Company has transferred the beneficial and legal right over the trademark 'Krsala' to Parinda Bajaj under an agreement dated June 25, 2009. The assignment will be registered with the Registrar of Trademarks by Parinda Bajaj.

Application

- The Company has made an application dated December 12, 2009 for registration of the logo "tbz – The original since 1864" under various classes of the Trademarks Act, 1999.

- 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 profession tax certificate number obtained by 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 – 27790633457P
- Custom Registration Number –S/20-16/2008ACC(B)
- Service Tax Number of the Company - AACCT7182PSD001 (effective upto August 26, 2010)

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 IPO Committee has, pursuant to its resolution dated January 22, 2011, approved this Draft 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 [●] and [●], 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.

Except for Kamlesh Vikamsey (a director at Axis Mutual Fund Trustee Limited), 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 Rs. 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.

He 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 Rs. 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 Rs. 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.

- The Company has a net worth of at least Rs. 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, except for change of name pursuant to conversion to a public limited company. However, there has not been any corresponding change in the business activities of the Company and more than 50% of the revenue for the preceding full one year has been earned by our Company from the activity indicated by the new name.

The Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's Report included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2010 are set forth below:

(*In Rs. million*)

Particulars	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006
Distributable profits[(1)]	245.42	76.17	59.66	-	-
Net worth[(2)]	685.42	516.17	61.66	2.00	167.91
Net tangible assets[(3)]	2,709.63	2,308.86	1,352.06	897.41	645.90
Monetary assets[(4)]	58.68	55.11	137.46	47.30	92.34
Monetary assets as a percentage of the net tangible assets	2.17%	2.39%	10.17%	5.27%	14.30%

(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

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. <u>NOT APPLICABLE.</u>**

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. <u>NOTED FOR COMPLIANCE</u>.**

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. <u>NOT APPLICABLE</u>.**

    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 Draft 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 Draft 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 Draft 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.

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 Draft 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 Draft 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 this 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 Draft 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 Draft 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

As required, a copy of the Draft Red Herring Prospectus had been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the

Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to the Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

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 the 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, [●] 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 Draft 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 to the inclusion of the report on the standalone and consolidated financial statement dated January 22, 2011 and statement of the tax benefits dated January 22, 2011 in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not be withdrawn up to the time of submission of the Draft Red Herring Prospectus with SEBI.

Experts to the Issue

Except the report of the Auditors dated January 22, 2011 provided by B S R and Co, Chartered Accountants, and the report of [●] in respect of the IPO grading of this Issue annexed herewith to this Draft 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 Rs. [●] 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 "Capital Structure" on page 31, 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 Draft Red Herring Prospectus.

Outstanding Preference Shares

The Company does not have any outstanding preference shares as of the date of this Draft 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 ASBA 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 "Capital Structure" on page 31.

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 Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, ASBA 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 265.

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 Rs. 10 each and the Issue Price is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] 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 265.

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 [●] edition of English national daily [●], [●] edition of Hindi national daily [●] and [●] edition of regional language newspaper [●] 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 "Capital Structure" on page 31, 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 265.

ISSUE STRUCTURE

Issue of 16,666,667 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] 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 Rs. 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 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 Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity	[●] Equity Shares and in multiples of

	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
		Shares thereafter.	[●] 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, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor 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 Rs. 250 million, pension funds with minimum corpus of Rs. 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 236.

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 ASBA 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*	**[●]**
BID CLOSES ON**	**[●]**

**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.*
*** The Company may consider closing the Bid/Issue Period for the QIB Bidders one working day prior to the Bid/Issue Closing date.*

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 Draft 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 Rs. 5,000 to Rs. 7,000.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders other than the Anchor Investors 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 SCSBs. Also, please note that the SEBI circular no. CIR/CFD/DIL/8/2010 dated October 12, 2010 shall not be applicable to this Issue until further clarification on the procedure for Syndicate Members to procure ASBA forms from the ASBA Bidders.

Book Building Procedure

The Issue is being made through the 100% 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 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.

All Bidders, other than the ASBA Bidders, are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids through the SCSBs.

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.

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*)	[●]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non-ASBA Bidders*)	[●]
Anchor Investors**	[●]

*** 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 have been made available at the offices of the BRLMs.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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. 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 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form. 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 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;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- 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 Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- 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.

As per the existing regulations, OCBs cannot participate in this Issue.

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 [●] 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.

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 [●] 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 [●] 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 and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended *inter alia* prescribe the investment restrictions on venture capital funds and foreign venture capital fund 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 and foreign 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.

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 Draft 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 Draft 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 Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 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. 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 Rs. 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, a QIB investor 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 Rs. 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 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'.

(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 Rs. 100 million. 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. **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 Anchor Investor Allocation Notice.**

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. 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 the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.

(e) 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 of the Company.

(f) 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.

(g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA 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 ASBA Bid cum Application Form in electronic form.

(h) The Price Band has been fixed at a minimum price of Rs. [●] (Floor Price) and the maximum price of Rs. [●] (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. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, except for persons resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

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 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 SCBS 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 "Issue Procedure - Escrow Mechanism, terms of payment and payment into the Escrow Accounts" on page 243.

(i) Upon receipt of the ASBA Bid cum Application Form, 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 ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(j) 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.

(k) If sufficient funds are available in the ASBA Account, the SCSBs shall block an amount equivalent to the Bid Amount mentioned in the ASBA 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.

(l) 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 ASBA Bid cum Application Form, 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.

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 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.

(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 251.

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. 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, 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.

(b) 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.

(c) 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 Bidding/ 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.

(d) 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.

(e) 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;
- Price option; 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 into 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;

(f) 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.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) In case of QIB Bidders, only the BRLMs and their affiliate members of the Syndicate 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. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids will be rejected 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.

(i) 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 Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. Members of the Syndicate will be given up to one 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.

(k) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of the Stock Exchanges.

Build up of the Book and revision of Bids

(a) Bids received from various Bidders 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 on a regular basis 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 printed 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 Rs. 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 Rs. 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 Rs. 5,000 to Rs. 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, 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 QIB 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 law, 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) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(f) 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.

Issuance of Confirmation of Allotment Note ("CAN")

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the members of the Syndicate a list of their Bidders who have been allotted Equity Shares in the Issue.

(b) The Registrar will then dispatch a CAN to their Bidders who have been allotted Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

(c) The Issuance of CAN is subject to "Notice to Anchor Investors - Allotment Reconciliation and Revised CANs" as set forth under section "Issue Procedure" on page 236.

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 Anchor Investor Allocation Notice and if required, a revised Anchor Investor Allocation Notice. All Anchor Investors will be sent Anchor Investor Allocation Notice 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 Anchor Investor Allocation Notice 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 Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN 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 CAN. The CAN 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.

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 at a Designated Branch of the SCSBs where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for Bidding has a bank account;

(g) With respect to ASBA Bids ensure that the ASBA 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 ASBA Bid cum Application Form;

(h) Ensure that you request for and receive a TRS for all your Bid options;

(i) 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;

(j) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSBs before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSBs;

(k) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;

(l) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(m) Except for Bids submitted on behalf of the Central Government or the State Government, officials appointed by a court and residents of Sikkim, for whom submission of PAN is not mandatory, all Bidders should mention their PAN allotted under the Income Tax Act;

(n) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(o) 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.

(p) Ensure that DP ID, the client identification number and PAN mentioned in the Bid-cum-Application Form/ASBA 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/ASBA 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.

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, as applicable;

(f) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);

(h) 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;

(i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and

(j) 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 Rs. 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 Rs. 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.

6. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equals Rs. 100 million and in multiples of [●] Equity Shares thereafter.

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, FIIs and Foreign Venture Capital Funds 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 ([●] 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 NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 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 ASBA Bids) 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 Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 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. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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 Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 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.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

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 Draft 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 ASBA Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA 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 ASBA Bid cum Application Form or for unsuccessful ASBA 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 QIB Bidders: "[●]"

   (b) In case of Non-Resident QIB Bidders: "[●]"

   (c) In case of Resident Retail and Non-Institutional Bidders: "[●]"

   (d) In case of Non-Resident Retail and Non-Institutional Bidders: "[●]"

4. Anchor Investors would be required to pay 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 Anchor Investor Allocation Notice. 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: "[●]"

   (b) In case of non-resident Anchor Investors: "[●]"

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. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

9. The monies deposited in the Escrow Account will be held for the benefit of the 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.

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.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. 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 242 of this Draft Red Herring Prospectus.

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 ASBA Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of ASBA Bid cum Application Forms 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. The procedures which would be followed by the Registrar to detect multiple:

1. 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.

2. The Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account

Numbers, these were treated as multiple Bids and were rejected.

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, 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**.

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 RTGS/NEFT/NES/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 of 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 ASBA 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;

- 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;

- 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 ASBA Bid cum Application Forms per bank account;

- Submission of Bids by Anchor Investor through ASBA process;

- 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 Draft 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;
- 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 Draft Red Herring Prospectus and as per the instructions in the Draft 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 ASBA 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 not submitted through the BRLMs or in case of ASBA Bids for QIBs not intimated to the BRLMs;
- 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 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 a 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 20, 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. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, is eligible and opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form 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 Rs. 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 Magnetic Ink Character Recognition (MICR), 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 under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. 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.

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 ASBA 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 less than 8,333,333 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 minimum number of two Anchor Investors for allocation upto Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

- 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 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 and RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 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 ASBA 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 ASBA Bid cum Application Forms 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;

- 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 prohibited.

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. 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 Draft 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 Rs.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 Draft 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 Draft 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, 2006, 2007, 2008, 2009 and 2010.

11. Consent of B S R and Co., the Auditors for inclusion of their Auditor's Report dated January 22, 2011 with audited standalone and consolidated financial statements, as restated and statement of tax benefits dated January 22, 2011 in the form and context in which they appear in the Draft 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 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. Listing Agreement dated [●] with [●].

17. Initial listing applications dated [●] filed with BSE and NSE respectively.

18. In-principle listing approval dated [●] and [●] from BSE and NSE respectively.

19. Tripartite Agreement between NSDL, the Company and the Registrar dated December 30, 2010.

20. Tripartite Agreement between CDSL, the Company and the Registrar dated December 20, 2010.

21. Due diligence certificate dated January 22, 2011 to SEBI from the BRLMs.

22. Clarification dated August 31, 2010 from the RBI in relation to the investments by FIIs and NRIs in the Issue.

Any of the contracts or documents mentioned in this Draft 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 Draft 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Shrikant Zaveri	_____________________
Binaisha Zaveri	_____________________
Raashi Zaveri	_____________________
Kamlesh Vikamsey	_____________________
Ajay Mehta	_____________________
Sanjay Asher	_____________________

SIGNED BY THE CHIEF FINANCIAL OFFICER

Name:	Signature
Prem Hinduja	_____________________

Date: January 22, 2011
Place: Mumbai