

**ANNEXURE II**

June 16, 2023

Securities and Exchange Board of India  
Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051.

Dear Sir/ Madam,

Re: Proposed initial public offering (IPO) of 1,00,00,000 Equity Shares of face value of Rs. 10/- each (the "Equity Shares") at a price of Rs. [●] per Equity Share (including premium of Rs. [●] per Equity Share) aggregating up to Rs. [●] lakhs by RBZ Jewellers Limited (the "Company" / "Issuer")

We, Arihant Capital Markets Limited, the Book Running Lead Managers to the IPO ("BRLM") confirm that:

- (1) We have examined various documents, including those related to litigation, and material in connection with the finalization of the Draft Red Herring Prospectus dated June 16, 2023 ("DRHP") pertaining to the said IPO;
- (2) On the basis of such examination and 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, contents of the documents and other papers furnished by the issuer, we confirm that:
  - (a) the DRHP filed with the Securities and Exchange Board of India ("SEBI") is in conformity with the documents, materials and papers which are material to the IPO;
  - (b) all material legal requirements relating to the IPO as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - (c) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well-informed decision as to the investment in the proposed IPO and such disclosures are in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and other applicable legal requirements.
- (3) Besides ourselves, all the intermediaries named in the DRHP are registered with the SEBI and that until date such registrations are valid.
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. - *Noted for compliance*

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MERCHANT BANKING DIVISION

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- (5) Written consent from the promoters has been obtained for inclusion of their specified securities as part of the promoters' contribution subject to lock-in and the specified securities proposed to form part of the promoters' contribution subject to lock-in shall not be disposed or sold or transferred by the promoters during the period starting from the date of filing the DRHP with the SEBI till the date of commencement of lock-in period as stated in the DRHP
- (6) All applicable provisions of the SEBI ICDR Regulations, which relate to specified securities ineligible for computation of promoters' contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP
- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoters' contribution prior to opening of the issue, shall be complied with. Arrangements have been made to ensure that the promoters' contribution shall be received at least one day before the opening of the issue and that the auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that the promoters' 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 issue - *Not Applicable*.
- (8) Necessary arrangements shall be made to ensure that the monies received pursuant to the IPO are credited or transferred to in a separate bank account as per the provisions of sub-section (3) of section 40 of the Companies Act, 2013 and that such monies shall be released by the said bank only after permission is obtained from all the stock exchanges, and that the agreement entered into between the bankers to the issue and the Issuer specifically contains this condition - *Noted for compliance*
- (9) The existing business as well as any new business of the Issuer for which the funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association or other charter of the Issuer and that the activities which have been carried in the last ten years are valid in terms of the object clause of the Memorandum of Association.
- (10) Following disclosures have been made in the DRHP :
  - (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 - *Complied with to the extent applicable. There are no Special Rights (SR) equity shares issued by the Company;*
  - (b) An undertaking from the issuer that it shall comply with all disclosure and accounting norms specified by SEBI
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. - *Noted for compliance*

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- (12) We certify that the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. - *Not applicable*

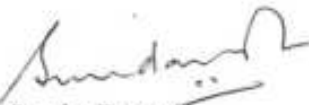
We enclose a note explaining how the process of due diligence has been exercised by us including in relation to the business of the Company, the risks in relation to the business, experience of the Promoter and that the related party transactions entered into for the period disclosed in the DRHP have been entered into by the Company in accordance with applicable laws - *Complied with to the extent applicable. Refer to the Due Diligence Process Note enclosed as Appendix A to this certificate.*

We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our comments, if any. - *Complied with. Refer to Appendix B to this certificate.*

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Thanking you,

Yours faithfully,  
For Arihant Capital Markets Limited



**Sundar Rangan**  
Head- Merchant Banking

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**APPENDIX A**

**Note explaining how the process of due diligence has been exercised**

We have carried out a due diligence exercise on **RBZ Jewellers Limited** ("the Company" / "Issuer") for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and other applicable laws, and to the extent customary for initial public offerings in India, along with other professionals and experts engaged in this Initial Public Offer (IPO). The due diligence process carried out by us and the Legal Counsels (as defined below) commenced with interactions with the senior management of the Company to gain an understanding of the business of the Company, key risks involved and financial overview, among other matters. In this regard, we provided the Company with a due diligence questionnaire and information request list prepared in consultation with Legal Counsel. In response to the questionnaire and the information requisition list, the Company provided us with supporting documents in accordance with the questionnaire for our review and gave us clarifications and explanations for our queries.

All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated June 16, 2023 (the "DRHP" or the "Draft Red Herring Prospectus").

SNG & Partners, New Delhi has been appointed as the legal counsel to the Issue ("Legal Counsel"). The Legal Counsel has assisted us in carrying out legal due diligence, drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws, and advised the Company and us on other legal matters, as appropriate, in relation to the Issue. We were also assisted by the current statutory auditor of the Company, G.K. Chokshi & Co., Chartered Accountants ("Auditor"), in the financial due diligence. In addition, the Auditor has provided a statement of possible special tax benefits to the Company and its shareholders, and has verified and certified certain matters relating to, inter alia, the computation of Company's operating profit, net tangible assets to confirm the eligibility criteria specified u/r 6(1) of SEBI (ICDR) Regulations 2018 and certain other matters arising during Due Diligence. We were also assisted by M/s Arpan Shah & Associates, Chartered Accountants, who has helped the company in working out the working capital requirement basis Company's business plans and has certified the requirements which form part of the Objects of the Issue.

The Company has also placed reliance on the commissioned report titled "Industry Research Report on Indian Gems and Jewellery Sector" dated May 2023 issued by CARE Advisory Research and Training Limited ("Care Edge Report"), who have also given their consent to reproduce the contents in part of full for disclosures in the industry overview in the DRHP.

**1. Business and Commercial Diligence**

The due diligence process in relation to general business and commercial matters included:



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- (a) Organizing and attending virtual kick-off discussion to develop an understanding of the business, history and other matters of the Company and the industry overview and the regulatory environment, which were attended by certain Directors, Finance team and members of the secretarial, legal and financial departments of the Company, our teams, the Legal Counsel and the Auditor. A broad overview of the business of the Company, the industry in which they operate, the regulatory framework with respect to the business, the corporate structure, the capital structure, financial information and shareholding pattern of the Company were presented, followed by interactive discussions.
- (b) Regularly interacting with the Company's senior management including with the Promoters, Chief Financial Officer as well as other personnel from the Company's secretarial, legal and finance departments and the consulting Company Secretary, Auditor for the purpose of gaining an understanding about the business, the risks involved and the financial overview of the Company, among other matters. These interactions included (i) virtual drafting sessions and conference calls to discuss the draft disclosures in the DRHP; (ii) due diligence call with the Auditor; and (iii) bring down due diligence call to receive updated information from the Company before filing the DRHP.
- (c) Interacting with the Care Advisory Research and Training Limited (CARE). CARE was commissioned for an agreed fee by the Company to prepare report titled "Industry Research Report on Indian Gems and Jewellery Sector" dated May 2023" based on which the industry section was prepared.
- (d) Requesting the Company to provide documents based on the requirements under the SEBI ICDR Regulations. Assisting the Company to make available due diligence documents in a virtual data room and reviewing those documents along with the Legal Counsel, to comply with the diligence requirements as stipulated under the SEBI ICDR Regulations, and the other applicable laws, as is customary in such transactions.
- (e) Virtual interactions were held with the Key Managerial Personnel and other senior personnel of the Company to understand the Company's day to day operations, key business processes, aspects relating to the key performance indicators of the Company and to verify the disclosures being made in the DRHP.
- (f) Obtaining certificates, confirmations, formal representations and undertakings from the Company, its Directors, Key Managerial Personnel, the Promoter and the Promoter Group, the Auditor and other documents, including the reports by independent industry sources, in support of certain disclosures made in the DRHP.



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- (g) Reviewing, together with the Legal Counsel, certain business related documents pertaining to the Company, including (a) contracts, purchase orders and invoices with respect to suppliers and customers, on a sample basis and (b) various internal policies pertaining to its operations, as adopted and implemented by the Company, (c) overview of the compliances by the Company of commercial laws and getting necessary clarifications.
- (h) We have visited the registered office, the manufacturing facilities and the showroom of the Issuer Company at Ahmedabad in order to understand the manufacturing facilities / products available and the manner in which the process of manufacture of products are being undertaken.

## 2. Industry Information

We have relied on the Care Edge Report, which has been commissioned for a fee, by the Company for the purpose of confirming its understanding of the industry in connection with the Issue. The industry related information contained in the DRHP, including in the sections titled "Industry Overview", "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Result of Operations", has been included from the Care Edge Report.

## 3. Business Overview

We had extensive discussions with the Promoters of the Company to understand the business model of the company, its customer base, broad operating parameters, and Key Performance Indicators that the management uses to monitor the growth and efficiency of business. The Promoters also explained about the growth potential of the business, broader segments, and the capabilities of the Company to exploit the opportunities available. Based on our understanding of the business model and discussions, KPIs were finalised and disclosed in DRHP along with other relevant parts of business strengths and strategy. Competitive landscape and industry dynamics was explained by the management and accordingly the peer group was identified based on relatability of business model, product / segment relatability and proximity of size to the extent possible.

## 4. Objects of the Issue

The Company intends to utilise the proceeds of the IPO, inter alia, towards (i) funding of working capital requirements; and (ii) general corporate purposes.

The Company has obtained Certificate from Arpan Shah & Associates, Chartered Accountants, certifying the working capital computation, the holding levels and the underlying assumptions thereof.



*Arpan Shah*

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**5. Outstanding Litigation Proceedings and Material Creditors**

The Company has disclosed outstanding litigation involving the Company, Promoter, and Directors in accordance with the legal requirements under SEBI ICDR Regulations. Legal counsel to the Issue has undertaken detailed Due Diligence of the matters put before them by the Company or which came to knowledge during Due Diligence Process; and we have been guided by their understanding and interpretation on legal matters. Disclosures on outstanding litigation and material creditors have been made as per the materiality policy adopted by the Company's board of directors pursuant to a resolution dated June 16, 2023 ("Materiality Policy") in the section titled "Outstanding Litigation and Material Developments" of the DRHP.

Pursuant to the SEBI ICDR Regulations and the Materiality Policy, for the purposes of disclosure, all pending litigation involving the Company, Directors and Promoter other than criminal proceedings, actions by statutory or regulatory authorities and taxation matters, have been considered 'material' if: the monetary amount of the claim equals to or exceeds an amount which is 5 % of the consolidated profit after tax or 1 % of consolidated total operating income, whichever is lower in the most recently completed Fiscal, as per the Restated Financial Statements; or all other outstanding litigation which may not meet the specific threshold and parameters as set out in above, but where an adverse outcome would materially and adversely affect the business, operations, performance, prospects, financial position or reputation of the Company. Disciplinary action including penalty imposed by the SEBI or stock exchanges against the Promoter in the last five Fiscals, including outstanding action, if any, have also been considered.

For disclosures relating to litigation involving the Directors and Promoter, the Company has provided certifications received from such persons.

Based on the SEBI ICDR Regulations and the Materiality Policy, disclosures on dues to material creditors have been provided in summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors). In terms of the materiality policy, material creditors would mean any creditors of the Company to whom amounts outstanding dues exceeds 7.5 % of the outstanding amount of trade payables as appeared in the Restated Financials Statements as at March 31, 2023. The trade payables of the Company as on March 31, 2023 were ₹ 1,480.76 lakhs.

**6. Directors, Key Managerial Personnel, Promoter and Promoter Group**

For the purposes of making certain disclosures pertaining to the Directors, Key Managerial Personnel, Promoter and Promoter Group, we have obtained certifications from the relevant entities/ persons.



*[Handwritten signature]*

For the purposes of disclosure of the educational qualifications and professional experience of Directors and Key Managerial Personnel of the Company, we have relied on relevant, degree certificates, experience certificates, signed bio data, affidavits and appointment letters issued by previous and current employers and other back-up documents.

We have received confirmation from the Company, the Directors, the Promoter and the Promoter Group, stating that they have not been debarred or prohibited from accessing the capital markets or from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court. In addition, we have received confirmation from the Company, Promoter and the Directors, stating that they have not been categorized as wilful defaulters as per the definition in SEBI ICDR Regulations. We have also received confirmation from the Company that none of its Promoter or Directors are 'fugitive economic offenders' as per the definition in SEBI ICDR Regulations.

However, the Company is unable to provide any confirmations with respect to (i) Lalitbhai Bababhai Zaveri and Jayrajbhai Bababhai Zaveri (brothers of Rajendrakumar Kantilal Zaveri, Promoter), (ii) Jaybala A Jhaveri (sister of Rajendrakumar Kantilal Zaveri, Promoter), (iii) Priya Rajendrasingh Parmar (Sister of the spouse of Harit Rajendrakumar Zaveri, Promoter); (iv) entities in which such individuals may have an interest ("**Disassociated Group**"); since they are unable to obtain any information/confirmations from them and the Company has vide its letter dated June 16, 2023 sought relaxation from SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations for exempting the Disassociated Group from classification as members of the 'promoter group' in terms of the said regulation and not disclosing information and confirmations with respect to them, as required under the SEBI ICDR Regulations, since unavailable.

#### 7. Financial Information of the Company and Financial Indebtedness

We conducted due diligence on financial matters, which included virtual meetings and a due diligence call with the Auditor and the finance team of the Company, review of the Auditor's reports and other related documents. The Auditor provided the Restated Financial Statements of the Company, which comprise of the restated financial statements of the Company for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, together with the annexures, schedules and notes thereto, which have been audited and prepared in accordance with the Companies Act, the Ind AS and Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, and restated in accordance with the SEBI ICDR Regulations (together, the "Restated Financial Statements").

The DRHP includes the Restated Financial Statements of the Company and the examination report issued thereon by the Auditor. We have also obtained certifications with respect to certain information included in the DRHP from the Auditor. We held discussions with the Auditor on the form and manner of the reports and certifications required for such financial information.



*[Handwritten signature]*



Further, the Auditor was required to review the financial information relating to the Company in the DRHP and have delivered customary comfort letter to the BRLM confirming the accuracy of such financial information contained in the DRHP. Such comfort letters will be re-issued or brought down at certain future dates, as the IPO progresses, by the Auditor prior to the filing of the RHP and the Prospectus and by the Auditor at the Allotment of Equity Shares in the Issue.

In addition, as per the requirements of the SEBI ICDR Regulations, the Company has undertaken to upload the audited financial statements of the Company for past three fiscals on its website.

We along with the Legal Counsel had also conducted a due diligence exercise of all outstanding financial indebtedness of the Company, and such information has been disclosed in summarised form in the section titled "Financial Indebtedness" of the DRHP. In this connection, the relevant sanction letter issued by the lender as well as other financing related documents were reviewed. We have also relied on certifications from the Auditor in connection with the Company's financial indebtedness ascertaining the amount of outstanding borrowings of the Company as of March 31, 2023, which is disclosed in the section titled "Financial Indebtedness" of the DRHP. The Company has also received consent from relevant lender, granting the Company written consent to undertake the IPO and related corporate actions such as issue and allotment of the Equity Shares, amongst others.

We have reviewed the certificate provided by the Auditor on computation of the Company's operating profit, net tangible assets, percentage of monetary assets and net worth each on a restated basis, to assess eligibility of the Company to undertake the Issue under Regulation 6(1) of the SEBI ICDR Regulations. We have relied on the statement of possible special tax benefits to the Company and its shareholders issued by the Auditor.

#### 8. Statutory and/or Regulatory and Other Diligence

In connection with due diligence of statutory and/or regulatory matters, we have along with the Legal Counsel, reviewed the relevant statutory and/or regulatory records of the Company, including without limitation, relevant corporate records, filings made by the Company with various key statutory and/or regulatory authorities, licenses, approvals and registrations applied for and/or received by the Company, and such other documents as we have deemed necessary and as have been provided to us by the Company from time to time. We have also relied on representations and certifications provided by the Company in connection with such statutory and/or regulatory matters.

We, along with the Legal Counsel, have also regularly interacted with the officials of the Company to understand the material approvals that are required to be obtained by the Company to carry out its business, including with respect to the manufacturing facilities of the Company, followed by a due diligence exercise of such approvals.



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The Company has also summarized in the DRHP the type of material approvals required for carrying on its business operations. The description of the material approvals required for the business operations, along with details of approvals in respect of which applications have been made has been disclosed in the DRHP. We have appropriately disclosed details of such approvals in the sections titled "Government and Other Approvals" and "Risk Factors".

