



THANGAMAYIL JEWELLERY LIMITED

[Incorporated as a Private Limited Company on March 24, 2000 under the Companies Act, 1956 as Thangamayil Jewellery Private Limited vide Certificate of Incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai. The name of the Company was changed to Thangamayil Jewellery Limited upon conversion into Public Limited Company with effect from November 20, 2007 and a fresh certificate of incorporation has been obtained from Registrar of Companies, Tamil Nadu, Chennai.]

Registered Office: 124, Nethaji Road, Madurai – 625 001

Tel.: +91-0452-2345553; Fax: +91-0452-2344340; E-mail: thangamayil@gmail.com;

Website: www.thangamayil.com

Contact Person: Mr. V. Vijayaraghavan, Company Secretary & Compliance Officer

PROMOTERS OF THANGAMAYIL JEWELLERY LIMITED ARE MR. BALARAMA GOVIND DAS, MR. BA RAMESH AND MR. N.B. KUMAR

PUBLIC ISSUE OF [●] EQUITY SHARES OF Rs. 10/- EACH OF THANGAMAYIL JEWELLERY LIMITED ("TMJL" OR 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. 2875.25 LACS (THE "ISSUE"). UPTO [●] EQUITY SHARES AGGREGATING TO RS. 90.00 LACS WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("THE EMPLOYEES RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WILL CONSTITUTE [●] % OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY. THE NET ISSUE TO PUBLIC WILL CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY.

**PRICE BAND: RS. 70.00 TO RS. 75.00 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH
THE FLOOR PRICE IS 7.0 TIMES THE FACE VALUE AND THE CAP PRICE IS 7.5 TIMES THE FACE VALUE**

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/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 Manager and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 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 all QIBs, including 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.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of 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/- per Equity Share and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process and as stated in the section "Basis for Issue Price" on page 31 of this Red Herring Prospectus) 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 of the Company or regarding the price at which the Equity Shares will be traded after listing.

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 Issuer 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 this Red Herring Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" beginning on page viii of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

The Issue has been graded by Brickwork Ratings India Pvt. Ltd. (Brickwork). Brickwork has vide their letter dated November 05, 2009 assigned the "IPO Grade III" to the company indicating Average fundamentals. For further details and rationale of grading please refer page no. 10.

LISTING

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received in-principle approval from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated September 18, 2009 and November 13, 2009 respectively. For purposes of the Issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGER TO THE ISSUE

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED
4th Floor, Balmer Lawrie Building,
5, J.N. Heredia Marg, Ballard Estate, Mumbai 400001
Tel: (91 22) 3026 6000-3
Fax: (91 22) 2269 4323
Email: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Ms. Girija Choudhari
SEBI Registration No.: INM 000003606

REGISTRAR TO THE ISSUE

S.K.D.C. Consultants

S.K.D.C CONSULTANTS LIMITED
No. 11, Seth Narayandas Layout, Street No.1,
West Power House Road, Coimbatore 641 012
Tel: (91 0422) 6549 995
Fax: (91 0422) 2499 574
Email: info@skdc-consultants.com
Website: www.skdc-consultants.com
Contact Person: Mrs. Vijayalakshmi Narendra
SEBI Registration No.: INR 000000775

BID/ISSUE PROGRAMME

| | | | |
|--------------------|--|---------------------|---------------------------------------|
| BID/ISSUE OPENS ON | WEDNESDAY, 27 TH JANUARY 2010 | BID/ISSUE CLOSES ON | FRIDAY, 29 TH JANUARY 2010 |
|--------------------|--|---------------------|---------------------------------------|

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

| Term | Description |
|--|--|
| “the Issuer”, “the Company”, “the company” or “TMJL” | Unless the context otherwise indicates or implies, refers to Thangamayil Jewellery Limited a Public Limited Company under the Companies Act, 1956. |

Company Related Terms

| Term | Description |
|--|--|
| Articles | Articles of Association of the Company |
| Auditors | The statutory auditors of the Company, B. Thiagarajan & Co., Chartered Accountants |
| Board/Board of Directors | Board of Directors of the company including a duly constituted committee thereof |
| Directors | Directors of Thangamayil Jewellery Limited, unless otherwise specified |
| Key Management Personnel | Those individuals described in “Our Management – Key Management Personnel” on page 69 of this Red Herring Prospectus |
| Memorandum | Memorandum of Association of the company |
| Promoters | Mr. Balarama Govinda Das, Mr. Ba. Ramesh and Mr. N.B. Kumar |
| Registered and Corporate Office of the company | 124, Nethaji Road, Madurai 625 001 |

Issue Related Terms

| Term | Description |
|---|---|
| Allotment/Allotment of Equity Shares | Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| ASBA/ Application Supported by Blocked Amount | An application for subscribing to an issue, containing an authorisation to block the application money in a bank account. |
| ASBA Investor/ ASBA Bidder | An Investor who intends to apply through ASBA process and (a) is a “non QIB Investor”; (b) is applying through blocking of funds in a bank account with the SCSB; |
| ASBA Form | Bid cum Application form for ASBA Investor intending to subscribe through ASBA |
| Banker(s) to the Issue | Axis bank, HDFC Bank, HSBC Bank, ICICI Bank and Oriental Bank of Commerce |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Procedure – Basis of Allotment” on page 141 of this Red Herring Prospectus |
| Bid | An indication to make an offer during the Bidding Period by a prospective investor 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 and payable by the Bidder on submission of the Bid in the Issue |
| Bid/Issue Closing Date | The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper |
| Bid /Issue Opening Date | The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper |
| 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 |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form |



| Term | Description |
|---|---|
| Bidding/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 can submit their Bids, including any revisions thereof |
| Book Building Process/ Method | Book building route as provided in Schedule XI of the SEBI (ICDR) Regulations, 2009 in terms of which this Issue is being made |
| BRLM/Book Running Lead Manager | Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited |
| CAN/Confirmation of Allocation Note | Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process |
| 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 | Any price within the Price band finalised by the Company in consultation with the Book Running Lead Manager. A Bid submitted at Cut-off Price is a valid price at all levels within the Price Band |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time |
| Depositories Act | The Depositories Act, 1996, as amended from time to time |
| Depository Participant | A depository participant as defined under the Depositories Act |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders |
| Designated Stock Exchange | Bombay Stock Exchange Limited |
| DP ID | Depository Participant's Identity |
| Red Herring Prospectus or DRHP | The Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. |
| Employee, Employees or Eligible Employees (in the Employee Reservation Portion) | A permanent and full-time employee or a Director of the Company, as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid- cum-Application Form. They do not include employees of the Promoters and the Promoter Group. |
| Employee Reservation Portion | The portion of the Issue, being a maximum of Rs. 90.00 lacs available for allocation to the Employees. |
| Equity Shares | Equity shares of the company of Rs. 10 each unless otherwise specified |
| Escrow Account | Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement to be entered into by the company, the Registrar to the Issue, the Book Running Lead Manager, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof |
| Escrow Collection Bank(s) | The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened |
| First Bidder | The Bidder whose name appears first in the Bid cum Application Form or Revision Form |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted |
| Indian National | As used in the context of a citizen of India's defined under the Indian Citizenship Act, 1955, as amended, who is not a NRI |
| Issue | The public issue of [●] Equity Shares of Rs. 10 each for cash at a price of Rs. [●] each aggregating to Rs. 2875.25 lacs |
| Issue Price | The final price at which 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 BRLM on the Pricing Date |
| Issue Proceeds | The proceeds of the Issue that are available to the Company |
| Margin Amount | The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount |



| Term | Description |
|--|--|
| Mutual Funds | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 |
| Mutual Fund Portion | 5% of the QIB Portion or [●] Equity Shares (assuming the QIB Portion is for 50% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion |
| Net issue | The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under-subscription under the Employee Reservation Portion aggregating to Rs. 2785.25 lacs. |
| Net Proceeds | The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 24 of this Red Herring Prospectus |
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/- (but not including NRI's other than eligible NRI's) |
| Non-Institutional Portion | The portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares of Rs. 10/- each aggregating to Rs. 417.79 lacs available for allocation to Non-Institutional Bidders |
| Pay-in Date | Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable |
| Pay-in-Period | With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date; and extending until the Bid/Issue Closing Date; and With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date |
| Price Band | Price band of a minimum price (floor of the price band) of Rs. 70.00 and the maximum price (cap of the price band) of Rs. 75.00 and includes revisions thereof |
| Pricing Date | The date on which the company in consultation with the Book Running Lead Manager finalizes 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 | Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date |
| QIB Margin Amount | An amount representing at least 10% of the Bid Amount |
| QIB Portion | The portion of the Issue being upto [●] Equity Shares of Rs. 10/- each aggregating to Rs. 1392.62 lacs being upto 50% of the Issue to be allotted to QIBs |
| Qualified Institutional Buyers or QIBs | Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores |
| Red Herring Prospectus or RHP | The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue |
| Refund Account | The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made |
| Refund Banker | [●] |
| Refunds through electronic transfer of funds | Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable |
| Registrar to the Issue | Registrar to the Issue, in this case being S.K.D.C Consultants Limited, a company incorporated under the Companies Act and having its registered |



| Term | Description |
|------------------------------------|--|
| | office at No. 11, Seth Narayandas Layout, Street No.1, West Power House Road, Coimbatore – 641 012. |
| Retail Individual Bidder(s) | Individual Bidders (including HUFs applying through their Karta and eligible NRI's) who have not Bid for Equity Shares for an amount more than Rs. 100,000/- in any of the bidding options in the Issue. |
| Retail Portion | The portion of the Issue being up to [●] Equity Shares of Rs. 10/- each aggregating to Rs. 974.84 lacs, being not less than 35% of the Issue, available for allocation to Retail Individual Bidder(s) |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s) |
| Stock Exchanges | Bombay Stock Exchange Limited and National Stock Exchange of India Limited |
| Syndicate | The Book Running Lead Manager and the Syndicate Member |
| Syndicate Agreement | The agreement to be entered into between the Syndicate and the company in relation to the collection of Bids in this Issue |
| Syndicate Members | Keynote Capitals Limited |
| TRS/ Transaction Registration Slip | The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid |
| Underwriters | The BRLM and the Syndicate Member |
| Underwriting Agreement | The agreement among the Underwriters and the company to be entered into on or after the Pricing Date |

Conventional and General Terms/ Abbreviations

| Term | Description |
|----------------------------|--|
| A/c | Account |
| Act or Companies Act | Companies Act, 1956 and amendments thereto |
| AGM | Annual General Meeting |
| AS | Accounting Standards issued by the Institute of Chartered Accountants of India |
| ASBA | Application Supported by Blocked Amount |
| AY | Assessment Year |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compound Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 as amended from time to time |
| DP/ Depository Participant | A depository participant as defined under the Depositories Act, 1996 |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| ECS | Electronic Clearing Service |
| 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 |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto |
| FEMA Regulations | FEMA (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 registered with SEBI under applicable laws in India |
| Financial Year/ Fiscal/ FY | Period of twelve months ended March 31 of that particular year |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |



| Term | Description |
|---------------------------|---|
| GDP | Gross Domestic Product |
| Gol/Government | Government of India |
| HNI | High Net worth Individual |
| HUF | Hindu Undivided Family |
| INR/ Rs./ Rupees | Indian Rupees, the legal currency of the Republic of India |
| I.T. Act | The Income Tax Act, 1961, as amended from time to time |
| IPO | Initial Public Offering |
| MOU | Memorandum of Understanding |
| NA | Not Applicable |
| NAV | Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year |
| NEFT | National Electronic Fund Transfer |
| NOC | No Objection Certificate |
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI | Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| 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 |
| RBI | The Reserve Bank of India |
| RoC | The Registrar of Companies, Tamil Nadu (Chennai) is located at Shastri Bhavan, 1st Floor, 26, Haddows Road, Chennai 600 006 |
| RONW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, 1992 |
| SEBI Act | Securities and Exchange Board of India Act 1992, as amended from time to time |
| SEBI (ICDR) 2009 | SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time |
| SIA | Secretariat for Industrial Assistance |
| SICA | Sick Industrial Companies (Special Provisions) Act |
| Stock Exchange(s) | BSE and/ or NSE as the context may refer to |
| UIN | Unique Identification Number |
| VCFs | Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time |

Technical/ Industry Related Terms

| Term | Description |
|------|-------------|
|------|-------------|



| Term | Description |
|-------------------|---|
| Carat | The unit for determining weight of gemstones, 1 carat being equal to 0.2 grams |
| GJEPC | Gem & Jewellery Export Promotion Council |
| Karatage | Unit to determine the purity of gold |
| Kg | Kilogram |
| Studded Jewellery | Jewellery made of gold/platinum/silver which are studded by diamonds and/or precious stones or semi-precious stones |
| 916 | 916 is the grade by which purity of gold is measured for 22 carat jewels. |

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data contained in this Red Herring Prospectus is derived from the restated financial statements which have been prepared in accordance with SEBI (ICDR) Regulations, 2009 as of the years ended March 31, 2009, 2008, 2007, 2006 and 2005 and for the six months period ended September 30, 2009 prepared in accordance with Indian GAAP and are included in this Red Herring Prospectus in Section I of the Financial Statement. The fiscal year commences on April 1 and ends on March 31 of the next year.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. 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. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of India.



FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases 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. Similarly, statements that describe strategies, objectives, plans or goals of TMJL are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with expectations of TMJL with respect to, but not limited to, regulatory changes pertaining to the industries in India in which TMJL has its businesses and its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry. Important factors that could cause actual results to differ materially from the Company’s expectations include, but are not limited to, the following:

1. General economic and business conditions in the markets in which the Company operates and in the local, regional and national and international economies;
2. Changes in laws and regulations relating to the industries in which the Company operates;
3. Increased competition in these industries;
4. The nature of contracts with customers which contain inherent risks and contain certain provisions which, if exercised, could result in lower future income and negatively affect the profitability of TMJL;
5. Unanticipated variations in the duration, size and scope of the projects;
6. Changes in political and social conditions in India or in other countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
7. Any adverse outcome in the legal proceedings in which the Company is involved.

For further discussion of factors that could cause actual results of the Company to differ from its expectations, see the sections titled “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages viii, 47 and 93 respectively, of this Red Herring Prospectus. Neither the company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, the company and the BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.



SECTION II: RISK FACTORS

Investing in the Equity Shares of the company involves substantial risks. In addition to the other information in this Red Herring Prospectus, you should carefully consider the following factors before investing in the Equity Shares of the Company. Any of the risk factors described below could adversely affect business, financial condition and/or results of operations of TMJL. The market price of Equity Shares of TMJL could decline if one or more of these risks and uncertainties develop into actual events, causing you to lose all or part of the money you paid to buy Equity Shares. Certain statements in "Risk Factors" are forward-looking statements. See also "Forward-Looking Statements" on page vii of this Red Herring Prospectus.

INTERNAL RISK FACTORS

Risks Related To the Issue and Business

- 1. The company is involved in certain of legal proceedings, which if decided against the Company, could impact income and financial condition of the Company.**

The Company is involved in certain legal proceedings, which are detailed as below. Any rulings by appellate courts against the company would have a material impact on the cash flows which may affect the operations of the company.

Cases filed against the Company

| Sr. No. | Nature of Case | Total Number of pending cases/ show cause notices/ summons | Financial Implication (to the extent quantifiable) (Rs. in Lacs) |
|---------|----------------|--|--|
| 1. | Civil | 2 | 56.99 |

The amount involved is the amount expressly claimed, being the liability and financial impact which may be incurred by the company if they are unsuccessful in the legal proceedings.

For further details on the above litigation, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 98 of this Red Herring Prospectus.

- 2. Pending approval for the showroom at Nethaji Road Madurai showroom.**

TMJL is yet to receive permit from Madurai Corporation for the construction of its main showroom at 124, Nethaji Road, Madurai due to deviation in the construction from the approved plan. For further details of the same please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 98 of this Red Herring Prospectus.

- 3. There are certain contingent liabilities not provided for in the balance sheet of the Company. If these contingent liabilities materialises, financial condition and results of operations of the Company could be adversely affected.**

Contingent liabilities not provided for as of March 31, 2009 and September 30, 2009 were Rs. 22.00 lacs and Rs. 30.00 lacs respectively. If these, or any other contingent liability materialises, the financial condition and results of operations of the Company could be adversely affected. For further details on the nature of contingent liabilities, please see 'Financial Statements – Annexure IV on page 74.

- 4. The company has experienced negative cash flow from operations and from financing activities. Any negative cash flows in future could affect the results of operations and**

**financial conditions.**

For the financial years March 31, 2005, 2007, 2008, 2009 and for the six months period ended September 30, 2009 the company had a negative cash flow from operations to the tune of Rs. 352.06 lacs, Rs. 346.02 lacs, Rs. 679.89 lacs, Rs. 1604.45 Lacs and Rs. 293.67 lacs respectively and for the financial year March 31, 2006 the company had negative cash flow from financing activities to the tune of Rs. 20.34 lacs. Any negative cash flows in future could affect the results of operations and financial conditions.

5. TMJL's inability to keep pace with technology, process and designs can adversely affect its sales and the demand for its products.

The gems and jewellery industry is characterized by continuous up-gradation in terms of technology, manufacturing process and design capability. TMJL has to on a regular basis, meet with the aforesaid demands and invest continuously to upgrade the technology and process and keep abreast with the latest innovations in the gems and jewellery industry. TMJL's jewellery designing capabilities are significantly dependent on the skills of its in-house team of designers and their capability to keep in line with current trends. It cannot be assured that TMJL will be successful in developing designs that would meet the customer's expectations. If TMJL is unable to service its customers satisfactorily, it would adversely affect its revenues and profitability.

6. TMJL's funding requirements and deployment of the Net Proceeds is based on management estimates and have not been independently appraised.

TMJL's funding requirements and the deployment of the Net Proceeds is based on management estimates and have not been appraised by any bank or financial institutions. In view of the competitive nature of the industry in which TMJL operates, it may have to revise its management estimates from time to time and, consequently its funding requirements may also change. This may result in the rescheduling of the Company's expenditure programs and an increase or decrease in its proposed expenditure for a particular matter. Further, the Proceeds are to be deployed at the sole discretion of the Board of Directors and are not subject to monitoring by any independent agency.

7. TMJL is yet to identify the locations for its proposed showrooms at Nagercoil, Thirunelveli and Kovilpatti

As per the cost of the project an amount of Rs. 789.94 lacs is to be invested by the company towards premises for opening of new showrooms at various locations in Tamilnadu. Out of the proposed locations, the company is yet to identify locations for its showrooms are, Kovilpatti, , Nagercoil and Thirunelveli. The company is also yet to enter into contracts with the contractor for the construction of building at owned premises. Any delay in identifying the proposed locations would delay the proposed project of the company and have an adverse effect on the results of operation.

8. TMJL is yet to enter in to an agreement or place orders for the Interiors and Miscellaneous Assets proposed to be purchased by the Company as a part of the Objects of the Issue. TMJL may face time and cost overruns in relation to the same.

An amount of Rs. 941.85 lacs out of the proceeds of the issue is to be utilised towards interior decoration and purchase of miscellaneous assets for the proposed showrooms. The Company has not entered into any definite agreement with any interior decorator and also not placed orders for and the miscellaneous assets to be procured. Any delay in entering into agreements with the interior decorators or in placing of the orders for miscellaneous assets may lead to an increase in the cost of the project and have an adverse effect on the results of operation.

9. After this Issue, the price of Equity Shares may be volatile and an active trading market for the Equity Shares may not develop.



The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; operations and performance of the Company; performance of the competitors, and the perception in the market about investments in the jewellery industry; adverse media reports about the Company or the jewellery industry; changes in the estimates of Company's performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations.

There has been no public market for the Equity Shares there can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

10. Promoter group companies are in the similar line of business in which TMJL operates. They do not have any non-compete clause between them

The promoter group companies namely Thangamayil Gold & Diamond Pvt. Ltd. (TGDPL) and Balusamy Silvears Jewellery Pvt. Ltd. (BSJL) have been in the similar line of business as that of Thangamayil Jewellery Ltd. These companies do not have any non- compete clause between them which may lead to conflict of interest.

Management Proposal: The business of TGDPL and BSJL have been taken over by TMJL vide agreements dated August 31, 2007 and August 01, 2008 respectively. No business activity is presently carried on by these companies.

11. The Issue Price is expected to be more than that paid by the promoters and promoter Group Company.

TMJL may issue equity shares to general public through this Initial Public Offer at a price more than that paid by the promoters and promoter group company i.e. Thangamayil Gold & Diamond Pvt. Ltd." The Company has issued 3,80,915 equity shares at Rs. 65.00 per share to promoters and promoter group during the financial year 2008-09.

12. The Key positions in the company are occupied by family members of the promoters.

The Managing Director and the two Joint Managing Directors of the company are the main promoters of the company and two of the fifteen key management personnel in the company are the sons of the promoters.

Management Proposal : The Board of Director of the company comprises of optimum combination of Promoter director and independent directors. The two related key management personnel are professionally qualified and have the relevant experience in the field of gems and Jewellery. Both the key persons i.e. Mr. B. Prasanna and Mr. Rajesh Kanna have done their diploma in Gemology and are into the business for over 3 years..

EXTERNAL RISK FACTORS

1. Changes in government policies may affect the operations of the Company adversely.

Increase in taxes and other levies imposed by the Central or State Governments in India may have an adverse effect on the profitability of the Company. Since 1991, the Government of India has pursued policies of economic liberalization. The Company cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could



change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well. There could be political instability, which may have an adverse impact on capital markets and investor confidence. Taxes and levies affect the cost of production and prices of the Company's products and hence the demand for the products. An increase in any of taxes or levies or the imposition of new taxes or levies in the future may have an adverse impact on the Company's business and financial condition.

2. Competition may affect TMJL's business adversely

Some of TMJL's large competitors may have greater financial and other resources than the Company. Hence the Company cannot assure you that its products will be able to compete effectively with the products manufactured by its competitors. The gems and jewellery industry is dominated by players in the unorganized sector. TMJL faces competition not only from large players but also from innumerable small players operating in unorganized sector. TMJL believes that the principal competitive factors in the market are price, quality and consistency in meeting customer requirements. Increasing competition may force TMJL to reduce the prices of its products, which may reduce the revenues and margins and/or also decrease the market share, either of which could have an impact on the business, financial and operations of the Company.

3. Floods, earthquakes, terrorist attacks and other acts of violence or war/ destruction involving India and or other countries could adversely affect the country's business and economy, and consequently reflect on the Company's business. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately affect the Company's business, financial conditions and results of operations.

The consequences of any of the above are unpredictable and the Company may not be able to foresee events that could have a material adverse effect on its business, financial condition and results of operations.

Notes to Risk Factors

1. Public issue of [●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating Rs. 2875.25 Lacs. The Issue will constitute [●] of the post-Issue paid up capital of the company.
2. The Networth of the Company as on September 30, 2009 based on audited financial statements of the Company was Rs. 3699.42 lacs.
3. The net asset value per Equity Share as of September 30, 2009 was Rs. 40.86 and the face value is Rs. 10/- per Equity Share.
4. The average cost of acquisition of or subscription to Equity Shares by Promoters Mr. Balarama Govinda Das, Mr. Ba. Ramesh and Mr. N.B. Kumar are Rs. 11.85/-, Rs. 12.01/- and Rs. 11.85/- per Equity Share, respectively. The average cost of acquisition of Equity Shares by Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by TMJL, including bonus Equity Shares.
5. Except as disclosed in "Capital Structure" on page 15 of this Red Herring Prospectus, the Company has not issued any shares for consideration other than cash.
6. Except as disclosed in "Management" and "Promoter and Promoter Group" on pages 62 and 72 of this Red Herring Prospectus, none of the Promoters, Directors and key managerial employees have any interest in the company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their



relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

7. Investors are advised to refer to “Basis for Issue Price” on page 31 of this Red Herring Prospectus.
8. For related party transactions, see the notes to the financial statements in “Related Party Transactions” on page 84 of this Red Herring Prospectus.
9. Under subscription, if any, in any of the categories i.e. Qualified Institutional Buyers, Non-Institutional Bidders and Retail Portion would be allowed to be met with spill over from any other category at the discretion of the Company in consultation with the Book Running Lead Manager and the Designated Stock Exchange.
10. Trading in Equity Shares for all investors shall be in dematerialised form only.
11. In addition to the BRLM, the Company shall be obliged to update the prospectus and keep the public informed about any material changes till listing and trading commence in respect of the shares issued through this issue.
12. For interest of promoters/ directors, please refer to the section titled “Promoters and their Background” beginning on page 72 of this Red Herring Prospectus.
13. Investors may contact the Book Running Lead Manager and the Syndicate Member for any complaints, information or clarifications pertaining to the Issue.



SECTION III: INTRODUCTION

SUMMARY OF THE BUSINESS, STRENGTHS AND STRATEGY

Overview

The Company is one of the leading jewellery retailers in Madurai. Prior to the formation of Thangamayil Jewellery Private Limited in the year 2000 the business was carried on by the promoters of the company in the name of Balu Jewellery (Partnership concern). Since 1984 the company is in the business of manufacturing and trading of jewellery.

The Company trades in Gold Jewellery, Diamond and Platinum jewels. The ornaments are also made to order as per specific requirements by the customer and the same are manufactured at the company's unit near Madurai. Further gold Jewels are bought readymade from various dealers in the states of Andhra Pradesh, Gujarat, Kerala and West Bengal, according to the designs, models and current fashions and demand in the market for sale at the counters.

Thangamayil introduced the Hallmarking practice for the first time in Madurai and also conducted an awareness campaign introducing this concept to the customers in the market serviced by the Company. The Company has its showroom at Netaji Road, Madurai. This showroom was set up in the year 2001. The showroom is housed in a three storied set up in total area of 11,416 sq. ft.

The Company has a policy of price assurance with respect to returns of the product subject only to changes in underlying metal prices. Again, the Company has very transparent practices when it comes to exchange of jewellery. Customers often bring in jewels purchased from other retailers for exchange and remaking into new jewellery. The Company has acquired sophisticated machinery to measure the quality and carat value of the gold brought in. The measurements are scientific and tamper proof, thereby giving the customer an assurance on the exchange value that they receive in return for their jewellery. These initiatives have gone to build a sound reputation for the Company in the minds of the customers.

Competitive Strengths

TMJL believes that its historical success and future prospects are attributable to the following competitive strengths:

- a. ***TMJL develops products which are specifically targeted to its customers' needs, which have enabled it to secure repeat business.***

TMJL is a customer centre company, which provides products catering to varying customer needs regarding price points and product categories. The Company is also engaged in active research of the retail market and provides latest trends to its customers. This has helped the Company in securing repeat orders from its customers year on year and has also helped the company to increase the customer base to over 1,00,000 in a decade.

- b. ***Highly qualified and motivated employee base with experienced Board and Executive Management team***

TMJL believes that a motivated and empowered employee base is key to its competitive advantage. The senior management with significant industry experience has been instrumental in the consistent growth in revenues and operations of TMJL. In addition, the Board includes a strong combination of management as well as independent members that bring significant business experience to the Company. The Managing Director has experience of more than 30 years in the gem & jewellery business. The company believes that this extensive experience of the Board and the executive management team in the business will give it a competitive advantage.



The Strategy

TMJL intends to capitalise on the strategic location to develop into a world class jewellery operator in India. In order to grow its business volume and to strengthen its market position in India, the Company has in place the following strategies:

a. *Increasing retail presence in India*

The company plans to expand its presence by opening up retail outlets within Tamilnadu. Towards this objective, the Company has already opened showrooms in Rajapalayam, Karaikudi Ramnathapuram and Dindigul;. The company has identified locations at Trichy, Theni, Tuticorin, Nagercoil, Thirunveli, Kovilpatti and Sivakasi wherein the company proposes to open its showrooms. The sustained growth in the Indian economy and growing employment levels, income levels and availability of credit in India resulting in greater consumer spending and disposable income, together with the strong growth in retail operations in India provides significant opportunities for business of the company. These factors are expected to result in an increased demand for the products of TMJL. The company also intends to capitalize on the gradual shift of consumer preferences in India from traditional unbranded gold jewellery to diamond studded and other hallmarked jewellery.

b. *Innovation in Designing.*

The company intends to strengthen its product development effort by creating customer/ product-range/ market-specific teams, helping them focus and create innovative and acceptable designs that will help to increase the sales.

c. *Enhance recognition of the "Thangamayil" brand through both a local and national brand strategy.*

The company will continue branding its products through local language advertising and marketing programs to consolidate their position in Tamil Nadu. At the same time, the company plans to begin promotion and advertising through newspapers, radio and television networks in order to increase recognition of "Thangamayil"- brand. It also proposes to send daily SMS alerts of gold rates to its valued customers to enable them to make an informed decision.



THE ISSUE

| | |
|--|---|
| Issue of Equity Shares | [●] Equity Shares aggregating to Rs. 2875.25 Lacs |
| Of which: | |
| Employee Reservation Portion | Upto [●] Equity Shares aggregating to Rs. 90.00 Lacs |
| Net Issue to Public | Upto [●] Equity Shares aggregating to Rs. 2785.25 Lacs |
| <i>of which</i> | |
| Qualified Institutional Buyers (QIBs) Portion | Upto [●] Equity Shares aggregating to Rs. 1392.62 Lacs# |
| <i>of which</i> | |
| Available for Mutual Funds only | [●] Equity Shares aggregating to Rs. 69.63 Lacs |
| Balance of QIB Portion (available for QIBs including Mutual Funds) | [●] Equity Shares aggregating to Rs. 1322.99 Lacs |
| Non-Institutional Portion | Not less than [●] Equity Shares aggregating to Rs. 417.79 Lacs# |
| Retail Portion | Not less than [●] Equity Shares aggregating to Rs. 974.84 Lacs# |
| Pre and post-Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 98,85,915 Equity Shares |
| Equity Shares outstanding after the Issue | [●] Equity Shares |

Allocation to all categories shall be made on a proportionate basis.

- Under-subscription, if any, in any of the above categories would be allowed to be met with spill over, inter-se, from any other categories at the sole discretion of the Company in consultation with the Book Running Lead Manager.
- Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the Net Issue and will be considered for allotment only on a proportionate basis.
- Under-subscription, if any, in any category in the Net Issue, would be allowed to be met with spill-over from the reserved category.

Use of Issue Proceeds

See "Objects of the Issue" on page 24 of this Red Herring Prospectus for information about the use of the Issue Proceeds.



SUMMARY FINANCIAL INFORMATION

The following table sets forth selected financial information derived from restated unconsolidated financials for the financial years ended March 31, 2009, 2008, 2007, 2006 and 2005, and for the six months ended September 30, 2009 which are in line with the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI (ICDR) Regulations 2009, along with the related clarifications issued by SEBI, for the purpose of disclosure in the Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the restated unconsolidated financial statements in the section titled 'Restated Financial Information for TMJL' on page 74 of this Red Herring Prospectus.

RESTATED SUMMARY STATEMENTS OF PROFIT AND LOSS ACCOUNT

Rupees in Lacs

| PARTICULARS | 6 Months ended 30 | Year ended March 31, | | | | |
|---|-------------------|----------------------|------------------|------------------|-----------------|-----------------|
| | Sep-09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| I. INCOME | | | | | | |
| Sales and Operating Income | 20,943.49 | 24,683.84 | 22,449.99 | 12,715.67 | 4,923.79 | 2,685.97 |
| Other Income | - | 1.72 | 10.12 | 6.70 | 0.91 | 7.92 |
| TOTAL INCOME | 20,943.49 | 24,685.56 | 22,460.11 | 12,722.37 | 4,924.70 | 2,693.89 |
| II. EXPENDITURE | | | | | | |
| (a) Cost of Sales | 18,872.96 | 22,063.57 | 20,822.72 | 11,760.19 | 4,378.22 | 2,298.95 |
| (b) Personnel Expenses | 218.95 | 297.92 | 166.72 | 83.17 | 60.39 | 28.28 |
| (c) Administration Expenses | 150.87 | 234.79 | 100.90 | 55.91 | 45.32 | 50.92 |
| (d) Selling Expenses | 212.48 | 420.85 | 289.29 | 177.63 | 88.08 | 90.95 |
| TOTAL EXPENDITURE | 19,455.26 | 23,017.13 | 21,379.63 | 12,076.89 | 4,572.01 | 2,469.10 |
| III. NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION | 1,488.23 | 1,668.43 | 1,080.48 | 645.48 | 352.69 | 224.79 |
| Less: Interest & Finance Charges | 243.41 | 460.49 | 197.34 | 151.76 | 122.16 | 153.88 |
| IV. NET PROFIT BEFORE DEPRECIATION AND TAXATION | 1,244.82 | 1,207.94 | 883.14 | 493.72 | 230.53 | 70.90 |
| Less: Depreciation | 36.71 | 62.23 | 29.94 | 20.82 | 17.47 | 15.80 |
| V. NET PROFIT BEFORE TAXATION | 1,208.11 | 1,145.71 | 853.20 | 472.90 | 213.06 | 55.10 |
| Less: Provision for Taxation: | | | | | | |
| - Current Tax | 407.63 | 378.17 | 288.90 | 160.00 | 62.33 | 15.15 |
| - Deferred Tax | 3.39 | 14.68 | 1.13 | 1.91 | 4.66 | 5.50 |
| - Fringe Benefit Tax | - | 3.59 | 2.03 | 1.09 | - | - |
| | 411.02 | 396.44 | 292.06 | 163.00 | 66.99 | 20.65 |
| VI. NET PROFIT AFTER TAXATION | 797.09 | 749.27 | 561.14 | 309.90 | 146.07 | 34.45 |
| Add / Less: prior period items | - | (18.54) | (3.42) | (14.88) | (1.50) | 6.02 |
| Add: Profit/Loss Brought forward | 1,390.67 | 915.85 | 408.86 | 169.41 | 59.03 | 24.62 |
| VII. PROFIT AVAILABLE FOR APPROPRIATION | 2,187.76 | 1,646.58 | 966.58 | 464.43 | 203.60 | 65.09 |
| VIII. APPROPRIATION | | | | | | |
| Proposed Dividend on Equity Shares | - | 90.53 | - | 30.40 | 15.13 | 5.40 |
| Interim Dividend on Equity Shares | - | - | 43.36 | - | - | - |
| Corporate Tax on Dividend | - | 15.38 | 7.37 | 5.17 | 2.12 | 0.66 |
| Transfer to Debenture Redemption Reserve | - | - | - | 20.00 | 16.94 | - |



| | | | | | | |
|----------------------------------|-----------------|-----------------|---------------|---------------|---------------|--------------|
| Transfer to General Reserve | - | 150.00 | - | - | - | - |
| BALANCE CARRIED TO BALANCE SHEET | 2,187.76 | 1,390.67 | 915.85 | 408.86 | 169.41 | 59.03 |
| TOTAL | 2,187.76 | 1,646.58 | 966.58 | 464.43 | 203.60 | 65.09 |

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Rupees in Lacs

| PARTICULARS | 6 Month ended | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Sep-09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| ASSETS: | | | | | | |
| (1) Fixed Assets: | | | | | | |
| (a) Gross block at cost | 1098.71 | 1048.70 | 640.12 | 522.99 | 322.62 | 251.19 |
| (b) Less : Depreciation | 205.85 | 169.13 | 115.10 | 85.16 | 66.33 | 48.86 |
| (c) Net block | 892.86 | 879.57 | 525.02 | 437.83 | 256.29 | 202.33 |
| (d) Capital advances | 170.72 | 129.73 | 77.56 | 24.00 | 122.00 | - |
| Total - A | 1,063.58 | 1,009.30 | 602.59 | 461.83 | 378.29 | 202.33 |
| (2) Current assets, Loans & Advances: | | | | | | |
| (a) Inventories | 7817.58 | 6,430.19 | 3,559.80 | 1,999.57 | 1,210.97 | 1,142.54 |
| (b) Sundry Debtors | 54.74 | 57.78 | 39.76 | 87.22 | 1.34 | 38.51 |
| (c) Cash and bank balances | 409.66 | 83.55 | 58.32 | 21.29 | 87.45 | 2.74 |
| (d) Loans and Advances | 463.32 | 491.16 | 156.74 | 20.58 | 10.39 | 37.87 |
| Total - B | 8,745.30 | 7,062.68 | 3,814.63 | 2,128.66 | 1,310.15 | 1,221.66 |
| Total Assets - C = (A+B) | 9,808.88 | 8,071.98 | 4,417.21 | 2,590.49 | 1,688.44 | 1,423.99 |
| LIABILITIES: | | | | | | |
| (1) Loan Fund : | | | | | | |
| (a) Secured Loans | 5124.19 | 4,276.73 | 1,996.92 | 1,008.93 | 587.72 | 533.92 |
| (b) Unsecured Loans | 169.67 | 62.94 | 24.71 | 619.05 | 487.85 | 683.77 |
| Total - D | 5,293.86 | 4,339.67 | 2,021.64 | 1,627.98 | 1,075.57 | 1,217.69 |
| (2) Deferred Tax Liability | 47.41 | 44.02 | 29.34 | 28.21 | 21.16 | 16.50 |
| (3) Current liabilities & provisions: | | | | | | |
| (a) Current liabilities | 435.64 | 602.68 | 210.39 | 102.03 | 61.08 | 55.18 |
| (b) Provisions | 332.55 | 184.26 | 128.90 | 84.38 | 42.69 | 21.59 |
| Total - E | 815.60 | 830.96 | 368.63 | 214.62 | 124.93 | 93.27 |
| Total Liabilities - F = (D+E) | 6,109.46 | 5,170.63 | 2,390.27 | 1,842.60 | 1,200.50 | 1,310.96 |
| Net worth (C-F) | 3,699.42 | 2,901.35 | 2,026.95 | 747.89 | 487.94 | 113.03 |
| Net worth represented by | | | | | | |
| (1) Shareholders Funds : | | | | | | |
| (a) Share Capital | 905.29 | 905.29 | 867.20 | 304.00 | 304.00 | 54.00 |
| (b) Share Premium | 423.90 | 423.90 | 214.40 | - | - | - |
| (c) Reserves and Surplus | 2,374.70 | 1577.63 | 952.80 | 445.82 | 186.35 | 59.03 |
| Total - G | 3,703.89 | 2,906.82 | 2,034.40 | 749.82 | 490.35 | 113.03 |
| Less: (2) Miscellaneous expenditure: <i>(to the extent not written off or adjusted)</i> | | | | | | |
| (a) Preliminary expenses | 4.47 | 5.47 | 7.45 | 1.93 | 2.41 | - |
| Total - H | 4.47 | 5.47 | 7.45 | 1.93 | 2.41 | - |
| Net worth (G-H) | 3,699.42 | 2,901.35 | 2,026.95 | 747.89 | 487.94 | 113.03 |



The reasons for significant increase in sales, fixed assets, loans and inventories in 2008 & 2009 as compared to 2007 are as follows:

Sales:

The sales of the company has increased from Rs. 127.16 crores in financial year 2006-07 to Rs. 246.84 crores during the financial year 2008-09. This increase of around 94 % in the 2 financial year is due to the following :

- During the financial year 2007-08 the company took over the business of Thangamayil Gold and Diamond Pvt. Ltd, (TGDPL) a group company which was carrying on related business as that of the issuer company. TGDPL had for the financial year ended 31/03/2007 clocked a turnover of Rs. 49.84 crores.
- The bullion market conditions were very favourable during the financial year 2007-08.
- During August 2008, the company acquired the business of M/s. Balusamy Silvears Jewellery a group company which was carrying on related business as that of the issuer company. BSJPL had for the financial year ended 31/03/2008 clocked a turnover of Rs. 7.42 crores.
- During the Financial year 2008-09 the company opened three more branches at Rajapalayam (April, 2008), Karaikudi (September 2008) and Ramanathapuram (March, 2009).

Fixed Assets:

The gross fixed assets of the company have increased to Rs. 10.49 crores during financial year 2008-09 from Rs. 5.23 crores in the financial year 2007-08. This increase of over 100% is mainly due to the additions made to assets for purchase of property at Ramanathapuram and Tuticorin and certain additions in plant and machineries like carat meter, computers and furniture and fittings and vehicles for the infrastructure requirements for the new branches opened.

Loans:

The turnover levels of the company increased substantially from FY 2006-07 to FY 2007-08. This has led to an increase in the working capital requirement for the company. The outstanding loan as on 31/03/09 was more than 322% when compared with the outstanding as on 31/03/07. In order to meet the additional working capital requirement the sanctioned limits towards working capital from the bankers i.e. Oriental Bank of Commerce and State Bank of India were increased and the loans outstanding as on 31/03/2009 was to the extent of Rs. 42.77 crores as compared to that as on 31/03/2007 which stood at Rs.. 10.09 crores.

Inventories:

During the financial year 2008-09 the total stock of inventories increased to Rs. 64.30 crores from Rs. 19.99 crores for the financial year 2006-07 i.e. an increase of over 220%. This increase in inventory is in proportion to the increase in the turnover of the company during the same period. The increase in the levels of inventory may be attributed to the following :

- Increase in inventory due to take over of business of Thangamayil Gold and Diamond Pvt. Ltd, during FY 07-08 and M/s. Balusamy Silvears Jewellery during FY 08-09 and
- Increase in inventory due to opening of new branches at Rajapalayam (April, 2008), Karaikudi (September 2008) and Ramanathapuram (March, 2009).



GENERAL INFORMATION

Registered and Corporate Office of the company

Thangamayil Jewellery Limited

124, Nethaji Road,
Madurai 625 001
Tel: (91 0452) 234 5553
Fax: (91 0452) 234 4340
Registration Number: 18-44514
Company Identification Number:
U36911TN2000PLC044514

At the time of Incorporation, the Registered Office of the Company was situated at 347, North Masi Street, Madurai. The Registered Office of the Company was shifted to 124, Nethaji Road, Madurai 625 001 w.e.f. 6th February, 2003.

Address of Showrooms:

| Location | Address |
|---------------|--|
| Madurai | 124, Nethaji Road, Madurai , Tamil Nadu- 625 001 |
| Rajapalayam | No. 813, Tenkasi Main Road, Rajapalayam Virudhunagar district, Tamil Nau – 626 117 |
| Karaikudi | No. 333A, Sekkalai Road, Karaikudi, Sivaganga district, Tamil Nadu- 630 001 |
| Ramnathapuram | No. 262, Salai street, Ramnad, Ramnathpuram district, Tamil Nadu- 623 501 |
| Dindigul | A1, TS No. 113/2 Salai Road, Dindigul, Tamil Nadu - 624 001 |

Address of Registrar of Companies

The company is registered with the Registrar of Companies, Tamil Nadu (Chennai) situated at the following address:

Shastri Bhavan, 1st Floor,
26, Haddows Road,
Chennai 600 006

Board of Directors

The Board comprises the following:

| Name | Designation | Status |
|--------------------------|-------------------------|------------------------------------|
| Mr. Balarama Govinda Das | Managing Director | Non Independent Executive Director |
| Mr. Ba. Ramesh | Joint Managing Director | Non Independent Executive Director |
| Mr. N.B. Kumar | Joint Managing Director | Non Independent Executive Director |
| Mr. S. Rathina Velu | Director | Independent Non Executive Director |
| Mr. Lalji Vora | Director | Independent Non Executive Director |
| Mr. V.R. Muthu | Director | Independent Non Executive Director |

For further details of Board of Directors, see the section titled “Management” on page 62 of this Red Herring Prospectus.



Company Secretary and Compliance Officer

The company has appointed Mr. V. Vijayaraghavan as the Company Secretary and Compliance officer whose details are as under:

Mr. V. Vijayaraghavan
124, Nethaji Road
Madurai 625 001
Tel: (91 0452) 234 5553
Fax: (91 0452) 234 4340
Email: thangamayil@gmail.com

Investors can contact the Compliance Officer or the Registrar to the Issue 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.

Book Running Lead Manager

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai 400 001
Tel: (91 22) 3026 6000
Fax: (91 22) 2269 4323
Email: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Ms. Girija Choudhari
SEBI Registration No: INM 000003606
AMBI No.: AMBI / 040

Legal Advisor to the Issue

AR. Ramanathan

Advocate
New No. 11, Old No. 6,
First Main Road,
C.I.T. Colony, Mylapore,
Chennai 600 004
Tel: (91 044) 43536558
Fax: (91 044) 43536558
Email: arramanathan@airtelbroadband.in
Contact Person: Mr. AR. Ramanathan

Registrar to the Issue

S.K.D.C. Consultants

S.K.D.C. Consultants Limited

No.11, Seth Narayandas Layout,
Street No.1,
West Power House Road,
Coimbatore - 641 012
Tel: (91 0422) 654 9995
Fax: (91 0422) 249 9574
Email: info@skdc-consultants.com
Website: www.skdc-consultants.com
Contact Person: Mrs. Vijayalakshmi Narendra
SEBI Registration No.: INR 000000775



Bankers to the Issue and Escrow Collection Banks

ICICI Bank

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: +91-22-22627600, **Fax:** +91-22-22611138
E-mail: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan

HDFC Bank

iThink Techno Campus, O-3 Level ,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042.
Tel : +91-22- 30752928; **Fax :** +91-22- 25799801
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

Axis Bank Limited Court Chambers,35,
Sir V T Marg,
New Marine Lines,Mumbai-400020
Tel : + 91-22-22007705 /7716
Fax : + 91-22-22007703
E-mail: shiboli.khasnobis@axisbank.com
Conatct Person: Ms. Shiboli Khasnobis

Hongkong and Shanghai Banking Corporation Limited

HSBC, 52/60, M.G. Road
Fort,
Mumbai 400 001
Tel : +91-22-40357458; **Fax :** +91-22- 40357657
E-mail : swapnilpavale@hsbc.co.in
Contact Person : Mr. Swapnil Pavale

Oriental Bank of Commerce

Oriental Bank of Commerce,
No. 16 & 17, A.R. Plaza,
North Veli Street,
Madurai, Tamil Nadu - 625001
Tel : + 91-452-2348183
Fax : + 91-452-2348185
E-mail: ahariharasubramanian@obc.co.in
Conatct Person: Mr. Harihara Subramanian

Self Certified Syndicate Banks

As on date following banks are registered with SEBI for collection of ASBA forms:

| | | | |
|----|--------------------------------|-----|---------------------|
| 1. | Axis Bank Limited | 9. | Deutsche Bank |
| 2. | State Bank of Hyderabad | 10. | Union Bank of India |
| 3. | Corporation Bank | 11. | HDFC Bank Limited |
| 4. | State Bank of Travancore | 12. | Bank of Baroda |
| 5. | IDBI Bank Limited | 13. | ICICI Bank Limited |
| 6. | State Bank of Bikaner & Jaipur | 14. | Vijaya Bank |
| 7. | Yes Bank | 15. | Bank of Maharashtra |
| 8. | Punjab National Bank | 16. | State Bank of India |

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI BSE and NSE at www.sebi.gov.in, www.bseindia.com and www.nseindia.com respectively.

Bankers to the Company

State Bank of India

6-A, West Veli Street,
Madurai 625 001
Tel: (91 0452) 234 2845
Fax: (91 0452) 234 7670

Oriental Bank of Commerce

North Veli Street,
Madurai 625 001
Tel: (91 0452) 2348183
Fax: (91 0452) 2348185

Auditors to the Company

B. Thiagarajan & Co.

No. 24, Old No. 15,



Yogambal Street,
T. Nagar, Chennai – 17
Tel: (91 044) 4212 2115
Fax: (91 044) 4212 2120
Email: btandco@gmail.com

Syndicate Members

Keynote Capitals Ltd.

4th Floor, Balmer Lawrie Building,
5, J.N. Heredia Marg,
Ballard Estate, Mumbai 400 001
Tel: (91 22) 3026 6044
Fax: (91 22) 2269 4323
Email: kcl@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Ankur Mestry

Monitoring Agency

The Company has not appointed any monitoring agency for this issue.

Inter Se Allocation of Responsibilities between the Book Running Lead Manager

Since Keynote Corporate Services Ltd. is acting as sole Book Running Lead Manager to this Issue, distribution of responsibility and coordination for various activities among the Book Running Lead Managers is not applicable.

Credit Rating

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

IPO Grading

This issue has been graded by Brickwork Ratings India Pvt. Ltd. (Brickwork) and has been assigned the “**BWR IPO Grade III**” indicating average fundamentals for the issue in relation to its peers, through its letter dated November 05, 2009. The IPO grading is assigned on a five point scale from 1 to 5 with an “IPO Grade 5” indicating strong fundamentals and an “IPO Grade 1” indicating poor fundamentals. A copy of the report provided by Brickwork, furnishing the rationale for its grading is available for inspection at the Registered Office of the company from 10.00 am to 5.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

A summary of the rationale for the grading assigned by Brickwork to the issue is as follows:

The grading factor’s TMJL’s position in Tamil Nadu gems and jewellery market, aggressive expansion plans in tier 2 cities of Tamil Nadu, management’s experience and understanding of jewellery market, large customer base in Madurai. However, the grading is constrained by TMJL’s lack of presence in other parts of the country, competitive industry, volatility in the gold prices and past record of negative cash flows from operations. The project is not appraised by term lending institution and is fully funded by IPO proceeds and internal accruals.

Trustees

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

Appraising Agency

The project of the Company has not been appraised by any appraising agency.

Book Building Process



The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- 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 Book Running Lead Manager;
- Registrar to the Issue, in this case being S.K.D.C Consultants Limited; and
- Escrow Collection Banks.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI (ICDR) Regulations 2009, wherein upto 50% of the Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that 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. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to the 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 (ICDR) Regulations 2009, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. **In addition, QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis.** For further details, see section "Terms of the Issue" on page 112 of this Red Herring Prospectus.

TMJL will comply with the SEBI (ICDR) Regulations, 2009 and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI (ICDR) Regulations 2009 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*)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as 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 as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 500 | 48 | 500 | 8.33% |
| 700 | 47 | 1,200 | 20.00% |
| 1,000 | 46 | 2,200 | 36.67% |
| 400 | 45 | 2,600 | 43.33% |
| 500 | 44 | 3,100 | 51.67% |
| 200 | 43 | 3,300 | 55.00% |



| Bid Quantity | Bid Price (Rs.) | Cumulative Quantity | Subscription |
|--------------|-----------------|---------------------|--------------|
| 2,700 | 42 | 6,000 | 100.00% |
| 800 | 41 | 6,800 | 113.33% |
| 1,200 | 40 | 8,000 | 133.33% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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 120 of this Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see "Issue Procedure – PAN" on page 138 of this Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ ASBA Form;

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draftred herring prospectus with the SEBI.

Bid/Issue Programme

Bidding Period/Issue Period

| | |
|----------------------------|---|
| BID/ISSUE OPENS ON | WEDNESDAY , 27TH JANUARY 2010 |
| BID/ISSUE CLOSES ON | FRIDAY ,29TH JANUARY 2010 |

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
4. The Standardisation of cut-off time for uploading of bids on the bid/ Issue Closing Date are as follows:
 - a. A standard cut-off time of 3.00 PM for acceptance of bids.
 - b. A standard cut-off time of 4.00 PM for uploading of bids received from non retail applicants i.e. QIBs, HNIs and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000.
 - c. A standard cut- off time of 5.00 PM for uploading of bids received from retail applicants and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000, which may be extended upto such time as seemed fit by Stock Exchanges after taking into account the total number of applications received upto



- the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.
- d. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

Bids will only be accepted during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. Bids will be accepted only on working days i.e. Monday to Friday (excluding any public holidays).

Bids and any revision in Bids shall be accepted **only between 10:00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10:00 a.m. and 3:00 p.m.** (Indian Standard Time) for QIBs and HNIs and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI (ICDR) Regulations 2009. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares of TMJL, 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 Book Running Lead Manager shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

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

| Name and Address of the Underwriters | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (in Rs. Lacs) |
|---|---|--|
| [•] | [•] | [•] |

The above mentioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of the Board of Directors of TMJL (based on a certificate given 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 commitments. Notwithstanding the above table, the Book Running Lead Manager 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.



CAPITAL STRUCTURE

Equity Share capital of TMJL before the Issue and after giving effect to the Issue, as at the date of this Red Herring Prospectus, is set forth below:

| | | (Rs. In Lacs) | |
|-----------|--|---------------|-----------------|
| A. | Particulars | Nominal Value | Aggregate Value |
| | 2,00,00,000 Equity Shares of Rs. 10/- each | 2,000.00 | 2,000.00 |
| B. | Issued, Subscribed and Paid-Up Equity Share Capital before the Issue | | |
| | 98,85,915 Equity Shares of Rs. 10/- each | 988.59 | [●] |
| C. | Issue pursuant to this Red Herring Prospectus | | |
| | [●] Equity Shares of Rs. 10 each | [●] | 2,875.25 |
| | <i>Of which</i> | | |
| | <i>Employee Reservation Portion includes [●] Equity Shares of the Face Value Rs. 10/- each</i> | [●] | 90.00 |
| | <i>Net Issue to Public</i> | | |
| | [●] Equity Shares of Rs. 10 each | [●] | 2,785.25 |
| | <i>Of which</i> | | |
| | Qualified Institutional Buyers (QIBs) upto [●] Equity Shares of Rs. 10/- each ⁽¹⁾ | [●] | 1,392.62 |
| | Non Institutional Portion upto [●] Equity Shares of Rs. 10/- each ⁽¹⁾ | [●] | 417.79 |
| | Retail Portion not less than [●] Equity Shares of Rs. 10/- each ⁽¹⁾ | [●] | 974.84 |
| E. | Equity Share capital after the Issue | | |
| | [●] Equity Shares of Rs. 10 each | [●] | [●] |
| F. | Share Premium Account | | |
| | Before the Issue | | 965.35 |
| | After the Issue | | [●] |

⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of the Company and the BRLM.

Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10/- each on March 03, 2000.
2. The authorised share capital was increased to Rs. 60,00,000 divided into 6,00,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders on December 09, 2002.
3. The authorised share capital was increased to 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders on November 03, 2005.
4. The authorised share capital was increased to 15,00,00,000 divided into 1,50,00,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders on September 26, 2007.
5. The authorised share capital was increased to 20,00,00,000 divided into 2,00,00,000 equity shares of Rs. 10/- each pursuant to a resolution of the shareholders on November 30, 2007.



Notes to Capital Structure

1. Share Capital History

Equity Share Capital History of the company

| Date of Allotment | No. of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Nature of Consideration | Reasons for Allotment | Cumulative No. of Equity Shares | Cumulative Paid-up Equity share capital (Rs.) |
|--------------------|----------------------|------------------|-------------------|-------------------------------|---|---------------------------------|---|
| March 14, 2000 | 315 | 10 | 10 | Cash | Subscribers to the memorandum | 315 | 3,150 |
| March 07, 2002 | 90,000 | 10 | 10 | Cash | Allotment of shares to promoters | 90,315 | 9,03,150 |
| December 11, 2002 | 4,49,685 | 10 | 10 | Cash | Allotment of shares to promoters | 5,40,000 | 54,00,000 |
| November 10, 2005 | 25,00,000 | 10 | 10 | Cash | Allotment of shares to promoters on conversion of debentures | 30,40,000 | 3,04,00,000 |
| September 26, 2007 | 8,81,000 | 10 | 60 | Cash | Allotment of shares to promoters and others on conversion of debentures | 39,21,000 | 3,92,10,000 |
| September 26, 2007 | 4,15,000 | 10 | 60 | Consideration other than Cash | Business takeover of TGDPL | 43,36,000 | 4,33,60,000 |
| November 30, 2007 | 43,36,000 | 10 | - | Bonus | Bonus in the ratio of 1:1 | 86,72,000 | 8,67,20,000 |
| August 14, 2008 | 3,30,915 | 10 | 65 | Cash | Further allotment of shares to promoters and others | 90,02,915 | 9,00,29,150 |
| March 16, 2009 | 50,000 | 10 | 65 | Cash | Further allotment of shares to TGDPL | 90,52,915 | 9,05,29,150 |
| January 09, 2010 | 8,33,000 | 10 | 75 | Cash | Pre – IPO placement | 98,85,915 | 9,88,59,150 |

The company had issued 15% unsecured redeemable debentures on 01/04/2002. These debentures were converted into equity shares in two tranches on 10/11/2005 and 26/09/2007.

The pre- IPO placement has been made to the following persons:

| Name of the Allotees | Category | No. of Shares |
|---------------------------------------|----------------|---------------|
| Mr. Lakshmi Naarayan | HNI | 4,00,000 |
| M/s Emerald Jewel Industry India Ltd. | Body Corporate | 2,70,000 |



| | | |
|--------------------------------------|----------------|-----------------|
| Mr. Krishnamoorthy R. | HNI | 16,000 |
| Mr. Ramesh M. | HNI | 7,000 |
| Mr. Thiagarajan S. | HNI | 7,000 |
| Ms. Jasmine Jansi P. | HNI | 4,000 |
| Mr. N. Sivakumar | HNI | 36,000 |
| M/s Securities Consultants Pvt. Ltd. | Body Corporate | 30,000 |
| M/s Lokanayaki Finance Pvt. Ltd. | Body Corporate | 30,000 |
| Mr. A. Augustin Baskar | HNI | 33,000 |
| Total | | 8,33,000 |

As on date of filing of this Red Herring Prospectus with SEBI, the issued capital is fully paid up.

2. Promoter Contribution and Lock-in

(a) History of shareholding of the Promoters

Mr. Balarama Govinda Das

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (Rs.) | Issue/Acquisition Price (Rs.) | Nature of Consideration | % to post issue capital |
|------------------------------|----------------------|------------------|-------------------------------|---|-------------------------|
| March 14, 2000 | 105 | 10 | 10 | Cash | [•] |
| March 07, 2002 | 30,000 | 10 | 10 | Cash | [•] |
| December 11, 2002 | 1,49,895 | 10 | 10 | Cash | [•] |
| November 10, 2005 | 8,33,334 | 10 | 10 | Allotment of shares on conversion of debentures | [•] |
| September 25, 2007 | (305) | 10 | 10 | Transfer | [•] |
| September 26, 2007 | 2,62,000 | 10 | 60 | Allotment of shares on conversion of debentures | [•] |
| November 30, 2007 | 12,75,029 | 10 | - | Bonus | [•] |
| August 14, 2008 | 82,100 | 10 | 65 | Cash | [•] |
| TOTAL | 26,32,158 | | | | [•] |

Mr. Ba. Ramesh

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (Rs.) | Issue/Acquisition Price (Rs.) | Nature of Consideration | % to post issue capital |
|------------------------------|----------------------|------------------|-------------------------------|---|-------------------------|
| March 14, 2000 | 105 | 10 | 10 | Cash | [•] |
| March 07, 2002 | 30,000 | 10 | 10 | Cash | [•] |
| December 11, 2002 | 1,49,895 | 10 | 10 | Cash | [•] |
| November 10, 2005 | 8,33,333 | 10 | 10 | Allotment of shares on conversion of debentures | [•] |
| September 25, 2007 | (100) | 10 | 10 | Transfer | [•] |
| September 26, 2007 | 2,73,600 | 10 | 60 | Allotment of shares on | [•] |



| | | | | | |
|-------------------|------------------|----|----|--------------------------|-----|
| | | | | conversion of debentures | |
| November 30, 2007 | 12,86,833 | 10 | - | Bonus | [•] |
| August 14, 2008 | 82,100 | 10 | 65 | Cash | [•] |
| TOTAL | 26,55,766 | | | | [•] |

Mr. N.B. Kumar

| Date of Allotment / Transfer | No. of Equity Shares | Face Value (Rs.) | Issue/Acquisition Price (Rs.) | Nature of Consideration | % to post issue capital |
|------------------------------|----------------------|------------------|-------------------------------|---|-------------------------|
| March 14, 2000 | 105 | 10 | 10 | Cash | [•] |
| March 07, 2002 | 30,000 | 10 | 10 | Cash | [•] |
| December 11, 2002 | 1,49,895 | 10 | 10 | Cash | [•] |
| November 10, 2005 | 8,33,333 | 10 | 10 | Allotment of shares on conversion of debentures | [•] |
| September 25, 2007 | (100) | 10 | 10 | Transfer | [•] |
| September 26, 2007 | 2,62,000 | 10 | 60 | Allotment of shares on conversion of debentures | [•] |
| November 30, 2007 | 12,75,233 | 10 | - | Bonus | [•] |
| August 14, 2008 | 82,100 | 10 | 65 | Cash | [•] |
| TOTAL | 26,32,566 | | | | [•] |

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

Pursuant to the SEBI (ICDR) Regulations 2009, an aggregate of 20% of the post - Issue share capital of the Company, held by the Promoters shall be locked in for a period of three years.

| Name of the Promoter | No. of Equity Shares | Face Value (Rs.) | % to Post-Issue paid-up capital |
|--------------------------|----------------------|------------------|---------------------------------|
| Mr. Balarama Govinda Das | [•] | 10 | [•] |
| Mr. Ba Ramesh | [•] | 10 | [•] |
| Mr. N.B. Kumar | [•] | 10 | [•] |
| TOTAL | [•] | | 20.00 |

* The period for the lock-in shall commence from the date of the Allotment of the Equity Shares in the Issue. Other than the three year lock-in of the promoter's equity shares, the entire pre-issue capital of the company will be locked in for a period of one year from the date of allotment in this issue.

Equity Shares held by Promoters which are locked in as per the relevant provisions of Regulation 37 of the SEBI (ICDR) Regulations 2009, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by the Promoters of the Company can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

(c) Other Requirements in respect of lock-in

Pursuant to Regulation 39 of the SEBI (ICDR) Regulations 2009, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of shares is one of the



terms of sanction of the loan and if the securities are locked in as minimum Promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged only if in addition to fulfilling the requirement of this regulation, the loan has been granted by the banks or financial institution for the purpose of financing one or more of the Objects of the Issue.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI (ICDR) Regulations 2009, as amended from time to time.



Shareholding pattern of the company before and after the Issue

The table below presents the Equity Shareholding pattern of the company before the proposed Issue and as adjusted for the Issue.

| Shareholder Category | Pre-Issue | | Post-Issue | |
|--|----------------------|---------------|----------------------|---------------|
| | No. of Equity Shares | % | No. of Equity Shares | % |
| Shareholding of Promoter and Promoter Group | | | | |
| Individuals/ Hindu Undivided Family | 82,14,371 | 83.09 | 82,14,371 | |
| Central Government/ State Government | - | 0.00 | - | |
| Bodies Corporate | 8,38,544 | 8.48 | 8,38,544 | [•] |
| Financial Institutions/ Banks | - | 0.00 | - | |
| Any Others (Specify) | - | 0.00 | - | |
| Sub Total (A)(1) | 90,52,915 | 91.57 | 90,52,915 | [•] |
| Foreign | | | | |
| Individuals (Non-Resident Individuals/ Foreign Individuals) | } | 0.00 | } | [•] |
| Bodies Corporate | | | | |
| Institutions | | | | |
| Any Other (Specify) | | | | |
| Sub Total (A)(2) | 0.00 | 0.00 | [•] | [•] |
| Total Shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2) | 90,52,915 | 91.57 | [•] | [•] |
| Public Shareholding | | | | |
| Institutions | | | | |
| Mutual Funds/ UTI | } | 0.00 | } | [•] |
| Financial Institutions/ Banks | | | | |
| Central Government/ State Government | | | | |
| Venture Capital Funds | | | | |
| Insurance Companies | | | | |
| Foreign Institutional Investors | | | | |
| Foreign Venture Capital Investors | | | | |
| Any Others (Specify) | | | | |
| Sub Total (B)(1) | 0.00 | 0.00 | [•] | [•] |
| Non-Institutions | | | | |
| Body Corporate | 3,30,000 | 3.34 | [•] | [•] |
| Individuals | | | | |
| Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 Lac | | | | |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lac | 5,03,000 | 5.09 | [•] | [•] |
| Any Other (Specify) | } | 0.00 | } | [•] |
| Non-Resident Indians (OCBs) | | | | |
| Hindu Undivided Family | | | | |
| Demat - Clearing Member | | | | |
| Sub-Total (B)(2) | 8,33,000 | 8.43 | [•] | [•] |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 8,33,000 | 8.43 | [•] | [•] |
| TOTAL (A)+(B) | 98,85,915 | 100.00 | [•] | [•] |
| Shares held by Custodians and against which Depository Receipts have been issued | 0.00 | 0.00 | [•] | [•] |
| GRAND TOTAL (A)+(B)+(C) | 98,85,915 | 100.00 | [•] | 100.00 |

3. Shareholders of the company and the number of Equity Shares held by them

(a) Top ten shareholders and the number of Equity Shares held by them as of the date of filing of this Red Herring Prospectus with ROC

| Sr. No. | Name of the shareholder | No. of Equity Shares | % of present Paid up Capital |
|---------|-------------------------|----------------------|------------------------------|
| 1. | Mr. Ba. Ramesh | 26,55,766 | 26.95 |



| | | | |
|-----|---|------------------|--------------|
| 2. | Mr. N.B. Kumar | 26,32,566 | 26.72 |
| 3. | Mr. Balarama Govinda Das | 26,32,158 | 26.71 |
| 4. | M/s Thangamayil Gold & Diamond (P) Ltd. | 6,28,929 | 6.38 |
| 5. | Mr. Lakshmi Narayanan | 4,00,000 | 4.06 |
| 6. | M/s Emerald Jewel Industry India Ltd. | 2,70,000 | 2.74 |
| 7. | M/s Balusamy silvears Jewellery Pvt. Ltd. | 2,09,615 | 2.13 |
| 8. | Mr. S. Saravanan | 40,000 | 0.41 |
| 9. | Mr. S. Rajasekar | 40,000 | 0.41 |
| 10. | Mr. N. Sivakumar | 36,000 | 0.37 |
| | TOTAL | 95,45,034 | 96.88 |

- (b) Top ten shareholders and the number of Equity Shares held by them ten days prior to the date of filing of this Red Herring Prospectus with ROC:

| Sr. No. | Name of the shareholder | No. of Equity Shares | % of present Paid up Capital |
|---------|---|----------------------|------------------------------|
| 1. | Mr. Ba. Ramesh | 26,55,766 | 29.34 |
| 2. | Mr. N.B. Kumar | 26,32,566 | 29.08 |
| 3. | Mr. Balarama Govinda Das | 26,32,158 | 29.07 |
| 4. | M/s Thangamayil Gold & Diamond (P) Ltd. | 6,28,929 | 6.95 |
| 5. | M/s Balusamy silvears Jewellery Pvt. Ltd. | 2,09,615 | 2.31 |
| 6. | Mr. S. Saravanan | 40,000 | 0.44 |
| 7. | Mr. S. Rajasekar | 40,000 | 0.44 |
| 8. | Mrs. K. Tamarai Selvi | 22,500 | 0.25 |
| 9. | Mr. N.B. Arun | 22,300 | 0.25 |
| 10. | Mrs. Ba. R. Darmini | 22,300 | 0.25 |
| | TOTAL | 89,06,134 | 98.38 |

- (c) Top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Red Herring Prospectus with ROC:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | % of present paid up Capital |
|---------|--------------------------|----------------------|------------------------------|
| 1. | Mr. Balarama Govinda Das | 10,13,334 | 33.34 |
| 2. | Mr. Ba. Ramesh | 10,13,333 | 33.33 |
| 3. | Mr. N.B. Kumar | 10,13,333 | 33.33 |
| | TOTAL | 30,40,000 | 100.00 |

- As on date of filing of this Red Herring Prospectus, the total number of holders of Equity Shares are 32.
- The company, its Promoters, Directors and the Book Running Lead Manager have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of the company from any person.
- The company is considering a Pre-IPO placement of certain equity shares with certain investors, prior to the completion of this Issue. In such a case the issue size offered to the public would be reduced to the extent of such Pre-IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted.
- Upto 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. 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.



8. As on date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into Equity Shares of TMJL.
9. Save and except issuance of equity shares issued as Bonus Issue, the company has not capitalised the reserves till date.
10. There has not been any sale or purchase of equity shares by the promoters during a period of six months preceeding the date on which this RHP is filed with SEBI.
11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
12. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
13. TMJL has not raised any bridge loan against the Issue Proceeds.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
15. TMJL presently does not intend or propose to alter its capital structure for a period of six months from the date of filing of this Red Herring Prospectus, 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 preferential or otherwise. However, if business needs of the Company so require, TMJL may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Red Herring Prospectus or from the date the application moneys are refunded on account of failure.
16. TMJL has not revalued the assets since its inception.
17. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. TMJL shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. TMJL has not made any public issue since its incorporation.
19. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.
20. An amount of Rs. 90.00 lacs have been reserved for allocation to the Eligible Employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids.
21. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
22. TMJL has not granted equity options to its employees.
23. The Equity Shares held by the Promoter are not subject to any pledge.



24. Transactions in the Company's Equity Shares by the Promoter group during a period of six months preceding the date of filing of this RHP with RoC.

| Date of Transfer | Name of the Transferor | Name of the Transferee | No. of shares | Transfer Price per share (Rs.) |
|-------------------------|---|---|----------------------|---------------------------------------|
| 01/09/2009 | M/s Thangamayil Gold & Diamond (P) Ltd. | Mr. S. Rajasekar | 40,000 | 75.00 |
| 20/11/2009 | M/s Balusamy silvears Jewellery Pvt. Ltd. | M/s Thangamayil Gold & Diamond (P) Ltd. | 50,000 | 65.00 |



OBJECTS OF THE ISSUE

The objects of the Issue are:

- To expand existing business by establishing retail outlets at Tuticorin, Dindigul, Theni, Nagercoil, Thirunelveli, Kovilpatti and Sivakasi and to renovate the existing outlet at Madurai;
- To meet the working capital requirement;
- To meet the expenses of the Issue; and
- To list the equity shares of the Company on the Stock Exchanges

The fund requirements as stated below are based on the current business plan. In view of the highly competitive and dynamic nature of the industry in which TMJL operates, it may have to revise its business plan from time to time and consequently the fund requirement may also change. This may include rescheduling of the capital expenditure programmes and increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of the management.

The main object clause of the Memorandum of Association and objects incidental to the attainment of the main objects enables it to undertake the existing activities and the activities for which funds are being raised by the Company through this Issue.

Cost of the Project

The total cost of the project for setting up of retail outlets and other objects as mentioned above is as follows:

| Particulars | Tuticorin | Dindigul | Theni | Nagercoil | Thirunelveli | Kovilpatti | Sivakasi | Madurai (Renovation) | Total Cost (Rs. in Lacs) |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------|-----------------------------|
| A. Setting up of retail outlets | | | | | | | | | |
| Land | - | 25.00 | 30.00 | 200.00 | 200.00 | 25.00 | 25.00 | - | 505.00 |
| Building | 94.81 | - | - | 95.32 | 94.81 | - | - | - | 284.94 |
| Interiors | 147.00 | 70.00 | 89.95 | 140.00 | 140.00 | 89.95 | 89.95 | 175.00 | 941.85 |
| Other Assets | 81.79 | 33.85 | 34.71 | 86.01 | 86.20 | 44.54 | 44.53 | - | 411.63 |
| Sub Total | 323.60 | 128.85 | 154.66 | 521.33 | 521.01 | 159.49 | 159.48 | 175.00 | 2143.42 |
| Contingencies @ 5% of cost of Land, Building, Interiors and other assets | | | | | | | | | 107.17 |
| Total A | | | | | | | | | 2250.59 |
| B. Working Capital | | | | | | | | | 2278.00 |
| C. Public Issue Expenses | | | | | | | | | 255.00 |
| Total [A+B+C+D] | | | | | | | | | 4783.59 |

Means of Finance

The total cost of the project is proposed to be financed as under:

| Source | Amount in Rs. Lacs |
|--------------------------------------|-----------------------|
| Proceeds from IPO | 2875.25 |
| Proceeds from the Pre- IPO Placement | 624.75 |
| Internal Accruals | 1283.59 |
| Total | 4783.59 |



As per the Means of Finance an amount of Rs. 1283.59 lacs from the Internal Accruals of the Company is to be utilized for the project. The balance in the reserves and surplus account as per audited accounts for the six months ended 30/09/2009 is Rs. 27.99 crores. This justifies the adequacy of the Internal Accrual with reference to the requirement towards the objects of the issue

Break up of Cost of Project

The break up of cost of project is as follows:

A. Setting up of retail outlets

Presently the company has its showrooms at Madurai, Ramanathapuram, Rajapalayam and Karaikudi. The company has identified new locations at Dindigul, Theni, Tuticorin, Nagercoil, Thirunveli, Kovilpatti and Sivakasi wherein the company proposes to open its showrooms. The cost of construction work for buildings at places where the land is owned by the company has been arrived at based on the estimates given by T.S. Janardhan – Structural Engineer. The cost of all the interior works at the proposed showrooms is based on the estimates received from M/s. Interior Point India Pvt. Ltd. The detailed cost of opening the showrooms at the various locations is given below:

1. Tuticorin

The land at which the proposed showroom at Tuticorin is to be set up is owned by the Company. The area of the land is around 4759 sq. ft. The Company proposes to construct a building consisting of ground, first and second floor all together aggregating to 8923 Sq. ft. at a cost of Rs. 94.81 lacs and the cost of interiors to be incurred on showroom is estimated at Rs. 147.00 lacs.

The details of other assets for the showroom at Tuticorin are as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|-----------------------|------------------|------------------------------------|-------------------|--------------------|
| Gold Assaying machine | 1 | Quantum Equipment Co Ltd., Chennai | 04/06/2009 | 11.25 |
| Vehicle | 1 | ARAS Motors Pvt Ltd | 26/05/2009 | 10.70 |
| Generator | 1 | Sacs Power Pvt Ltd | 26/05/2009 | 8.75 |
| Air Conditioner | 1 | Voltas Ltd | 26/05/2009 | 12.40 |
| Lift | 1 | Kone Elevators Ltd, Trichy | 25/05/2009 | 13.50 |
| Electrification Work | Not Quantifiable | The Electrical Industries | 27/05/2009 | 25.19 |
| | TOTAL | | | 81.79 |

2. Dindigul

The Company has been issued a license for three years from April 01, 2009 to run a shop at No. A1, TS No. 113/2 Salai Road, Dindigul by Diocese of Madurai & Ramnathapuram vide a license letter dated January 27, 2009. The said premises belonging to the Diocese comprises of Ground and First Floor and measures about 2700 sq. ft. in each floor and license fee is Rs. 10,000 per month. An amount of Rs. 25 lacs has been paid by the company as lease deposit towards the showroom. The cost of Interiors to be incurred on showroom is estimated at Rs. 70.00 lacs.

The details of other assets for the showroom at Dindigul is as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|---------------|----------|----------------------|-------------------|--------------------|
| Gold Assaying | 1 | Quantum Equipment | 04/06/2009 | 11.25 |



| | | | | |
|-----------------|--------------|---------------------|------------|--------------|
| machine | | Co Ltd | | |
| Vehicle | 1 | ARAS Motors Pvt Ltd | 26/05/2009 | 10.70 |
| Generator | 1 | Sacs Power Pvt Ltd | 26/05/2009 | 6.90 |
| Air Conditioner | 1 | Voltas Ltd | 26/05/2009 | 5.00 |
| | TOTAL | | | 33.85 |

The showroom at Dindigul has since been opened during November 2009.

3. Theni

The company has identified a premises on lease for the proposed showroom at Theni. The said premises is at Periyakulam road and the area of the showroom is 2500 sq. fts. The company has taken the showroom on lease basis for a period of 5 years from Mr. R. Raja. An amount of Rs. 22.30 lacs has been paid till date as the lease deposit toward the showroom at Theni. The monthly lease rental for the property would be Rs. 5000 per month. . The cost of interiors to be incurred on showroom is estimated at Rs. 89.95 lacs.

The details of other assets for the showroom at Theni is as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|-----------------------|--------------|--------------------------|-------------------|--------------------|
| Gold Assaying machine | 1 | Quantum Equipment Co Ltd | 04/06/2009 | 11.25 |
| Vehicle | 1 | ARAS Motors Pvt Ltd | 26/05/2009 | 5.25 |
| Generator | 1 | Sacs Power Pvt Ltd | 26/05/2009 | 6.90 |
| Air Conditioner | 1 | Voltas Ltd | 26/05/2009 | 11.31 |
| | TOTAL | | | 34.71 |

4. Nagercoil

The company proposes to set up its retail outlet at Nagercoil on its owned premises. The exact location for the same is yet to be identified and it is estimated that the total cost of acquisition of the property would be around Rs. 200 lacs for a total area of 8200 sqft. It is proposed to construct the showroom building in a total area of 8000 sqft at a total cost of Rs. 95.32 lacs. The cost of interiors to be incurred on the showroom is estimated at Rs. 140.00

The details of other assets for the showroom at Nagercoil is as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|-----------------------|------------------|-----------------------------|-------------------|--------------------|
| Gold Assaying machine | 1 | Quantum Equipment Co Ltd | 04/06/2009 | 11.25 |
| Vehicle | 1 | ARAS Motors Pvt Ltd | 26/05/2009 | 5.25 |
| Generator | 1 | Sacs Power Pvt Ltd, Chennai | 26/05/2009 | 8.75 |
| Air Conditioner | 1 | Voltas Ltd, Chennai | 26/05/2009 | 12.40 |
| Lift | 1 | Kone Elecvators Ltd | 25/05/2009 | 13.50 |
| Electrification Work | Not Quantifiable | The Electrical Industries | 27/05/2009 | 34.86 |
| | TOTAL | | | 86.01 |

5. Thirunelveli

The company proposes to set up its retail outlet at Thirunelveli on its owned premises. The exact location for the same is yet to be identified and it is estimated that the total cost of acquisition of the property would be around Rs. 200 lacs for a total area of 8200 sqft. It is proposed to construct the showroom building in a total area of 8000 sqft at a total cost of Rs. 94.81 lacs. The cost of interiors to be incurred on the showroom is estimated at Rs. 140.00.



The details of other assets for the showroom at Thirunelveli is as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|-----------------------|------------------|------------------------------------|-------------------|--------------------|
| Gold Assaying machine | 1 | Quantum Equipment Co Ltd, Chennai | 04/06/2009 | 11.25 |
| Vehicle | 1 | ARAS Motors Pvt Ltd | 26/05/2009 | 5.25 |
| Generator | 1 | Sacs Power Pvt Ltd | 26/05/2009 | 8.75 |
| Air Conditioner | 1 | Voltas Ltd, Chennai | 26/05/2009 | 17.29 |
| Lift | 1 | Kone Elecvators Ltd, Trichy | 25/05/2009 | 13.50 |
| Electrification Work | Not Quantifiable | The Electrical Industries, Madurai | 27/05/2009 | 30.16 |
| TOTAL | | | | 86.20 |

6. Kovilpatti and Sivakasi

The proposed showrooms at Kovilpatti and Sivakasi would be on leased premises. The company is yet to identify the premises at Kovilpatti. It is estimated that the lease deposit for the premises at Kovilpatti would be around Rs. 25 lacs. The area of the premises would be around 2570 sqft. The company has identified the location for the showroom at Sivakasi. The showroom would be on the NRK Rajarathinam Veethi road in Sivakasi. The company has taken the showroom on lease basis for a period of 5 years from Mr. Kumaresan and Mr. Thanabalan. The area of the showroom is 3160 sq. ft. An amount of Rs. 1 lac has been paid till date towards lease deposit. The monthly lease rental for the property would be Rs. 36,000 per month. The cost of interiors to be incurred on each of the showroom is estimated at Rs. 89.95 lacs.

The details of other assets for the showroom at Kovilpatti and Sivakasi is as follows:

| Particulars | Quantity | Name of the Supplier | Date of Quotation | Amount Rs. in Lacs |
|-----------------------|------------------|---------------------------|-------------------|--------------------|
| Gold Assaying machine | 2 | Quantum Equipment Co Ltd | 04/06/2009 | 22.50 |
| Generator | 2 | Sacs Power Pvt Ltd | 26/05/2009 | 13.80 |
| Air Conditioner | 2 | Voltas Ltd | 26/05/2009 | 22.62 |
| Electrification Works | Not Quantifiable | The Electrical Industries | 27/05/2009 | 30.16 |
| TOTAL | | | | 89.08 |

7. Madurai (Renovation)

To be in line with the other new players in the market, the company proposes to renovate its existing showroom at Madurai. An area of around 5000 sq ft of the showroom is proposed to be renovated at a cost of Rs. 175 lacs. The estimation is based on the quotations received from Interior Point India Pvt. Ltd. An amount of Rs. 18.61 lacs has been spent on the renovation of the showroom.

B. Working Capital

The company operates in an industry sector wherein the requirement of working capital is intensive. Working capital requirement in the Jewellery industry is mainly related to the levels of inventory required to be kept at the showrooms. The details of requirement of working capital towards the new showrooms to be opened as estimated by the company is as given below:



| Branches | Gold (Kg) | Silver (Kg) | Diamond (Rs. in Lacs) | Amount (Rs. in crores) |
|--------------|------------|-------------|-----------------------|------------------------|
| Tuticorin | 115 | 200 | 0.50 | 18.19 |
| Dindigul | 75 | 200 | 0.40 | 12.09 |
| Theni | 60 | 180 | 0.40 | 9.80 |
| Nagercoil | 100 | 180 | 0.40 | 15.80 |
| Thirunelveli | 100 | 175 | 0.40 | 15.79 |
| Kovilpatti | 60 | 175 | 0.40 | 9.78 |
| Sivakasi | 60 | 175 | 0.30 | 9.68 |
| Total | 570 | 1285 | 2.80 | 91.13 |

Rate: Gold- Rs. 15.00 Lacs per Kg for 24 carat

Silver-Rs. 0.22 Lacs per Kg

The total working capital requirement of the Company is around Rs. 91.00 crore out of which the margin money of 25% which works out to Rs. 22.78 crores is proposed to be raised through the IPO. For the balance amount presently the company has been sanctioned working capital limits from various banks. The total sanctioned working capital limits to the company as on date by IDBI Bank, State Bank of India, Oriental Bank of Commerce and Indian Bank is to the tune of Rs. 88.00 crores.

The requirement of working capital has been certified by the Statutory Auditor of the company M/s B. Thiagarajan & Co., Chartered Accountants vide their certificate dated 01/09/2009.

C. Public Issue Expenses

The Issue expenses includes the expenses for the current Public Issue *inter alia* including travelling, management fees, printing and distribution expenses, commission, legal fees, regulatory fees, advertisement expenses and processing fees and listing fees payable to the stock exchanges, among others. The detailed break up of the Public Issue expenses is as follows:

| (Rs. In Lacs) | | | |
|--|---------------|-------------------------|---------------------|
| Activity | Expenses | % of the Issue Expenses | % of the Issue Size |
| Lead management, underwriting and selling commission | 115.00 | 45.10 | 4.00 |
| Advertising and Marketing expenses | 50.00 | 19.60 | 1.74 |
| Printing and stationery | 65.00 | 25.50 | 2.26 |
| Others (Monitoring agency fees, Registrar's fee, legal fee, listing fee, etc.) | 25.00 | 9.80 | 0.87 |
| Total estimated Issue expenses | 255.00 | 100.00 | 8.87 |

Schedule of Implementation

The proposed schedule of implementation for opening the retail outlets is as detailed below:

| Particulars | Commencement | Completion |
|---|--|---------------|
| Setting up of the Retail Outlets | | |
| Tuticorin | April 2009 | November 2009 |
| Dindigul | Showroom already opened in November 2009 | |
| Theni | October 2009 | March 2010 |
| Nagercoil | December 2009 | April 2010 |
| Thirunelveli | December 2009 | April 2010 |
| Kovilpatti | December 2009 | April 2010 |
| Sivakasi | December 2009 | April 2010 |
| Madurai (Renovation) | September 2009 | November 2009 |



Sources & Deployment of Funds

As per the Certificate dated 24/12/2009 from B. Thiagarajan and Co., Chartered Accountant, the Company has upto 15/12/2009 deployed an amount aggregating to Rs. 196.17 lacs towards the proposed project. Details of the sources and deployment of funds as per the certificate are as follows:

| Particulars | Amount (Rs. in Lacs) |
|--|----------------------|
| Deployment of funds on showrooms at : | |
| Dindigul | 133.90 |
| Theni | 38.42 |
| Sivakasi | 5.24 |
| Madurai renovation | 18.61 |
| Total | 196.17 |
| Sources of Funds | |
| Internal Accruals | 196.17 |
| Total | 196.17 |

Year Wise Break up of Expenditure

| Particulars | (Rs. in Lacs) | |
|-----------------------------|---|--|
| | Amount spent/ to be spent during the year 2009-10 | Amount to be spent during the year 2010-11 |
| Setting up retail outlets | | |
| Tuticorin | - | 323.60 |
| Dindigul | 133.90 | - |
| Theni | 154.66 | - |
| Nagercoil | | 521.33 |
| Thirunelveli | | 521.01 |
| Kovilpati | - | 159.49 |
| Sivakasi | 143.53 | 15.95 |
| Madurai | 18.61 | 156.39 |
| Contingencies | 17.09 | 85.03 |
| Public Issue Expenses | 255.00 | -- |
| Working Capital Requirement | 578.00 | 1700.00 |
| Total | 1300.79 | 3482.80 |

The company has already opened its outlet at Dindigul. The outlet at Theni is proposed to be opened during February 2010 and the outlet at Sivakasi is proposed to be completed by March 2010. Hence the expenses related to these outlets including proportionate working capital requirement and contingencies have been given under the head Amount spent / to be spent during the year 2009-10.

Interim use of funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, TMJL intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.



Monitoring of Utilization of Funds

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

The company shall be required to inform material deviations in the utilisation of Issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/ adverse comments of the Audit committee/ monitoring agency public through advertisement in newspapers.

Basic Terms of the Issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the company, the terms of this RHP and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.



BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is Rs. 10/- each and the Issue Price is 7.0 times of the face value at the lower end of the Price Band and 7.5 times the face value at the higher end of the Price Band. The EPS and NAV presented in this section are based on the Face Value of Rs. 10/- per equity share.

Quantitative Factors

Information presented in this section is derived from the restated audited financial statements for six months period ended September 30, 2009 and years ended March 31, 2009, 2008 & 2007.

1. **Basic Earnings Per Equity Share (of face value Rs. 10/- each)**

| Period | EPS | Weight |
|--|--------------|--------|
| 12 months ended March 31, 2009 | 8.50 | 3 |
| 12 months ended March 31, 2008 | 10.68 | 2 |
| 12 months ended March 31, 2007 | 10.19 | 1 |
| Weighted Average EPS | 9.51 | |
| Six Months period ended 30/09/2009 (Annualised) | 17.61 | |

2. **Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [●] per Equity Shares of Rs. 10/- each**

Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. 70 per Equity Shares of Rs. 10/- each (Lower end of the price band)

| Sr. No. | Particulars | P/E |
|---------|--|------|
| 1. | Based on results for Financial Year ended March 31, 2009 | 8.24 |
| 2. | Based on Weighted average EPS of Rs. 9.51 | 7.36 |
| 3. | Based on annualised EPS of Rs. 17.61 for 6 months ended 30/09/2009 | 3.98 |

Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. 75 per Equity Shares of Rs. 10/- each (Higher end of the price band)

| Sr. No. | Particulars | P/E |
|---------|--|------|
| 1. | Based on results for Financial Year ended March 31, 2009 | 8.82 |
| 2. | Based on Weighted average EPS of Rs. 9.51 | 7.89 |
| 3. | Based on annualised EPS of Rs. 17.61 for 6 months ended 30/09/2009 | 4.26 |

Industry P/E

| | |
|---|-------|
| Highest (Asian Star Company Limited) | 72.12 |
| Lowest (Flawless Diamond India Limited) | 0.36 |
| Industry Composite | 14.20 |

(Source: Capital Market: Nov 30 -Dec 13, 2009; Segment- Diamond Cutting/ Jewellery)



3. Return on Net Worth

| Period | Return on Networth % | Weight |
|--|----------------------|--------|
| 12 months ended March 31, 2009 | 25.82 | 3 |
| 12 months ended March 31, 2008 | 27.68 | 2 |
| 12 months ended March 31, 2007 | 41.44 | 1 |
| Weighted Average RONW | 21.55 | |
| Six Months period ended 30/09/2009 (Annualised) | 43.09 | |

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenses.

Return on Net Worth has been calculated as per the following formula:

(Net profit after tax as restated/Net Worth at the end of the year or period)

Minimum Return on total Net Worth after the Issue required to maintain the pre-Issue weighted average EPS of Rs. 9.51 is [●] %.

4. Minimum Return on Total Net Worth after Issue required to maintain Pre-issue EPS for the year ended March 31, 2009

- At the Floor Price of Rs. 70.00 per equity share– 18.66%
- At the Cap Price of Rs. 75.00 per equity share - 18.22%

5. Net Asset Value (NAV) per Equity Share (of face value Rs. 10 each)

| Particulars | NAV (Rs.) |
|-------------------------------------|-----------|
| NAV as at March 31, 2009 | 32.91 |
| NAV as on September 30, 2009 | 40.86 |
| NAV at lower end of the price band | 51.23 |
| NAV at higher end of the price band | 52.48 |
| Issue Price* | [●] |

* Would be computed after discovery of the Issue Price through Book Building

6. Comparison with Industry Peers

The comparable ratios of the companies which are to some extent similar in business are given as follows:

| Company | Face Value | Equity (Rs. in Cr.) | Sales (Rs. in Cr.) (31/03/2009) | Book Value (Rs.) | EPS (Rs.) | Market Price as on 17/12/2009 (Rs.) | P/E |
|-------------------------------------|------------|---------------------|---------------------------------|------------------|-----------|-------------------------------------|-------|
| Asian Star Company Limited | 10.00 | 10.67 | 1255.00 | 299.90 | 16.60 | 1197.20 | 72.12 |
| Flawless Diamond India Limited | 10.00 | 16.68 | 613.70 | 48.00 | 8.00 | *2.90 | 0.36 |
| Rajesh Exports Limited | 1.00 | 25.70 | 11376.90 | 35.60 | 5.20 | 83.10 | 15.98 |
| Renaissance Jewellery Limited | 10.00 | 19.08 | 669.40 | 111.10 | 10.50 | 51.25 | 4.88 |
| Shantivijay Jewels Limited | 10.00 | 3.00 | 54.80 | 83.70 | 4.30 | 200.00 | 46.51 |
| Shrenuj & Co. Limited | 2.00 | 13.86 | 911.40 | 28.60 | 1.90 | 33.50 | 17.63 |
| Su-Raj Diamonds & Jewellery Limited | 10.00 | 61.84 | 2417.80 | 122.50 | 5.40 | 46.05 | 8.53 |
| Suashish Diamonds Limited | 10.00 | 20.86 | 752.30 | 251.50 | 4.30 | 302.00 | 70.23 |



| Company | Face Value | Equity (Rs. in Cr.) | Sales (Rs. in Cr.) (31/03/2009) | Book Value (Rs.) | EPS (Rs.) | Market Price as on 17/12/2009 (Rs.) | P/E |
|--|------------|---------------------|---------------------------------|------------------|-----------|-------------------------------------|-----|
| <i>(Source: Capital Market: Nov 30 -Dec 13, 2009; Segment- Diamond Cutting/ Jewellery)</i> | | | | | | | |
| Thangamayil Jewellery | 10.00 | 9.05 | 246.86 | 32.91 | 8.50 | - | - |

*Stock Spilt from Rs.10/- to Rs.1/- on 03/12/2009

7. The face value of Equity Shares of Thangamayil Jewellery Limited is Rs. 10/- and the Issue Price is [•] time of the Face Value.

The Issue Price of Rs. [•] per Equity Share has been determined by the company in consultation with BRLM on the basis of the demand from investors through Book Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10/- each. The Issue Price is 7.0 times the face value at the lower end of the price band and 7.5 times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of Rs. [•] per share is justified.

**STATEMENT OF TAX BENEFITS**

To
The Board of Directors
Thangamayil Jewellery Ltd.
124 Nethaji Road,
Madurai – 625 001

Sub: Statement of possible Tax Benefits available to the Company and shareholders

Dear Sirs,

We hereby report that the enclosed annexure contains the possible tax benefits that may be available to Thangamayil Jewellery Limited (the "Company") and to the shareholders of the Company, under the Income tax Act, 1961, and other allied direct and indirect tax laws, presently prevailing and in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, 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.

We do not express any opinion or provide any assurance as to whether:

1. Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all responsible care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B. Thiagarajan & Co.

Chartered Accountants

Sd/-

Partner

Membership No.: 025885

Date: 13/07/2009

Place: Chennai



SPECIAL TAX BENEFITS

We believe that there are no special tax benefits available to the Company and its Shareholders.

STATEMENT OF TAX BENEFITS AVAILABLE TO THANGAMAYIL JEWELLERY LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

The following tax benefits shall be available to the Company and the prospective shareholder under the Direct Tax Laws.

GENERAL TAX BENEFITS

BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 ("The Act")

TO THE COMPANY

Dividends exempt under Section 10(34)

1. Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115- O of the Act.

Income from units of Mutual Funds exempt under Section 10(35)

2. The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

Computation of Profits and Gains from Business

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

3. Subject to compliance with certain conditions laid down in Section 32 of the Act, the Company will be entitled to deduction for depreciation:
 - a. 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;
 - b. In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant.
4. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

Carry forward and Set off of Business Loss

5. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.



Computation of Capital Gains

6. Capital assets may be categorized into short term capital assets 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) or a zero coupon bond will be 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”.
7. 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 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, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
8. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(36) or 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and 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 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 (plus applicable surcharge and education cess).
9. 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 where the transaction of sale is chargeable to Securities Transaction tax (“STT”) shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

Exemption of Capital Gains from Income Tax

10. 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 will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT. However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.
11. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein –
 - a. National Highways Authority of India constituted under section 3 of National Highways authority of India Act, 1988
 - b. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of Rs. 50 lakhs per year on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.



Carry forward and Set off of Capital Loss

12. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
13. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

TO RESIDENT SHAREHOLDERS

Dividends exempt under Section 10(34)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

Computation of Capital Gains

2. Capital assets may be categorized into short term capital assets 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) or a zero coupon bond will be 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".
3. 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 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, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
4. As per the provisions of Section 112 of the Act, long term 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 (plus applicable surcharge and 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 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 (plus applicable surcharge and education cess).
5. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

Exemption of Capital Gains from Income Tax

6. 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 will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
7. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6



months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein –

- a. National Highways Authority of India constituted under section 3 of National Highways authority of India Act, 1988
- b. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of Rs. 50 lakhs per year on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. 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.

8. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.

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.

Deduction of securities transaction tax under section 36(1)(xv)

9. Section 36(1)(xv) provides that securities transaction tax paid during the previous year in respect of taxable securities transactions entered into in the course of his business during the previous year shall be allowed as deduction provided that such income arising from such taxable securities transactions is included in the income computed under the head "profits and gains from business or profession".

Rebate under section 88E

10. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions subject to the conditions laid down in that section.

TO THE NON-RESIDENT SHAREHOLDERS (OTHER THAN FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

Dividends exempt under Section 10(34)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.



Computation of Capital Gains

2. Capital assets may be categorized into short term capital assets 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) or a zero coupon bond will be 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”.
3. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. 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 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 (plus applicable surcharge and education cess).

4. In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of Section 112 of the Act, long term 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 (plus applicable surcharge and 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 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 (plus applicable surcharge and education cess).
5. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

Options available under the Act

Where shares have been subscribed to 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 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:

1. 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), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
2. 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 capital asset being shares in an Indian company shall not be chargeable to tax 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 will be 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.

3. 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.
4. 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) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.
5. 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.

Exemption of capital gain from income tax

6. 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 will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
7. Under section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein –
 - a. National Highways Authority of India constituted under section 3 of National Highways authority of India Act, 1988
 - b. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of Rs. 50 lakhs per year on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. 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.



8. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.
9. 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.

TO THE FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. In terms of section 10(34) of the Act, any income by ways of dividend income referred to in Section 115-O received on the shares of the company is exempted from the tax of the Act are exempt in the hands of the institutional investors.
2. The income by way of short term capital gain or long term capital gains (not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Act.
3. The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act-
 - a. Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess). In case such transaction of sale is entered on a recognized stock exchange in India and is liable to STT then short term capital gain shall be taxed @ 15% (plus applicable surcharge & education cess).
 - b. Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess)
 - c. Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

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

TO THE MUTUAL FUNDS

In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the Company.

TO THE VENTURE CAPITAL FUNDS

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

**UNDER THE WEALTH TAX ACT, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

UNDER THE GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gifts of the shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by Finance Act, 2008.
2. The stated benefits will be available only to the sole / first named holder in case the shares are held by Joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

4. This statement is a summary only and not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares. The statements made above are based on the laws enforced and as interpreted by the relevant taxation authorities as of date.
5. 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 issue.



SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, and it has not been prepared or independently verified by the company, the Book Running Lead Manager or any of their respective affiliates or advisors.

The Gems & Jewellery Industry

The diamond manufacturing industry in India has traditionally been one of the largest components of the global trade in diamonds. Until the 18th century, India was the only known source of diamonds in the world. India occupies a prominent place in the global diamond industry and has established its position as the largest exporter of cut and polished diamonds in the world. The gems and jewellery industry is also a critical constituent of the Indian economy with gems and jewellery forming a large component of merchandise exports in the country.

The Indian gems and jewellery industry is one of the fastest growing segments in the Indian economy with an annual growth rate of approximately 15 per cent. The domestic market is estimated to be around US\$ 1610 crores and the All India Gems and Jewellery Trade Federation, a nodal agency representing 3,00,000 jewellers across the country, expects it to grow to US\$ 2520 crores in two to three years.

The country is also one of the largest consumer of gold in the world. It consumes nearly 800 tonnes of gold that accounts for 20 per cent of world gold consumption, of which nearly 600 tonnes go into making jewellery. India is also emerging as the world's largest trading centre for gold targeting US\$ 1600 crores by 2010. The industry has skilled manpower for designing and producing high volumes of exquisite jewellery at low labour costs.

(Source: <http://www.ibef.org/industry/gemsjewellery.aspx>)

The two major segments of the sector in India are gold jewellery and diamonds. Gold jewellery forms around 80 per cent of the Indian jewellery market, with the balance comprising fabricated studded jewellery that includes diamonds as well as gemstone studded jewellery.

The industry is well supported by Government policies and the banking sector -- around 50 banks provide nearly US\$ 300 crores credit to the Indian diamond industry. In addition, India is expected to have a diamond bourse soon.

(Source: <http://www.artofjewellery.com/guestarticle.aspx?id=34>)

Structuring of gems and jewellery industry in India

The gems and jewellery sector in India can be further classified into the following sectors based on characteristics, manufacturing processes and position in the value chain:

1. Gemstones: consisting of diamonds and precious, semi-precious and synthetic coloured stones.
2. Jewellery: Consisting of gold jewellery, studded jewellery and silver jewellery
3. Pearls

Of the above segments, gold jewellery and diamonds are the significant constituents of the industry in India. However, while most of the gold jewellery manufactured in India is for domestic consumption, the major portion of diamonds processed is exported.



Diamonds

India has a long history of diamond mining and several diamonds, including the Kohinoor, were produced here. In fact, till 1725, India was the only producer of diamonds in the world. The Golconda mines were world-famous and even today, a Golconda diamond fetches a very high price in the international market.

However, today diamonds are mined only at Panna in the Indian state of Madhya Pradesh by the National Mining Development Corporation and most of the processing of diamonds takes place in Surat in Gujarat and in Jaipur, Rajasthan, where over a million artisans cut and polish rough diamonds into beautiful stones. (Source: http://ibef.org/artdisplay.aspx?art_id=21318&cat_id=442&page=1)

Branded Jewellery in India

Branded jewellery has been a relatively recent phenomenon in India, with most jewellery retailed in the unorganized sector. The majority of traditional jewelers cater to the local population and most purchases are made on trust and on the basis of the reputation of the local jeweller.

Retailing Formats for Branded Jewellery in India.

There are broadly three retail formats followed by branded jewelers in India:

- Exclusive outlets at malls and other key shopping centers in major cities showcasing various models of the brand;
- Kiosks/ displays in departmental stores and malls; and
- Display of branded jewellery in shops of local jewelers.

India Advantage

The Indian diamond cutting and polishing industry enjoys 60 per cent value share, 82 per cent carat share and 95 per cent share of the world market in terms of number of pieces. In other words, nearly 9 out of 10 diamonds sold worldwide are cut and polished in India. (Source: <http://www.ibef.org/industry/gemsjewellery.aspx>)

But now, thanks to positive government policies such as 100 per cent Foreign Direct Investment (FDI) in gems and jewellery through the automatic route, India is on the verge of becoming the focal point of the global gems and jewellery industry.

- Total gems and jewellery exports from India stood at US\$ 2088 crores for 2007-08, a growth of 22.27 per cent over US\$ 1708 crores the previous year, as per the Gems and Jewellery Export Promotion Council (GJEPC).
- The United States and Hong Kong were the largest importers of gems and jewellery from India, with a share of 26 per cent each, followed by UAE at 21 per cent.
- Gold jewellery exports increased from US\$ 520 crores in 2006-07 to US\$ 560 crores 2007-08.
- The domestic market for gems and jewellery is likely to increase to US\$ 2000 crores by 2010 and US\$ 3000 crores by 2015.
- India is the largest consumer of gold in the world, followed by China and Japan. India consumes nearly 800 tonnes of gold that accounts for 20 per cent of world gold consumption, of which nearly 600 tonnes go into making jewellery.
- India is also emerging as one of the world's largest trading centre for gold targeting US\$ 1600 crores by 2010.
- Branded jewellery is likely to be the fastest-growing segment in domestic sales. The sector is expected to grow at 40 per cent annually to touch US\$ 220 crores by 2010.



- The Indian diamond jewellery industry is the third largest consumer of polished diamonds after USA and Japan. Diamond jewellery consumption is likely to jump to nearly 80 per cent in 2010 and over 95 per cent between 2010 and 2015.
- Indian industry has skilled manpower for designing and producing high volumes of exquisite jewellery at low labour costs.
- The export industry mainly comprises of small-to-large units based in various special economic zones (SEZs), export processing zones (EPZs) in Chennai and Noida and Santacruz Electronics Exports Processing Zone (SEEPZ) in Mumbai, supplying primarily diamond-studded jewellery. More SEZs are on the anvil.
- The Indian gems and jewellery industry has been gaining prominence as an international sourcing destination for high quality designer jewellery. International stores such as Walmart and JC Penney are increasingly procuring jewellery from India.
(Source: http://ibef.org/artdisplay.aspx?art_id=21318&cat_id=442&page=1)

Retail Sector

The Indian gems and jewellery market continues to be dominated by the unorganised sector. However, with the Indian consumer becoming more aware and quality conscious, branded jewellery is becoming very popular and the market for branded jewellery is likely to be worth US\$ 220 crores by 2010, according to a McKinsey report. Moreover, the government allows 51 per cent FDI in single brand retail outlets, attracting both global and domestic players to this sector.

According to a report released by Technopak Advisors on the Changing Retail Landscape in India, the jewellery and watches market is pegged at about US\$ 1370 crores. It is expected to register a 12 per cent growth by 2012, touching US\$ 2360 crores. The World Gold Council recently estimated the size of India's gold coin market at about US\$ 211 crores. In order to increase the demand during recession, jewellers are concentrating on newer designs in light weight jewellery.

Exports

After making its mark in the world diamond processing industry, India is well on its way to become the global hub for gems and jewellery. India's gems and jewellery industry is now on a high growth trajectory. Indian hand-made jewellery has a large ethnic demand in various countries with sizeable Indian emigrant population such as the Middle-East, South East Asian countries, USA, Canada and so on. With imported or domestically processed studding (diamonds and precious/ semi-precious stones) and findings (jewellery components), Indian machine-made jewellery industry will also generate demand from non-ethnic jewellery markets abroad. The unique advantage of India for the manufacture of diamond-studded gold jewellery is the availability of small commercial quality cut and polished diamonds. Had it not been for India's polished diamonds, studded jewellery would have remained a prerogative of the affluent. With the small commercial quality diamonds, of which almost 100% are at present processed in India, it is possible to manufacture moderately priced studded gold jewellery for world markets. According to the figures released by the Gem & Jewellery Export Promotion Council (GJEPC), India's gem and jewellery exports posted a modest growth of 1.45 per cent during 2008-09 at US\$ 2110 crores, primarily driven by gold jewellery exports, including medallions and ornaments. The country exported US\$ 2080 crores of gem and jewellery in 2007-08. Gems and jewellery worth US\$ 1779 crores was exported during April 2008 to February 2009. Significantly, rough diamond exports stood at US\$ 7120.90 lacs, an increase of 43 per cent over the corresponding period last year.

The United Arab Emirates (UAE) was the largest importer of gems and jewellery from India in 2008-09, with a share of 31 per cent. This was followed by Hong Kong with 25 per cent and the US with 20 per cent. The gem and jewellery sector accounted for 13 per cent of India's total merchandise exports.

The export industry mainly comprises of small-to-large units based in various special economic zones (SEZs) supplying primarily diamond-studded jewellery.



Government Initiatives

The Indian government has provided an impetus to the gems and jewellery industry with favourable foreign trade policies:

- 100 per cent foreign direct investment (FDI) in gems and jewellery through the automatic route is allowed.
- The government has lowered import duty on platinum and has exempted rough coloured precious gems stones from customs duty.
- Rough, semi-precious stones are also exempt from import duty.
- Duty-free import of consumables for metals other than gold and platinum up to 2 per cent of freight on board (f.o.b) value of exports.
- Duty-free import entitlement for rejected jewellery up to 2 per cent of f.o.b value of exports.
- Import of gold of 18 carat and above under the replenishment scheme.
- Setting up of SEZs and gems and jewellery parks to promote investment in the sector.
- In May 2007, the government abolished import duty on polished diamonds.
- 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.
- The export of coloured gemstones on a consignment basis has been allowed.

(Source: <http://www.ibef.org/industry/gemsjewellery.aspx>)

SWOT Analysis of Indian Gem and Jewellery Industry:

| Strengths | Weakness |
|---|---|
| <ul style="list-style-type: none"> • India has the distinction of being the first country to introduce diamonds to the world. • India dominates the gold and silver consumption globally with consumption of about 800 tonnes p.a. • About 13 lacs people are associated with this industry directly and indirectly. Their skills can be utilized for designing and making modern jewellery. • Presence of excellent marketing network spread across the world. • Supportive government industrial/ EXIM policy. • The organized sales are expected to grow due to changing buying preference by growing young population, introduction of Hallmarking and Certification. | <ul style="list-style-type: none"> • Demand for gold and Diamond Jewellery is driven by festivals and weddings, increasing affluent and middle class population, increase in per capita spend on luxury items etc. • Small firms lack technological / export information expertise. • Prices of Diamonds are dictated by demand supply gap with demand dominated in western countries especially the USA. • As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting high inventory carrying costs. • With political pressure to increase local beneficiation in African mining nations, new cutting and polishing centres like Botswana, Namibia, Angola will emerge reducing India's emergence in diamond processing. |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • The key drivers for the industry are raising disposable income, conscious marketing efforts, rising young population with urge to spend and Jewellery regarded as fashion accessory. • Industry moving from a phase of consolidation. | <ul style="list-style-type: none"> • Infrastructure bottlenecks, absence of latest technology. • The industry is characterized by highly unorganized trade, labour intensive operations, working capital and raw material intensiveness, price volatility of gold and export orientation. |

(Source: <http://www.reuters.com/articlePrint?articleId=US164531%2B23-Jan-2009%2BBW20090123>)



BUSINESS OVERVIEW

Overview

The Company is one of the leading jewellery retailers in Madurai. The Madurai showroom of Thangamayil Jewellery Ltd., is housed in an area of 7500 sq. ft. This showroom is among one of the biggest showrooms in Madurai. There are as many as 3000 retail shops out of which only few have bigger showrooms in Madurai than the one of Thangamayil Jewellery Ltd. TMJL. is also one of the oldest retailers having established customer base of over 1,00,000 customers. Prior to the formation of Thangamayil Jewellery Private Limited in the year 2000 the business was carried on by the promoters of the company in the name of Balu Jewellery (Partnership concern). Since 1984 the company is in the business of manufacturing and trading of jewellery.

The Company trades in Gold Jewellery, Diamond and Platinum jewels. Variety of ornaments like Gold chains, Necklaces, Bangles, Ear Studs, Nose Rings, Waist Belts, Kasu Malai, Finger Rings, Bracelets and other items fitting to the taste of the customers are being sold by the Company. The ornaments are also made to order as per specific requirements by the customer and the same are manufactured at the company's unit near Madurai. Further gold Jewels are bought readymade from various dealers situated in the states of Andhra Pradesh, Gujarat, Kerala and West Bengal, according to the designs, models and current fashions and demand in the market for sale at the counters.

In case of diamonds, items like ear stud, nose ring, diamond necklace etc., are made to order and or bought readymade from the respective dealers as per the designs and demand of the customers. The stones are verified for its "Dosham" before the sale to the customers as a tradition prevails in south India for diamond articles for purity and blemishes of the stone. Platinum jewels are also sold according to the customers' specification and requirements. The gold jewels are tested for its purity and hallmarked at 916* for a guaranteed quality and purity of its contents by the Company.

Thangamayil introduced the Hallmarking practice for the first time in Madurai and also conducted an awareness campaign introducing this concept to the customers in the market serviced by the Company. A large-scale television campaign was conducted to educate the customers on the need for and the benefits in purchasing hallmarked jewellery. As a pioneer of this Hallmarking, the Company has also been able to build an image of superior quality to its House Name. The jewellery trade, especially in Tier II cities, is largely unorganized and customers seldom have comfort on the grade and quality of the gold jewellery being purchased. Thangamayil started Hallmarking its jewellery and over time increased the percentage of jewellery hallmarked to greater than 95% of the jewellery sold through its outlet.

The Company has its showroom at Netaji Road, Madurai. This showroom was set up in the year 2001. The showroom is housed in a three storied set up in total area of 11,416 sq. ft.

The Company has a policy of price assurance with respect to returns of the product. It implies that the Company pays the customer the base cost of the gold metal incase the customer wants to return the product. No weight loss is deducted while arriving at the weight of the gold that is returned which is generally the practice with other jewelers. The loss to the customer is only to the extent of making charges paid at the time of purchase. Again, the Company has very transparent practices when it comes to exchange of jewellery. Customers often bring in jewels purchased from other retailers for exchange and remaking into new jewellery. The Company has acquired sophisticated machinery to measure the quality and carat value of the gold brought in. The measurements are scientific and tamper proof, thereby giving the customer an assurance on the exchange value that they receive in return for their jewellery. These initiatives have gone to build a sound reputation for the Company in the minds of the customers. During the financial year 2008-09 the Company in its efforts to have retail presence all over Tamilnadu, opened three retail outlets at Rajapalayam, Ramanathpuram and Karaikudi. The area of the showrooms are 1200 sq. ft., 6700 sq. ft. and 2500 sq. ft. respectively. TMJL has recently opened a new showroom at Dindigul and is taking steps to open a showroom at Trichy other than those as mentioned in



the objects of the issue. The company had during the financial year 2007-08 taken over business of Thangamayil Gold and Diamond Pvt. Ltd. (TGDPL) vide agreement dated 31/08/2007 and during the financial year 2008-09 took over the business of Balusamy Silvears Jewellery Private Limited (BSJPL). vide a business Takeover Agreement dated August 01, 2008. The turnover of TGDPL for the FY 2006-07 was Rs. 4984.37 lacs with a PAT of Rs. 52.54 lacs and the turnover of BSJPL for year FY 2007-08 was Rs. 742.72lacs lacs with a PAT of Rs. 46.65 lacs.

Inventory management

The Company closely monitors the movement of inventory and identifies fast moving designs for repeat orders and larger inventory holding.

TMJL's production and inventory are planned as per the delivery schedules. Finished goods are dispatched to customers as soon as the production is complete. The Company maintains small inventory of certain fast moving items to meet any repeat orders. The inventory normally consists of raw materials like gold, diamonds, consumables and work-in-progress. This inventory is maintained to meet the production requirements as per the production plan.

Substantially all of the fine jewellery TMJL sells is from its physical inventory. Changes in consumer tastes for these products subjects TMJL to significant Inventory risks.

Services

The company has its retails outlets wherein jewellery made of gold, silver and diamond are sold. The company also offers activity related to repairs of good purchased from the retail outlet of the company inclusive of polishing, stone fitting etc.

The following table shows the bifurcation of income from operations for fiscal 2009, 2008 and 2007:

| Particulars | Fiscal Year | | | | | |
|------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| | 2009 | | 2008 | | 2007 | |
| | (Rs. In Lacs) | % | (Rs. In Lacs) | % | (Rs. In Lacs) | % |
| Gold & Jewellery | 24,098.87 | 97.63 | 22,398.46 | 99.77 | 12,261.15 | 96.43 |
| Diamond | 28.10 | 0.11 | 46.29 | 0.21 | 51.14 | 0.40 |
| Silver | 553.08 | 2.24 | 2.60 | 0.01 | 320.26 | 2.52 |
| Others | 3.79 | 0.02 | 2.64 | 0.01 | 83.12 | 0.65 |
| Total | 24,683.84 | 100.00 | 22,449.99 | 100.00 | 12,715.67 | 100.00 |

Competitive Strengths

TMJL believes that its historical success and future prospects are attributable to the following competitive strengths:

- a. TMJL develops products which are specifically targeted to its customers' needs, which have enabled it to secure repeat business.**

TMJL is a customer centre company, which provides products catering to varying customer needs regarding price points and product categories. The Company is also engaged in active research of the retail market and provides latest trends to its customers. This has helped the Company in securing repeat orders from its customers year on year and has also helped the company to increase the customer base to over 1,00,000 in a decade.

- b. Highly qualified and motivated employee base with experienced Board and Executive Management team**

TMJL believes that a motivated and empowered employee base is key to its competitive advantage. The senior management with significant industry experience has been instrumental in the consistent growth in revenues and operations of TMJL. In addition, the Board includes a strong combination of management as well as independent members that bring significant



business experience to the Company. The Managing Director has experience of more than 30 years in the gem & jewellery business. The company believes that this extensive experience of the Board and the executive management team in the business will give it a competitive advantage.

The Strategy

TMJL intends to capitalise on the strategic location to develop into a world class jewellery operator in India. In order to grow its business volume and to strengthen its market position in India, the Company has in place the following strategies:

a. Increasing retail presence in India

The company plans to expand its presence by opening up retail outlets within Tamilnadu. Towards this objective, the Company has already opened showrooms in Rajapalayam, Karaikudi Ramnathapuram and Dindigul. The company has identified locations at Theni, Tuticorin, Nagercoil, Thirunveli, Kovilpatti and Sivakasi wherein the company proposes to open its showrooms. The company is also taking steps to open a showroom at Trichy. The sustained growth in the Indian economy and growing employment levels, income levels and availability of credit in India resulting in greater consumer spending and disposable income, together with the strong growth in retail operations in India provides significant opportunities for business of the company. These factors are expected to result in an increased demand for the products of TMJL. The company also intends to capitalize on the gradual shift of consumer preferences in India from traditional unbranded gold jewellery to diamond studded and other hallmarked jewellery.

b. Innovation in Designing.

The company intends to strengthen its product development effort by creating customer/product-range/ market-specific teams, helping them focus and create innovative and acceptable designs that will help to increase the sales.

c. Enhance recognition of the "Thangamayil" brand through both a local and national brand strategy.

The company will continue branding its products through local language advertising and marketing programs to consolidate their position in Tamil Nadu. At the same time, the company plans to begin promotion and advertising through newspapers, radio and television networks in order to increase recognition of "Thangamayil"- brand. It also proposes to send daily SMS alerts of gold rates to its valued customers to enable them to make an informed decision

Manufacturing Process:

1. Process

This denotes various stages through which the product is processed to reach the hands of the customer in the form of Gold Ornaments and Jewellery items which would be sold through sales counters at the shop floor.

2. Procurement

This is the stage at which purchase activity begins for the purpose of making of Gold Jewellery for sale. This consists of two types of purchases as follows:

- a) Purchase from Dealers – Readymade Jewellery and Bullions.
- b) Purchase from Customers – Old ornaments and Bullions.

3. Purification

This is the stage where in Gold Jewellery (old ornaments) purchased from customers are refined through melting and refining unit to achieve purity. This is done in order to use this gold to make ornaments as per the standard of Hallmark, which would be got only after purification is done as above.



4. Issues to Smith

In this process Gold Bullions with alloy are issued to the Gold smith for making Gold Ornaments for made to order items for customers as well as for sale at counter at the shop floor of the Company.

5. Hallmarking & Inspection

The Gold Ornaments made to order and received from gold smith and also ornaments bought from dealers are subject to hallmarking to guarantee the quality of gold ornaments. In this process the samples are melted and refined at the hallmark centre to get the purity of 22 carat Gold at *916 marks provided for purity by the hallmark authorities.

* 916 is the grade by which purity of gold is measured for 22 carat jewels.

6. Tagging

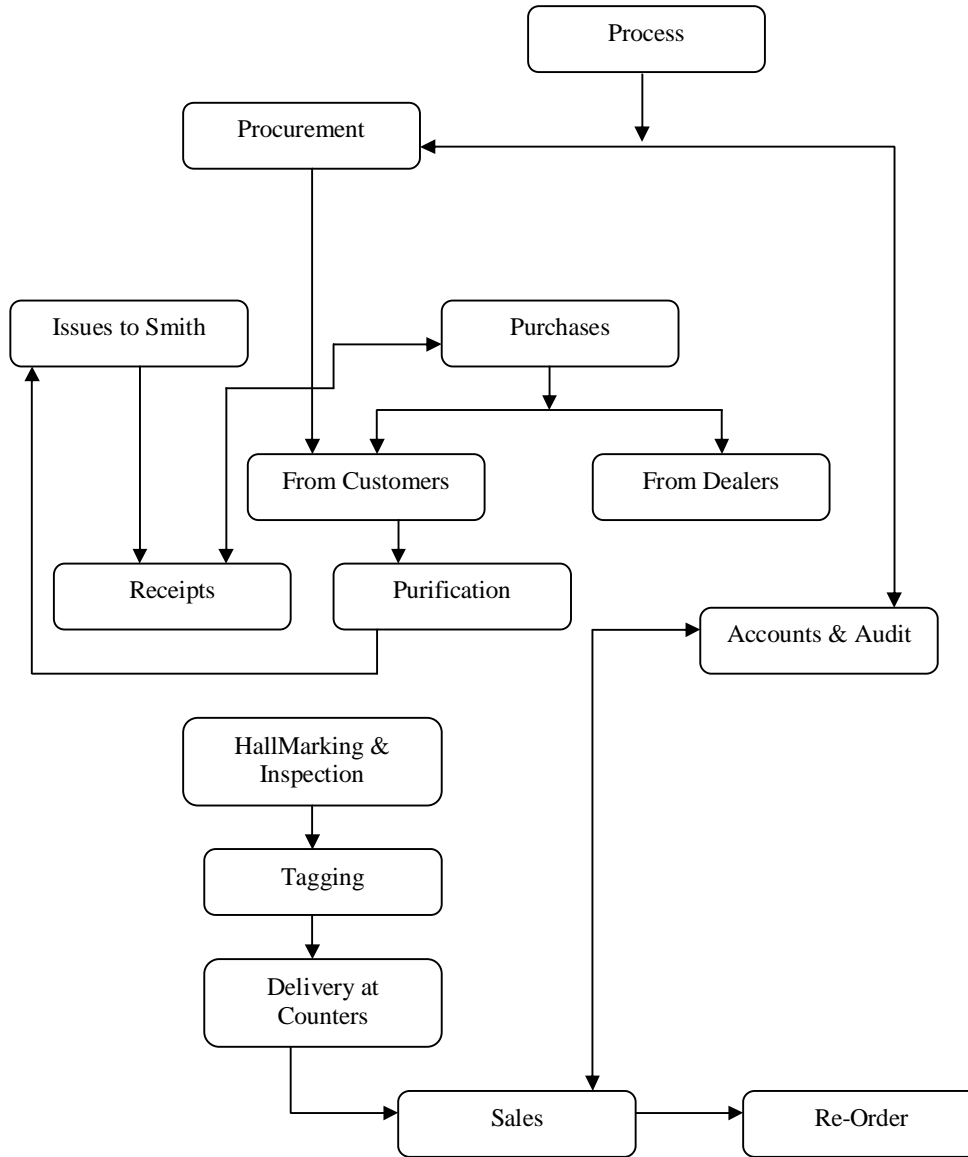
In this process items of Gold ornaments received after hallmark inspection is done, are tagged according to the weight and design and value addition before sending to sales counters for sale to the customers.

7. Re – Order

This stage indicates replication of stocks for maintaining minimum level of stock as and when Gold jewels are sold according to the requirement and such re-order level is properly analyzed by the purchase department to arrive at the re-order level.



Process Chart





Sales and Marketing

The company has been in the business of trading in gold and jewellery for the past 60 years. Over the years due to the consistent quality products, the company has been able to retain its customers and get repeat orders from them. The company also advertises its products through television channels by sponsoring programmes, advertisement in news papers, wall paintings, local cable channels and radio channels. To attract customers, the company also holds different Mela's at different time such as Chain Mela, Bangle Mela, Old Gold Exchange Mela and offers special discounts on festive occasions like Akshaya Thiruthi, Aadi Attara, Pongal, Dhanteras, etc. The company also advertises through sponsoring school and college annual day events.

The company has also floated chit schemes to retain and attract customers. Under these schemes, the company on a montly basis, collects certain fixed amount of money from its customers for a maximum period of 15 months and on maturity the customers are entitled to use the entire amount so deposited with the company along with bonus as given by the company for purchase of Gold jewels/ Diamond/ Ornaments as per their choice.

Competition

Jewellery retailing trade is a highly competitive industry. Each of the locations wherein company presently has its showrooms, has well established players who already have a strong foot hold on the market. In addition to the 4-5 large organized players, the market is also fragmented with upto 80% of the market being executed by small, unorganized players. The company carries the risk of establishing volumes in a highly competitive industry.

Recently, Madurai has seen the entry of other established players who have presence in ten other cities. Such new entrants come in with the financial muscle that comes out of managing 10 – 15 outlets and hence have the ability to spend heavily on advertising and on maintaining higher levels of inventory..

While the increase in competition is likely to have an adverse impact on the performance of the company, the company expects to counter this threat through a comprehensive advertising cum promotion campaign. The company sees an opportunity in the increased competition by way of attracting more and more people from down south to Madurai city itself.

TMJL believes that increase in competition is more likely to enlarge the collective pie resulting in overall growth of the organizing retailing of jewellery, which would counter balance, the impact of increased competition from advent of new large retailers.

Insurance

The company maintains insurance against various risks including risk to the property on account of fire, earthquake, terrorism etc. We generally maintain insurance that covers our assets and operations and we believe that they are presently adequate. The details of insurance policies are as under :

| S. No. | Class of Insurance | Type of Coverage | Total Sum insured (Rs. In Lacs) | Valid Till |
|--------|---|---|---------------------------------|----------------|
| 1. | Standard Fire & Special Perils Policy (Building & Property situated at Madurai and Ramnathapuram) | Standard Fire & Special Perils (Material Damage), Earthquake, Terrorism | 171.95 | June 14, 2010 |
| 2. | Jewellers Block Policy (for all branches) | Inventory in the premises - Cash & Currency notes | 6321.00 | April 14, 2010 |



| S. No. | Class of Insurance | Type of Coverage | Total Sum insured (Rs. In Lacs) | Valid Till |
|--------|---|---|---------------------------------|--------------------|
| 3. | Personal Accident Policy – Directors & Employees | Life Insurance – Accident Benefit | 562.00 | September 08, 2010 |
| 4. | Lift Insurance | Passengers & Breakdown | 10.00 | July 07, 2010 |
| 5. | Money Insurance (for all branches) | Cash – in – Transit | 20,300.00 | May 11, 2010 |
| 6. | Standard Fire & Special Perils Policy (for all branches silver articles and other items) | Standard Fire & Special Perils (Material Damage), Earthquake, Terrorism | 467.50 | June 12, 2010 |
| 7. | Burglary and House Breaking Policy (For all branches) | All Jewellery and other items like furniture, fixtures and fittings, plant and machinery etc. | 467.50 | April 13, 2010 |
| 8. | Floater Declaration Policy (for all branches) | Risk on stock of silver items | 467.50 | June 14, 2010 |

SWOT Analysis

Strengths

- The longevity of the House name and the promoters' experience and the fact they bring with them a 60 year's history.
- Ability to obtain competitive terms of supply from suppliers given the volumes procured.
- High orientation towards quality which is evidenced by the efforts and expenditure incurred towards Hallmarking as well as the promotional efforts incurred in creating awareness amongst the public about the need for and benefits of Hallmarking.
- Availability of a wide range of products and ability to source from diverse regions – the Company is able to source from the states of Andhra Pradesh, Gujarat, Kerala, , and West Bengal and from on account of strong relationships with suppliers.

Weakness

- The Company proposes an expansion of upto 300% in the inventory levels held. This could potentially lead to commodity risk. This is proposed to be mitigated to a certain extent through hedging mechanisms such as gold loans.
- The Jewellery retailing industry remains susceptible to slumps in demand caused by spikes in gold prices. The ability of the Company to spur increased spending and shift in purchasing from unorganized to organized retail outlets is key to its success in countering this risk. However, the low breakeven point of this project largely mitigates the risk associated from slump in demand.
- The Company currently operates in Madurai, Ramanathapuram, Rajapalayam, Kariakudi and Dindigul. While the Company has plans to establish a presence across the state, currently the geographical presence is limited. As it expands geographically, the Company's ability to keep a close pulse on the customers' tastes and preferences is extremely important.



Opportunities

- Sustained performance over the last few years in Madurai provides platform for growth into other class B cities in Tamilnadu with similar customer profile.
- Growing acceptance and preference of customers for Hallmarked and high quality products presents an opportunity to distinguish oneself from unorganized companies.
- An analysis of retailing patterns in other Southeast Asian countries reveals that they too had similar retailing patterns where upto 80% of the trade was unorganized. But even in such countries there has been a large shift in retail sales to unorganized outlets. This affords a huge opportunity for retailers in India given that the growth of the Indian market has largely mirrored the Southeast Asian experience albeit with a lag of 5-10 years.

Threats

- The Jewellery business is a highly competitive industry. Off late many large retailers has been setting up chains across metros and in class B cities as well. Competition from other retailers could drive down margins.
- Even in Madurai, the recent entry of other big and established players poses a threat to the House Name;
- The Company faces threat from unorganized players operating at the local level since the gems and Jewellery industry is largely dominated by unorganized sector
- The relatively small size of the Company means that there is a threat from larger players who have significantly higher capacity to incur advertising and promotional expenditure and to withstand extended periods of operating losses to fight competition.

Land (Property/ Purchase of Property)

The registered office of the Company is located at 124, Nethaji Road, Madurai 625 001.

The details of the properties of the Company are given below:

A) Free Hold Property

| Sr. No. | Property Details | Land Area (sq. ft.) | Purpose |
|---------|---|---------------------|--|
| 1. | Madurai : 124, Nethaji Road. | 2961 | Office and Show Room |
| 2. | Ramnathpuram : 26, Salai Street, L. F. Road. | 7732 | Office and Show Room |
| 3. | Tuticorin : West Great Cotton Road. | 4759.75 | Office & Show room to be constructed |
| 4. | Vandiyoor : Circular Road | 5381 | Presently vacant land under possession of the company. |

B) Lease Hold Property

| Sr. No. | Property Details | Name of the Lessor | Date of Agreement / Renewal | Area (sq. ft.) | Lease Rent Amount (Rs in Lacs) | Purpose | Lease Period |
|---------|---|---------------------|-----------------------------|----------------|--|-----------|--------------|
| 1. | Shop No. 813, Tenkasi Road, Rajapalayam | Mr. N. Ramakrishnan | November 23, 2007 | 1200 | 0.20 Lac per month | Show Room | 5 years |
| 2. | Plot 2 & 3, Sekkalai Road, Karaikudi | Mr. K. R. Krishnan | July 01, 2008 | 2500 | 0.25 per month for first 3 years & 0.28 per month for last 2 years | Show Room | 5 years |



| | | | | | | | |
|---|--|---|----------------------|------|--------------------------------|--------------|---------|
| 3 | 1244, Periyakulam road, Theni | Mr. R. Raja | December 24, 2009 | 2500 | 0.005 per month for 5 years | Show Room | 5 years |
| 4 | NRK Rajarathinam Veethi, Sivakasi | Mr. Kumaresan & Mr. Thanabalan | December 01, 2009 | 3160 | 0.36 per month for 5 years | Show Room | 5 years |

C) License

Dindigul:

The Company has been issued a license for three years from April 01, 2009 to run a shop at No. A1, TS No. 113/2 Salai Road, Dindigul by Diocese of Madurai & Ramnathapuram vide a license letter dated January 27, 2009. The said premises belonging to the Diocese comprises of Ground and First Floor and measures about 2700 sq. ft. in each floor and license fee is Rs. 10,000 per month.

Trademark

The Company vide application dated 04.01.2008 has applied for Registration of the trade mark "Thangamayil Jewellery" in English and Tamil together with a peacock logo to the Registrar of Trademarks, Chennai under class 14 of the Trade marks Act, 1999 in respect of gold, gold jewellery, silver, silver jewellery, silver vessels, real gems and diamond jewellery, synthetic diamonds, gems and imitation diamond. The said Authority has taken on record the said Application and has issued a Provisional Number 1638081 dated 04.01.2008. Further vide a Communication issued in May 2009 by the Registry it has been informed that the Registry has decided to advertise the said Mark in the Trademark Journal inviting objections, which is one of the stages in the process of the Trademark Registration.



REGULATIONS AND POLICIES

There are no specific laws in India governing the gems and jewellery industry in India. However the Company's works are situated in areas which are governed by certain policies and laws. Set forth below are certain significant legislations and regulations that generally govern this industry in India:

Foreign Exchange Management Act (FEMA)

Foreign Exchange Management Act consolidates and amends the laws relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India. Under the Industrial Policy and as per Notification No. FEMA 36/2001-RB dated February 27, 2001; foreign direct investment up to 100% is permitted in the gems and jewellery industry.

Environmental Regulations

In India, regulation and enforcement of environment protection and safety is governed by three central regulations namely Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. The main purpose of these legislations is to regulate prevent and control pollution, by the setting up, inter alia of national and regional Pollution Control Boards (PCBs) which monitor and enforce standards and norms in relation to air, water pollution and other kinds of wastes causing environmental damage.

In addition, the Environment (Protection) Act, 1986 also prescribes rules for the management and disposal of hazardous industrial wastes as governed by Hazardous Wastes (Management and Handling) Rules, 1989 and Bio-Medical Waste (Management and Handling) Rules, 1998.

Further all proposals for setting up, expansion or modernization are evaluated in terms of environment assessment impact, by the Ministry of Environment and Forests, which accords the necessary clearance for projects after evaluation of Environment impact Assessment.

Gems 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 Kimberley Process 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 Kimberley Process comprises participating governments that represent 98% 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 Export-Import Policy of India (2002-2007). Accordingly, the verification and issuance of Kimberley Process certificates is administered through the Mumbai and Surat offices of GJEPC.



HISTORY AND CORPORATE STRUCTURE

In the year 1947, Mr. N. Balusamy Chettiar, father of Mr. Balarama Govinda Das, Mr. Ba Ramesh and Mr. N.B. Kumar started a proprietorship concern as “Balu Jewellery” having its office at 14 Swami Sandhi Street, Madurai. In the year 1979-80, Mr. N. Balusamy Chettiar handed over all the business of proprietary concern to his sons namely, Mr. Balarama Govinda Das, Mr. Ba. Ramesh and Mr. N.B. Kumar. The business was carried out in the area of 100 sq. ft. at 121, South Avani Moola Street, Madurai.

The Company was originally incorporated on March 24, 2000 as a private limited company. The name of the Company was changed to Thangamayil Jewellery Limited upon conversion into public limited company with effect from November 20, 2007 and a fresh certificate of incorporation was obtained from Registrar of Companies, Chennai.

Key Events and Milestones

| Year | Month | Key Events and Milestones |
|------|-----------|--|
| 2000 | March | Incorporated as Thangamayil Jewellery Private Limited |
| 2001 | May | Purchase of Gold Assaying Machine to ensure quality of gold ornament through laser technology |
| 2001 | June | Opening of exclusive Showroom for Diamond and other precious stones at Madurai |
| 2001 | August | Obtained BIS hallmarking license – pioneers in the field |
| 2003 | May | With the help of World gold council, initiated the concept of “Akshya Thrithiyai” and helped in a breakthrough in gold jewellery market. |
| 2006 | January | Registration of “Thangamayil” as a trademark |
| 2008 | April | Opened showroom at Rajapalayam, |
| 2008 | September | Opened showroom at Karaikudi |
| 2009 | March | Opened showroom at Ramanathapuram |
| 2009 | November | Opened showroom at Dindigul |

Main Objects of the company

The main objects of the company as contained in the Memorandum and Articles of Association are as follows:

1. To carry on the business of jewellers, goldsmiths, silversmiths and dealers in precious metals, articles of vertu, coin, precious and semi precious metals, metals, bullions, diamonds, precious and semiprecious stones, gems, gemstones and manufacturers, dealers in importers and exporters and traders of all types of Jewellery, Jewellery products, articles of vertu, coins, watches, cutlery, curios, ornaments, utensils, made out of platinum, gold, silver or any combinations thereof, or any contribution of any of them with any other metal or alloy.
2. To carry on the business of importers and exporters and dealers and trades in diamonds, precious and semi precious stones, gems and gemstones.

Change in the Registered Office

The Registered office of the Company was originally located at No. 347, North Masi Street, Madurai and was subsequently changed to the present address at No. 124, Nethaji Road, Madurai 625 001 with effect from February 06, 2003.



Amendments to Memorandum of Association

Since incorporation, the following amendments have been made to the Memorandum of Association other than amendments regarding changes in the authorised share capital of the company:

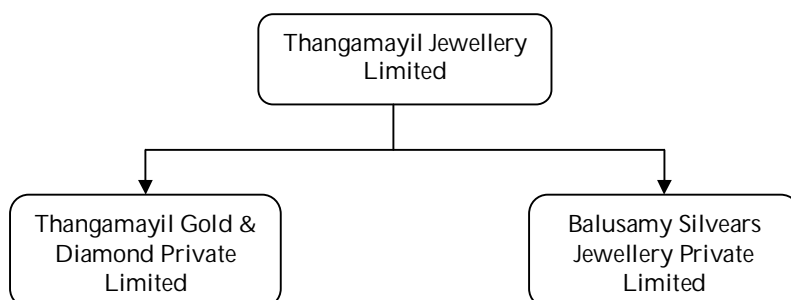
| Date of shareholder resolution | Change | Nature of amendment |
|--------------------------------|---|--|
| November 20, 2007 | Conversion from private limited company to public limited | The company was converted from a private limited company to a public limited company. Consequently, the word "Private" was deleted from the name of the company. |
| November 30, 2007 | Addition to the Article 72 | Insertion of sub clause number 72A to Clause 72 of the Memorandum of Association of the company regarding no fee on transfer or transmission |

Subsidiaries of the Company

The company does not have any Subsidiaries.

Group Companies

The details of the group companies of Thangamayil Jewellery Ltd. are as specified below



Thangamayil Gold and Diamond Private Limited (TGDPL)

Corporate Information

Thangamayil Gold and Diamond Private Limited was incorporated under the Companies Act, 1956 on August 14, 2003 in Tamil Nadu. Its CIN No. is U36911TN2003PTC051396. The registered office of TGDPL is situated at No. 347, North Masi Street, Madurai – 625 001. The company has been promoted by Mr. Ba Ramesh, Mr. N.B. Kumar and Mr. Rajesh Kanna. The company is into the business of trading in precious and semi precious metals, diamonds, precious and semiprecious stones, gems, etc. .

Shareholding Pattern

| Sr. No. | Name of the shareholder | Name of the shareholder | Percentage of total equity holding |
|--------------|-------------------------|-------------------------|------------------------------------|
| A. | Promoters | | |
| 1. | Mr. Ba. Ramesh | 1,66,700 | 33.34% |
| 2. | Mr. N.B. Kumar | 1,66,600 | 33.32% |
| 3. | Mr. Rajesh Kanna | 10,000 | 2.00% |
| B | Others | | |
| | Mr. Balrama Govinda Das | 1,56,700 | 31.34% |
| TOTAL | | 5,00,000 | 100.00 |



Board of Directors

The Board of Directors of Thangamayil Gold and Diamond Private Limited comprises of:

| Sr. No. | Name |
|---------|---------------------|
| 1. | Mr. Ba. Ramesh |
| 2. | Mr. N.B. Kumar |
| 3. | Mr. B. Rajesh Kanna |
| 4. | Mr. B. Prasannan |
| 5. | Mrs. Ba. R. Darmini |

Financial Performance

(Rs. In Lacs)

| Particulars | For the year ended | | |
|----------------------------|--------------------|----------------|----------------|
| | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Equity Share Capital | 50.00 | 50.00 | 50.00 |
| Reserves & Surplus | 85.59 | 59.09 | 57.20 |
| Total Income | 31.13 | 2777.39 | 4,984.37 |
| Profit After Tax | 26.56 | 2.81 | 52.54 |
| Networth | 135.02 | 108.33 | 106.25 |
| EPS (Rs.) | 5.31 | 0.56 | 10.51 |
| Book Value per Share (Rs.) | 27.00 | 21.67 | 21.25 |

Thangamayil Jewellery Limited took over the business of TGDPL for Rs. 313.35 lacs vide agreement dated August 31, 2007. The Company issued 4,15,000 equity shares at Rs. 60.00 per share to TGDPL and balance was paid by cash. The extract of assets taken over by the Company from TGDPL is as follows:

(Rs.in Lacs)

| Particulars | Value |
|--|---------------|
| Value of Assets taken over | 879.05 |
| Less: Amount of liabilities taken over | 513.22 |
| Less: Amount payable by TGDPL | 52.48 |
| Net Asset Value | 313.35 |

Thangamayil Gold and Diamond Jewellery Private Limited has not made any capital issue during the last three years. The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995, or is under winding up

Balusamy Silvears Jewellery Private Limited (BSJPL)

Corporate Information

Balusamy Silvears Jewellery Private Limited was incorporated under the Companies Act, 1956 on June 19, 2003 in Tamil Nadu. Its CIN No. is U52393TN2003PTC051055. The registered office of BSJPL is situated at No. 347, North Masi Street, Madurai- 625 001. The company has been promoted by Mr. L. Sivakumar and Mrs. Yamuna Vasini Deva Dasi. The company is into the business of trading in precious and semi precious metals, diamonds, precious and semiprecious stones, gems, etc.

Shareholding pattern

| S. No. | Name of the shareholder | No. of equity shares | Percentage of total equity holding |
|-----------|-----------------------------|----------------------|------------------------------------|
| A. | Promoters | | |
| 1. | Mr. L. Sivakumar | 17,630 | 35.26% |
| 2. | Mrs. Yamuna Vasini Deva Das | 11,960 | 23.92% |
| B. | Others | | |



| | | | |
|--------------|------------------------|---------------|----------------|
| 1. | Mrs. B.R. Sumati | 11,960 | 23.92% |
| 2. | Mrs. K. Thamarai Selvi | 7,460 | 14.92% |
| 3. | Mrs. Annamayil Ammal | 990 | 1.98% |
| TOTAL | | 50,000 | 100.00% |

Board of Directors

The Board of Directors of Balusamy Silvears Jewellery Private Limited comprises of:

| Sr. No. | Name |
|---------|------------------------------|
| 1. | Mr. L. Sivakumar |
| 2. | Mrs. Yamuna Vasini Deva Dasi |
| 3. | Mrs. B.R. Sumati |
| 4. | Mrs. K. Thamarai Selvi |

Financial Performance

(Rs. In Lacs)

| Particulars | For the year ended | | |
|----------------------------|--------------------|----------------|----------------|
| | March 31, 2009 | March 31, 2008 | March 31, 2007 |
| Equity Share Capital | 5.00 | 5.00 | 1.00 |
| Share Application Money | - | - | 4.00 |
| Reserves & Surplus | 109.73 | 104.78 | 52.17 |
| Total Income | 686.83 | 742.72 | 568.17 |
| Profit After Tax | 5.16 | 46.65 | 25.39 |
| Networth | 114.73 | 109.78 | 53.17 |
| EPS (Rs.) | 10.32 | 93.30 | 253.94 |
| Book Value per Share (Rs.) | 229.47 | 219.56 | 531.70 |

Thangamayil Jewellery Ltd. took over the business of BSJL for Rs. 300.50 lacs vide agreement dated August 01, 2008. The consideration for acquisition of the business of BSJL was paid from the internal accruals of the company. The extract of assets taken over by the Company from BSJL is as follows:

(Amount in Rs. Lacs)

| Sr. No. | Particulars | Value |
|---------|-----------------|---------------|
| 1 | Melting machine | 0.54 |
| 2 | Furniture | 0.45 |
| 3 | Inventories | 299.51 |
| | Total | 300.50 |

Balusamy Silvears Jewellery Private Limited has not made any capital issue during last three years. The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995, or is under winding up.

Shareholders Agreements

There are no shareholders agreements among the shareholders in relation to the company.

Joint Venture Agreements

As on date of filing of this Red Herring Prospectus with SEBI, TMJL has not entered into any joint venture agreements with any other company or entity.



Other Agreements

Except the contracts/ agreements entered in the ordinary course of the business carried on or intended to be carried on by TMJL, TMJL has not entered into any other agreement/ contract other than following.

Agreement with Platinum Gold International United Kingdom Ltd., London and PGI, Switzerland for Platinum Jewellery:

TMJL has entered into an agreement dated November 11, 2006 with Platinum Gold International United Kingdom Limited, London represented by Platinum Guild India Private Limited and PGI, S.A Switzerland for purchase of Platinum Jewellery from them under Trademarks "Pt" and "Platinum Guild International". The said Agreement is governed by laws of India and is essentially for selling Platinum Jewellery under the aforesaid brands.

Strategic Partners

As on date of filing this Red Herring Prospectus with SEBI there are no strategic partner agreements entered into by the company.

Financial Partners

As on date of filing this Red Herring Prospectus with SEBI there are no financial partner agreements entered into by the company.

Public Deposits:

Pursuant to the provisions of the Companies (Acceptance of Deposits) rules, 1975 and amendment rules 1978, and other regulations, the Board of directors in their meeting held on October 06, 2008 have approved the Company to invite and accept deposits from the public and shareholders of the company upto Rs. 663.68 lacs. Accordingly advertisement with regard to Acceptance of Term/ Cumulative Deposits has been published in leading English and Tamil Newspapers circulating in the state of Tamil Nadu and all other necessary approvals have been complied with. As on March 31, 2009, the Company has collected an amount of Rs. 40.65 lacs by way of Public Deposits.



MANAGEMENT

Board of Directors

Under the Articles of Association, the company is required to have not less than three Directors and not more than twelve Directors. Presently the company has Six Directors on the Board.

The following table sets forth details regarding the Board of Directors as on the date of this Red Herring Prospectus:

| Name, Age, Father's Name, Designation, Address, DIN No., and Occupation | Date of Appointment | Nationality | Qualification | Other Directorships |
|--|---------------------|-------------|--------------------------------|--|
| Mr. Balarama Govinda Das (52 years) S/o Mr. N. Balusamy Chettiar Managing Director 347, North Masi Street, Madurai 625 001 DIN No.: 00266424 Occupation: Business | Since Incorporation | Indian | B.Com | NIL |
| Mr. Ba. Ramesh (46 years) S/o Mr. N. Balusamy Chettiar Joint Managing Director 347, North Masi Street, Madurai 625 001 DIN No.: 00266368 Occupation: Business | Since Incorporation | Indian | H.Sc | <ul style="list-style-type: none"> ▪ Thangamayil Gold & Diamond Private Limited |
| Mr. N.B. Kumar (42 years) S/o Mr. N. Balusamy Chettiar Joint Managing Director 347, North Masi Street, Madurai 625 001 DIN No.: 01511576 Occupation: Business | Since Incorporation | Indian | H.Sc | <ul style="list-style-type: none"> ▪ Thangamayil Gold & Diamond Private Limited |
| Mr. S. Rethinavelu (66 years) S/o Mr. Subbiah Nadar Director 18, Lakshmipuram, 2 nd Street, Madurai, Tamil Nadu 625 001 DIN No.: 00935338 Occupation: Service | 26/09/2007 | Indian | B.Com, Bachelor of Law (BL) | <ul style="list-style-type: none"> ▪ Super Polytex Private Limited ▪ Bhagavathi Hospitals Private Limited ▪ President - Tamilnadu Chambers of Commerce and Industry |



| Name, Age, Father's Name, Designation, Address, DIN No., and Occupation | Date of Appointment | Nationality | Qualification | Other Directorships |
|--|---------------------|-------------|---------------|---|
| Mr. Lalji Vora (65years) S/o Mr. G.K. Vora Director 12, 13, 14, Amman Sannathi Street, Madurai, Tamil Nadu 625 001 DIN No.: 01899070 Occupation: Service | 26/09/2007 | Indian | B.Com | <ul style="list-style-type: none"> ▪ Milan Textiles Enterprise Private Limited |
| Mr. V.R. Muthu (55 years) S/o Mr. Vannia Perumal Director 51, Rosal Patti Road, Virudhnagar District, Tamil Nadu 626 001 DIN No.: 01908841 Occupation: Service | 30/11/2007 | Indian | B.Com (Hons) | <ul style="list-style-type: none"> ▪ V.V.V & Sons Edible Oils Limited |

Brief Biographies of Directors

A brief profile of the Board Members is given below:

Mr. Balarama Govinda Das, is the founder member and the Managing Director of the Company. He is a Commerce Graduate from the Madurai Kamaraj University. He is in the business of Manufacturing and Trading of Gold and Diamond jewellery for more than 30 years. As a young entrepreneur, he along with his brothers initiated drastic changes in the trends and designs prevalent in jewellery industry in and around Madurai.

Mr. Ba. Ramesh, is also a founder member and a Joint Managing Director of the Company. He has travelled extensively to Singapore, Malaysia, Thailand, Manila, Bangkok, New Zealand, China, Dubai, London, Scotland, South Africa, Australia and Mauritius. He joined the family business of trading in gems and jewellery at the age of 18 years. Mr. Ba. Ramesh has nurtured the Company and is the man behind modernizing the outlook of the Company. He brought about the concept of competitive pricing of certain key products in the gold industry when rest of South India was working on a concept of comparative pricing (prevailing market prices).

Mr. N.B. Kumar entered into the family business of trading in gems and jewellery during 1982. He manages the day-to-day affairs of the Company. He is incharge of the entire human resources in the company. He has given a lot of input in bringing into effect ways and means of reducing costs in the Company's operating system.

Mr. S. Rethinavelu, B. Com., B.L., is an advocate by Profession. He is the present President of Tamilnadu Chamber of Commerce and Industry, Madurai. He has been associated with the Chamber since its inception at Madurai; being one of the Founder Members has contributed a lot for the improvement of Trade and Industry. He is also an industrialist and is running a polytex unit in Madurai. Mr. Rethinavelu has been instrumental in establishing Chamber Arbitration Tribunal (CHAT) and a Chat Mediation Centre at Madurai Chamber of Commerce building recently enabling all the members to utilize the expertise of such a tribunal in resolving their disputes in commercial & civil transactions.



Mr. Lalji Vora, B.Com, is a businessman in Madurai dealing in textile and related activities for over 30 years. He is a Rotarian and was the past president of Rotary west. He was also the President of Gujarati Samaj at Madurai. He is presently the partner of Milan, Milt Mart, Milan Mart, textile shops at Madurai and he is also in the board of Milan textile Enterprise Pvt. Ltd., Madurai.

Mr. V.R. Muthu, B.Com (Hons) is a businessman. He is a partner in "Idhayam Till Oil" Manufacturing Company and has experience in the oil industry. In his capacity as an entrepreneur, he has been teaching young entrepreneurs through various forums organized by Rotary Club and Chamber of Commerce.

Relationship among Directors

Mr. Balarama Govinda Das, Mr. Ba Ramesh and Mr. N.B. Kumar are brothers. Except for this none of the directors are related to each other.

Borrowing Powers of the Board

The Company has passed an ordinary resolution at its EGM held on 26/09/2007 in terms of the provisions of section 293(1)(d) of the Act, whereby it has authorized the Board of Directors to borrow money up to Rs. 500.00 crores from time to time.

Remuneration of Directors

A) Compensation of Managing Director

Mr. Balarama Govinda Das

The remuneration of Mr. Balarama Govinda Das, Managing Director has been approved in the Annual General Meeting held on 30th May, 2009 for a fresh term of 5 years effective from 1st December, 2007. The details of remuneration payable to him include the following:

1. **Salary:** Rs. 2,50,000/- (Rupees Two Lacs Fifty Thousand Only) per month.
2. He is entitled to use Company's car for official purposes, telephone, tele-fax, audio-video conferencing and other communication facilities at residence.
3. Contribution to provident fund as per the provident fund Act & Rules, superannuation Fund, Gratuity payable as applicable to the extent these either singly or put together are not included in the computation of limits for the perquisites and allowances.

B) Compensation of Joint Managing Director

Mr. Ba. Ramesh

The remuneration of Mr. Ba. Ramesh, Joint Managing Director has been approved in Annual General Meeting held on 30th May, 2009 for a fresh term of 5 years effective from 1st December, 2007. The details of remuneration payable to him include the following:

1. **Salary:** Rs. 2,50,000/- (Rupees Two Lacs Fifty Thousand Only) per month.
2. He is entitled to use Company's car for official purposes, telephone, tele-fax, audio-video conferencing and other communication facilities at residence.
3. Contribution to provident fund as per the provident fund Act & Rules, superannuation Fund, Gratuity payable as applicable to the extent these either singly or put together are not included in the computation of limits for the perquisites and allowances.



C) *Compensation of Joint Managing Director*

Mr. N.B. Kumar

The remuneration of Mr. N.B. Kumar, Joint Managing Director has been approved in the Annual General Meeting held on 30th May, 2009 for a fresh term of 5 years effective from 1st December, 2007. The details of remuneration payable to him include the following:

1. **Salary:** Rs. 2,50,000/- (Rupees Two Lacs Fifty Thousand Only) per month.
2. He is entitled to use Company's car for official purposes, telephone, tele-fax, audio-video conferencing and other communication facilities at residence.
3. Contribution to provident fund as per the provident fund Act & Rules, superannuation Fund, Gratuity payable as applicable to the extent these either singly or put together are not included in the computation of limits for the perquisites and allowances.

Details of service contracts entered into by the directors with the Company providing for benefits upon termination of employment:

Directors of TMJL have not entered into any service contract with the Company for providing any benefits upon termination of employment.

Shareholding of Directors in the company

Except as given below, Directors of TMJL do not hold any Equity Shares in the company:

| Name of Director | No. of Equity Shares held | % of pre-Issue Equity Share Capital |
|--------------------------|---------------------------|-------------------------------------|
| Mr. Ba. Ramesh | 26,55,766 | 29.34 |
| Mr. Balarama Govinda Das | 26,32,158 | 29.08 |
| Mr. N.B. Kumar | 26,32,566 | 29.08 |

Interest of Directors

Except as stated in the "Statement of Related Party Transaction" beginning on page 84 of this Red Herring Prospectus, all Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of Articles of Association. Director may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in the company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

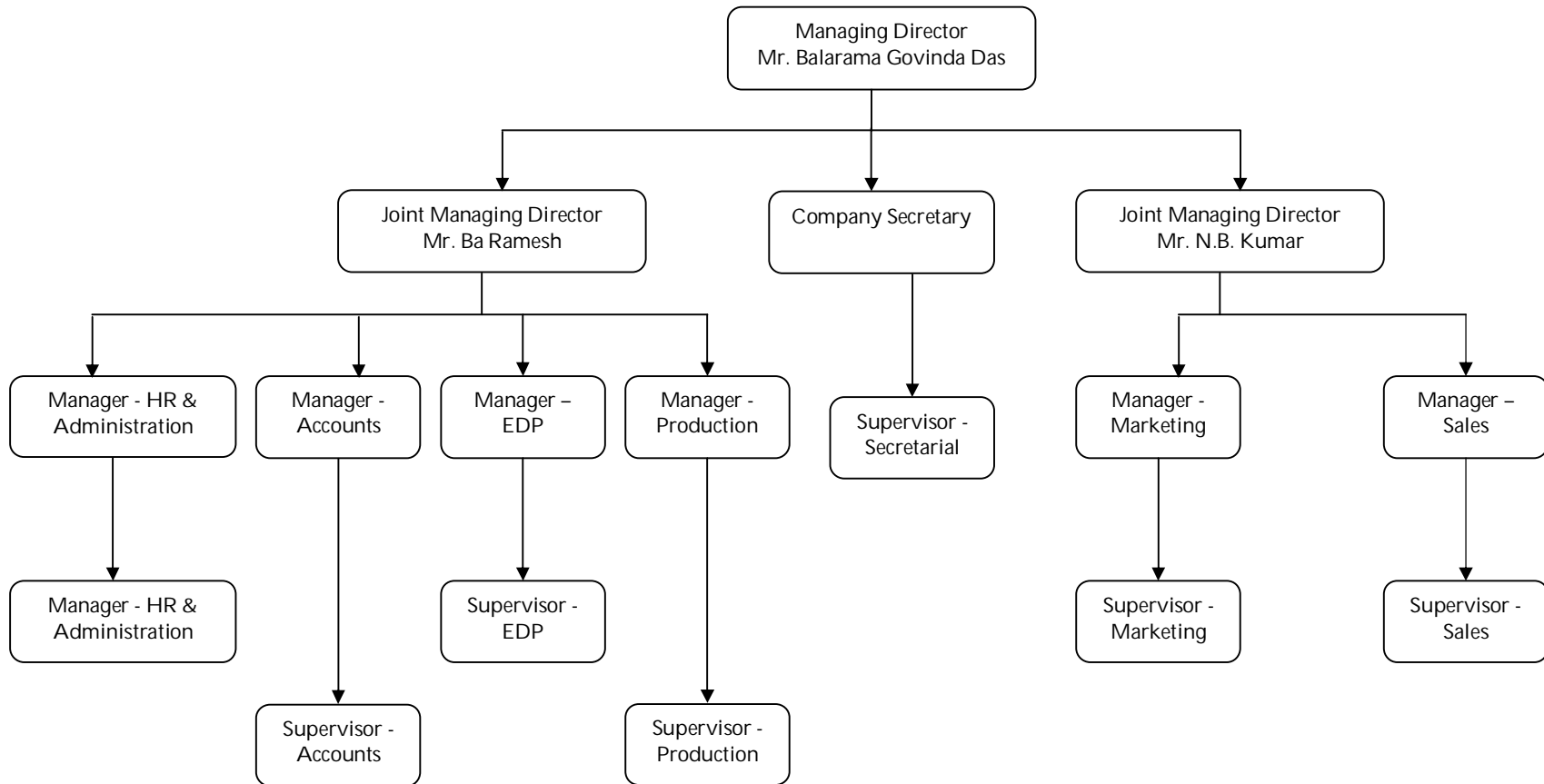
Changes in the Board of Directors during the last three fiscal years

| Sr. No. | Name of the Director | Date of Appointment | Date of Resignation | Reasons |
|---------|----------------------|---------------------|---------------------|-------------|
| 1. | Mr. S. Rethinavelu | September 26, 2007 | - | Appointment |
| 2. | Mr. Lalji Vora | September 26, 2007 | - | Appointment |
| 3. | Mr. L. Sivakumar | October 25, 2007 | - | Appointment |
| 4. | Mr. V.R. Muthu | November 30, 2007 | - | Appointment |
| 5. | Mr. L Sivakumar | - | July 09, 2009 | Resignation |



Management Organisation Structure

The management organization structure is set forth below:





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 listing of Equity Shares of the company. We have complied with the requirements of Corporate Governance contained in the Listing Agreement particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholder / Investor Grievance committee etc. on the Stock Exchanges. Accordingly, TMJL has undertaken steps to comply with the SEBI (ICDR) Regulations, 2009 on Corporate Governance.

Currently the board of the company has six directors of which three are Independent and non executive directors. The Chairman of the company is an Executive director and accordingly in compliance with the requirements of the Listing Agreement 50% of the directors on the board of the company are independent directors.

Audit Committee

The Audit Committee was constituted on October 10, 2007 comprising of the following directors:

| Name of Director | Chairman / Member | Designation |
|--------------------|-------------------|-------------------------|
| Mr. S. Rethinavelu | Chairman | Independent Director |
| Mr. Ba Ramesh | Member | Joint Managing Director |
| Mr. V.R. Muthu | Member | Independent Director |

The Company Secretary of the Company shall be the secretary of this committee.

The role of the Committee shall be as under:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - 1) Any changes in accounting policies and practices.
 - 2) Major accounting entries based on exercise of judgment by management.
 - 3) Qualifications in draft audit report.
 - 4) Significant adjustments arising out of audit.
 - 5) The going concern assumption.
 - 6) Compliance with accounting standards.
 - 7) Compliance with stock exchange and legal requirements concerning financial statements.
 - 8) Any related party transactions i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, 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..
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. 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.



- h. Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussions to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.
- j. 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.

Remuneration Committee

The Remuneration committee was constituted on October 10, 2007. This Committee comprises of three Independent Director.

| Name of Director | Chairman / Member | Designation |
|-------------------------|--------------------------|----------------------|
| Mr. S. Rethinavelu | Chairman | Independent Director |
| Mr. Lalji Vora | Member | Independent Director |
| Mr. V.R. Muthu | Member | Independent Director |
| Mr. V. Vijayraghavan | Secretary | Compliance Officer |

The terms of reference of the Remuneration Committee are as follows:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the company and the shareholders.

Shareholders' / Investor Grievances Committee

The Shareholders' / Investor Grievances Committee was constituted on October 10, 2007. This Committee comprises of four members of the Board.

| Name of Director | Chairman / Member | Designation |
|-------------------------|--------------------------|-------------------------|
| Mr. Lalji Vora | Chairman | Independent Director |
| Mr. Balarama Govind Das | Member | Managing director |
| Mr. Ba Ramesh | Member | Joint Managing Director |
| Mr. V. Vijayraghavan | Member | Compliance Officer |

Consequent to resignation of Mr. L. Sivakumar as a director of the company on 09/07/2009, he ceases to be a member of the Investor Grievances Committee.

The scope and function of this committee is to consider and review shareholders' / investors' grievances and complaints and ensure that all shareholders' / investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.



Key Management Personnel

In addition to the Executive Directors, the details regarding the Key Management Personnel as of the date of this Red Herring Prospectus are as follows:

| Name, (Age) | Designation | Qualification | Date of Appointment | Total Experience and in TMJL (Years) | Previous Employer |
|----------------------------------|-------------------------------|---------------------|---------------------|--------------------------------------|--|
| Mr. V. Vijayaraghavan (55 years) | Company Secretary | B.A, LLM & FCS | November 01, 2007 | 35 years (1yr 8 mths) | Practicing Company Secretary |
| Mr. A. Selvam (38 years) | Manager – HR & Administration | M.A., PGDEM | June 01, 2001 | 11 years (9 years) | Kithilal Kalidas Group of Companies |
| Ms. V. Subha (38 years) | Manager - Accounts | B.Com | June 01, 2001 | 9 years (8 years) | Sterling Treemagnum India Pvt. Ltd. |
| Mr. B. Kathick (25 years) | Manager- Sales | B.Sc | July 01, 2004 | 5 years (5 years) | - |
| Mr. P. Saravanan (29 years) | Manager- Marketing | M.A | June 01, 2001 | 8 years (8 years) | - |
| Mr. N. Gunasekaran (31 years) | Manager – Production | H. Sc | June 01, 2001 | 8 years (8 years) | - |
| Mr. D. Karthirajan (38 years) | Manager – EDP | B. Sc | June 01, 2001 | 8 years (8 years) | - |
| Mr. G. Dharmarajan (31 years) | Supervisor – Sales | S.S.L.C | June 01, 2001 | 8 years (8 years) | - |
| Mr. K. Arun (24 years) | Supervisor – Marketing | S.S.L. C | June 01, 2001 | 8 years (8 years) | - |
| Mr. V. Sivakumar (27 years) | Supervisor- Secretarial | B.Com | October 01, 2004 | 5 years (4yrs 9 mths) | Ramnathapuram District Sarvodaya Sangh |
| Mr. A. Thalmuthu (31 years) | Supervisor – EDP | B.A., G.NIIT | April 01, 2005 | 4yrs 3 mths (4yrs 3 mths) | - |
| Mr. C. Prasanna (26 years) | Purchase Manager | MBA | January 21, 2009 | 2.6 years (6 months) | Tata Teleservices Ltd. |
| Mr. S. Saravanan (40 years) | Branch Manager | S.S.L.C. | February 01, 2009 | 5.5 years (5 months) | Self Employed |
| Mr. B. Prasannan (25 years) | General Manager | Diploma in Gemology | August 14, 2008 | 3 Years (10 months) | Thangamayil Gold & Diamond Pvt. Ltd. |
| Mr. Rajesh Kanna (29 years) | General Manager | Diploma in Gemology | August 14, 2008 | 4 Years (10 months) | Thangamayil Gold & Diamond Pvt. Ltd. |

Note: Mr. B. Prasannan and Mr. Rajesh are brothers and the sons of the promoter of the company i.e. Mr. Balarama Govind Das. Other than this none of the Key Managerial Personnel are relatives of the promoters. As on date all the employees named above are on the roll of the company as permanent employees



Shareholding of the Key Management Personnel

None of the Key Management Personnel hold Equity Shares in the company as on the date of this Red Herring Prospectus except as follows.

| Name of the Employee | No. of shares held | % of total shareholding |
|----------------------|--------------------|-------------------------|
| Mr. B. Prasannan | 20,200 | 0.22% |
| Mr. B. Rajesh Kanna | 20,200 | 0.22% |

Bonus or profit sharing plan of the Key Management Personnel

Currently, TMJL does not have a performance-linked bonus or a profit sharing scheme for key managerial personnel. However, key managerial personnel are entitled to bonus payable annually. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them, if any in the company.

Loans to Key Managerial Personnel

There are no loans outstanding in the name of the Key Managerial Personnel as on March 31, 2009.

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 and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

| Name of the Key Management Person | Date | Reason for change |
|-----------------------------------|-------------------|-------------------|
| Mr. V. Vijayaraghavan | November 01, 2007 | Appointment |
| Mr. S. Shravan Kumar | April 01, 2009 | Appointment |
| Mr. C. Prasanna | January 21, 2009 | Appointment |
| Mr. S. Saravanan | February 01, 2009 | Appointment |
| Mr. B. Prasannan | August 14, 2008 | Appointment |
| Mr. Rajesh Kanna | August 14, 2008 | Appointment |

Note: Subsequent to the filing of DRHP with SEBI Mr. S. Shravan Kumar HR Manager and Mr. A. S. Vijay Anand – Supervisor Accounts have resigned from the Company.

Employees

Break-up of the present manpower in the company

| S. No. | Type of employees | No. of Permanent Employees | No. of Trainees | Total |
|--------|-------------------|----------------------------|-----------------|------------|
| 1. | Skilled | 167 | 120 | 287 |
| 2. | Unskilled | 12 | 2 | 14 |
| | TOTAL | 179 | 122 | 301 |



TMJL proposes to add around 800 additional staff in the categories as given below after expansion and shall take the necessary steps for recruitment of additional manpower shortly:

| Sr. No. | Particulars | No. of Employees |
|---------|---------------|------------------|
| 1. | Supervisors | 85 |
| 2. | Manager | 10 |
| 3. | Asst. manager | 10 |
| 4. | Staff counter | 595 |
| 5. | Others | 100 |
| | TOTAL | 800 |

Human Resources and Employee Training

HR department of the company takes care of:

- Recruitment;
- Training;
- Appraisal; and
- Retirement benefits.

Apart from this, HR department takes care of establishment functions such as statutory welfare functions, payroll, and other administrative functions of the Company.

TMJL has formal appraisal systems for all the employees, the objectives of which are as follows:

- Identifying training needs.
- Performance rating of employees as an input for taking decisions relating to incentives, increments, promotions, etc.
- Providing constructive feedback to employees on areas for improvement, etc.

Training needs for regular employees are identified as part of the appraisal process. In addition, TMJL identifies training needs for the key departments like Wax setting, Filing, & Metal Setting. Individual workers are evaluated against the skills required for identification of improvement areas.

Employee Stock Option Schemes

Presently, TMJL does not have ESOP/ ESOS scheme for employees.

Payment or benefit to the Officers (non-salary related)

No benefit or payments have been made to any officer of the Company. The Company does not intend to give any benefit or any payment to any of TMJL's employees in future except incentive as explained above. As far as payment of Directors is concerned, no benefits have been allowed except as per the terms of the contract for the services.




PROMOTERS


Promoters


The company has been promoted by:

1. Mr. Balarama Govinda Das;
2. Mr. Ba. Ramesh; and
3. Mr. N.B. Kumar;

The details of Promoters who are individuals are as follows:

|  | <p>Mr. Balarama Govinda Das, is the founder member and the Managing Director of the Company. He is a Commerce Graduate from the Madurai Kamaraj University. He is in the business of Manufacturing and Trading of Gold and Diamond jewellery for more than 30 years. As a young entrepreneur, he along with his brothers initiated a drastic changes in the trends and designs prevalent in jewellery industry in and around Madurai.</p> | |
|---|--|------------------------------|
| | Identification Particulars | Details |
| | Voter ID Number Driving License Number | TN/24/143/0162315 1635/97 |

|  | <p>Mr. Ba. Ramesh, is also a founder member and a Joint Managing Director of the Company. He has travelled extensively to Singapore, Malaysia, Thailand, Manila, Bangkok, New Zealand, China, Dubai, London, Scotland, South Africa, Australia and Mauritius. He joined the family business of trading in gems and jewellery at the age of 18 years. Mr. Ba. Ramesh has nurtured the Company and is the man behind modernizing the outlook of the Company. He brought about the concept of competitive pricing of certain key products in the gold industry when rest of South India was working on a concept of comparative pricing (prevailing market prices).</p> | |
|--|---|---|
| | Identification Particulars | Details |
| | Voter ID Number Driving License Number | TN/24/143/0162047 F/TN/058/001515/1999 |

|  | <p>Mr. N.B. Kumar entered into the family business of trading in gems and jewellery during 1982. He manages the day-to-day affairs of the Company. He is incharge of the entire human resources in the company. He has given a lot of input in bringing into effect ways and means of reducing costs in the Company's operating system.</p> | |
|---|--|---------------------------------------|
| | Identification Particulars | Details |
| | Voter ID Number Driving License Number | TN/24/JRC1860303 005091/TN059/1987 |

Thangamayil Jewellery Limited confirms that the Permanent Account Number, Bank Account Numbers, Passport Number of the Promoter being individual has been submitted to the stock Exchanges at the time of filing of this Red Herring Prospectus. Further, the promoters have not been detained as a wilful defaulter by the Reserve Bank of India or any other Government authority.



Common Pursuits

Presently there are no common pursuits amongst TMJL and other group companies since no other entity is engaged in the line of activity in which company is engaged. The company has vide agreements dated August 31, 2007 and August 01, 2008 taken over the business of TGDPL and BSJL, which were engaged in similar line of activity.

None of the companies promoted by the Promoters of TMJL have been struck off from the records of the Registrar of Companies.

Defunct Promoter Group Companies

There are no defunct Promoter Group Companies.

Business interest amongst group companies

There is no business interest amongst group companies.

Interest in promotion of the company

Promoter and directors have no interest in the promotion of the company except to the extent of remuneration drawn by the directors.

Interest in the property of the Company

Promoters do not have any interest in any property acquired by the company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by the company.

Payment or benefits to Promoters during the last two years

Except as stated in the section titled "Financial Information of Thangamayil Jewellery Limited" beginning on page 74, there has been no payment of benefits to Promoters during the last two years from the date of filing this Red Herring Prospectus.

Related Party Transactions

For details of the related party transactions, see the "Related Party transactions" forming part of section titled "Financial Statements" on page 84.

Dividend Policy

The company has consistently declared and paid dividend for the last 5 years. The details are as under:

| FY 2008-09 | FY 2007-08 | FY 2006-07 | FY 2005-06 | FY 2004-05 |
|------------|------------|------------|------------|------------|
| 10% | 5% | 10% | 10% | 10% |

**SECTION V: FINANCIAL STATEMENTS****RESTATED FINANCIAL INFORMATION FOR THANGAMAYIL JEWELLERY LIMITED****AUDITORS' REPORT**

To,
The Board of Directors,
Thangamayil Jewellery Limited
No.124, Nethaji Road,
Madurai – 625 001.

Dear Sirs,

1. We have examined the Financial Information of **THANGAMAYIL JEWELLERY LIMITED** annexed to this report for the purpose of inclusion in the Draft/Red Herring Prospectus/Prospectus ('the DRHP/RHP'/ Prospectus). The said Financial Information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part-II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI")-(Disclosure and Investor Protection Guidelines,2000 'the Guidelines'), as amended from time to time, issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act,1992 and related clarification and in accordance with the terms of our engagement letter dated October 22, 2007 issued in connection with its Proposed Initial Public Offer ('IPO') of equity shares. (The Financial Information has been prepared by the Company and approved by the Board of Directors.)

2. Financial Information as per Audited Financial Statement:

We have examined the attached 'Restated Statement of Profit and Loss' as restated of the Company as at 30th September 2009 ,31st March 2009, 31st March 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005 (**Annexure I**) and the attached Restated Summary Statement of Assets and Liabilities' as restated (**Annexure II**) and the attached 'Restated Statement of Cash Flows' as restated (**Annexure III**) for 30th September 2009 and for the years ended on 31st March 2009, 2008, 2007,2006 and 2005 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the annual financial statements for 30th September 2009 and for the years ended on 31st March 2009, 2008, 2007, 2006 and 2005 audited by us for those periods and have been adopted by the Board of Directors/ Members and examined by us based on our examination of these summary statements, we state that:

- i) The 'Restated Summary Statements' have to be read in conjunction with the notes given in **Annexure IV** and with the Notes to Accounts to this report.
- ii) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 30th September 2009.
- iii) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.
- iv) The Qualification related to treatment of Deferred Revenue Expenditure in annual report have been addressed and financial statements are restated after making adjustments.
- v) The restated profits have been arrived at after fully charging the deferred revenue expense in the year in which it was incurred in the all the years ended on 31st march 2009, 2008, 2007, and 2006 and 30th September 2009.
- vi) There are no extra ordinary items that need to be disclosed separately in the Restated Summary Statements.



3. Other Financial Information

We have examined the following information relating to Initial Public Offer ('IPO') as at 30th September 2009 and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005 of the Company, proposed to be included in the DRHP/RHP/ Prospectus, as approved by the Board of Directors and annexed to this report:

- i) Significant Accounting Policies and Notes forming Part of Accounts (Annexure IV)
- ii) Related Party Disclosure as at 30th September 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure V)
- iii) Schedule of Outstanding Secured Loans for the half year ended 30th September 2009 (Annexure VI)
- iv) Schedule of Unsecured Loans as at 30th September 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VII)
- v) Age-wise Schedule of Sundry Debtors as at 30th September 2009 and as at 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VIII)
- vi) Schedule of Loans and Advances as on 30th September 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure IX)
- vii) Schedule of Other Income as on 30th September 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure X)
- viii) Details of Dividends Paid for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XI)
- ix) Statement of Tax Shelter (Annexure XII)
- x) Summary of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth (Annexure XIII)
- xi) Statement of Capitalisation (Annexure XIV)

4. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above as on 30th September 2009 and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 have been prepared in accordance with Part IIB of schedule II of the Act and the Guidelines.

5. This report should not in any way be construed as a re-drafting of any of the previous audit report given by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

6. This report is intended solely for your information and for inclusion in the Draft/ Red Herring Prospectus/ Prospectus in connection with the proposed IPO of the Company and not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Faithfully

For B.Thiagarajan &Co.,
Chartered Accountants
Reg. No. 004371S

D.Aruchamy

Partner

M. No -219156

Place : Madurai

Date :24/12/2009



ANNEXURE I - RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT
All Amount in Rupees Lacs

| PARTICULARS | 6 Month | Year ended March 31, | | | | |
|---|------------------|----------------------|------------------|------------------|-----------------|-----------------|
| | Sep-09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| I. INCOME | | | | | | |
| Sales and Operating Income | 20,943.49 | 24,683.84 | 22,449.99 | 12,715.67 | 4,923.79 | 2,685.97 |
| Other Income | - | 1.72 | 10.12 | 6.70 | 0.91 | 7.92 |
| TOTAL INCOME | 20,943.49 | 24,685.56 | 22,460.11 | 12,722.37 | 4,924.70 | 2,693.89 |
| II. EXPENDITURE | | | | | | |
| (a) Cost of Sales | 18,872.96 | 22,063.57 | 20,822.72 | 11,760.19 | 4,378.22 | 2,298.95 |
| (b) Personnel Expenses | 218.95 | 297.92 | 166.72 | 83.17 | 60.39 | 28.28 |
| (c) Administration Expenses | 150.87 | 234.79 | 100.90 | 55.91 | 45.32 | 50.92 |
| (d) Selling Expenses | 212.48 | 420.85 | 289.29 | 177.63 | 88.08 | 90.95 |
| TOTAL EXPENDITURE | 19,455.26 | 23,017.13 | 21,379.63 | 12,076.89 | 4,572.01 | 2,469.10 |
| III. NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION | 1,488.23 | 1,668.43 | 1,080.48 | 645.48 | 352.69 | 224.79 |
| Less :Interest & Finance Charges | 243.41 | 460.49 | 197.34 | 151.76 | 122.16 | 153.88 |
| IV. NET PROFIT BEFORE DEPRECIATION AND TAXATION | 1,244.82 | 1,207.94 | 883.14 | 493.72 | 230.53 | 70.90 |
| Less: Depreciation | 36.71 | 62.23 | 29.94 | 20.82 | 17.47 | 15.80 |
| V. NET PROFIT BEFORE TAXATION | 1,208.11 | 1,145.71 | 853.20 | 472.90 | 213.06 | 55.10 |
| Less: Provision for Taxation: | | | | | | |
| - Current Tax | 407.63 | 378.17 | 288.90 | 160.00 | 62.33 | 15.15 |
| - Deferred Tax | 3.39 | 14.68 | 1.13 | 1.91 | 4.66 | 5.50 |
| - Fringe Benefit Tax | - | 3.59 | 2.03 | 1.09 | - | - |
| | 411.02 | 396.44 | 292.06 | 163.00 | 66.99 | 20.65 |
| VI. NET PROFIT AFTER TAXATION | 797.09 | 749.27 | 561.14 | 309.90 | 146.07 | 34.45 |
| Add / Less : prior period items | - | (18.54) | (3.42) | (14.88) | (1.50) | 6.02 |
| Add : Profit/Loss Brought forward | 1,390.67 | 915.85 | 408.86 | 169.41 | 59.03 | 24.62 |
| VII. PROFIT AVAILABLE FOR APPROPRIATION | 2,187.76 | 1,646.58 | 966.58 | 464.43 | 203.60 | 65.09 |
| VIII. APPROPRIATION | | | | | | |
| Proposed Dividend on Equity Shares | - | 90.53 | - | 30.40 | 15.13 | 5.40 |
| Interim Dividend on Equity Shares | - | - | 43.36 | - | - | - |
| Corporate Tax on Dividend | - | 15.38 | 7.37 | 5.17 | 2.12 | 0.66 |
| Transfer to Debenture Redemption Reserve | - | - | - | 20.00 | 16.94 | - |
| Transfer to General Reserve | - | 150.00 | - | - | - | - |
| BALANCE CARRIED TO BALANCE SHEET | 2,187.76 | 1,390.67 | 915.85 | 408.86 | 169.41 | 59.03 |
| TOTAL | 2,187.76 | 1,646.58 | 966.58 | 464.43 | 203.60 | 65.09 |



ANNEXURE II - RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

All Amount in Rupees Lacs

| PARTICULARS | 6 Month ended | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Sep-09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| ASSETS: | | | | | | |
| (1) Fixed Assets: | | | | | | |
| (a) Gross block at cost | 1098.71 | 1048.70 | 640.12 | 522.99 | 322.62 | 251.19 |
| (b) Less : Depreciation | 205.85 | 169.13 | 115.10 | 85.16 | 66.33 | 48.86 |
| (c) Net block | 892.86 | 879.57 | 525.02 | 437.83 | 256.29 | 202.33 |
| (d) Capital advances | 170.72 | 129.73 | 77.56 | 24.00 | 122.00 | - |
| Total - A | 1,063.58 | 1,009.30 | 602.59 | 461.83 | 378.29 | 202.33 |
| (2) Current assets, Loans & Advances: | | | | | | |
| (a) Inventories | 7817.58 | 6,430.19 | 3,559.80 | 1,999.57 | 1,210.97 | 1,142.54 |
| (b) Sundry Debtors | 54.74 | 57.78 | 39.76 | 87.22 | 1.34 | 38.51 |
| (c) Cash and bank balances | 409.66 | 83.55 | 58.32 | 21.29 | 87.45 | 2.74 |
| (d) Loans and Advances | 463.32 | 491.16 | 156.74 | 20.58 | 10.39 | 37.87 |
| Total - B | 8,745.30 | 7,062.68 | 3,814.63 | 2,128.66 | 1,310.15 | 1,221.66 |
| Total Assets - C = (A+B) | 9,808.88 | 8,071.98 | 4,417.21 | 2,590.49 | 1,688.44 | 1,423.99 |
| LIABILITIES: | | | | | | |
| (1) Loan Fund : | | | | | | |
| (a) Secured Loans | 5124.19 | 4,276.73 | 1,996.92 | 1,008.93 | 587.72 | 533.92 |
| (b) Unsecured Loans | 169.67 | 62.94 | 24.71 | 619.05 | 487.85 | 683.77 |
| Total - D | 5,293.86 | 4,339.67 | 2,021.64 | 1,627.98 | 1,075.57 | 1,217.69 |
| (2) Deferred Tax Liability | 47.41 | 44.02 | 29.34 | 28.21 | 21.16 | 16.50 |
| (3) Current liabilities & provisions: | | | | | | |
| (a) Current liabilities | 435.64 | 602.68 | 210.39 | 102.03 | 61.08 | 55.18 |
| (b) Provisions | 332.55 | 184.26 | 128.90 | 84.38 | 42.69 | 21.59 |
| Total - E | 815.60 | 830.96 | 368.63 | 214.62 | 124.93 | 93.27 |
| Total Liabilities - F = (D+E) | 6,109.46 | 5,170.63 | 2,390.27 | 1,842.60 | 1,200.50 | 1,310.96 |
| Net worth (C-F) | 3,699.42 | 2,901.35 | 2,026.95 | 747.89 | 487.94 | 113.03 |
| Net worth represented by | | | | | | |
| (1) Shareholders Funds : | | | | | | |
| (a) Share Capital | 905.29 | 905.29 | 867.20 | 304.00 | 304.00 | 54.00 |
| (b) Share Premium | 423.90 | 423.90 | 214.40 | - | - | - |
| (c) Reserves and Surplus | 2,374.70 | 1577.63 | 952.80 | 445.82 | 186.35 | 59.03 |
| Total - G | 3,703.89 | 2,906.82 | 2,034.40 | 749.82 | 490.35 | 113.03 |
| Less: | | | | | | |
| (2) Miscellaneous expenditure: <i>(to the extent not written off or adjusted)</i> | | | | | | |
| (b) Preliminary expenses | 4.47 | 5.47 | 7.45 | 1.93 | 2.41 | - |
| Total - H | 4.47 | 5.47 | 7.45 | 1.93 | 2.41 | - |
| Net worth (G-H) | 3,699.42 | 2,901.35 | 2,026.95 | 747.89 | 487.94 | 113.03 |



ANNEXURE III – RESTATED SUMMARY STATEMENT OF CASH FLOWS

All Amounts in Rupees Lacs

| PARTICULARS | 6 Month ended | Year ended March 31, | | | | |
|---|-------------------|----------------------|-------------------|-----------------|-----------------|-----------------|
| | Sep-09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Cash Flow from Operating Activities | | | | | | |
| Net Profit before tax | 1,208.11 | 1,145.71 | 853.20 | 472.90 | 213.06 | 55.10 |
| Add/(Less) Adjustments | | | | | | |
| Depreciation | 36.71 | 62.23 | 29.94 | 20.82 | 17.47 | 15.80 |
| Interest and Finance Charges | 243.41 | 460.49 | 197.34 | 151.76 | 122.16 | 153.88 |
| Loss on Sale of fixed Assets | - | 6.52 | - | (0.81) | - | (0.90) |
| Preliminary Expenditure | 1.00 | 1.98 | (5.52) | 0.48 | (2.41) | - |
| Operating Profit before WC Changes | 1,489.23 | 1,676.93 | 1,074.96 | 645.15 | 350.28 | 223.88 |
| Adjustments for: | | | | | | |
| Inventories | 1,387.39 | 2,870.39 | 1,560.23 | 788.60 | 68.43 | 340.42 |
| Sundry Debtors | (3.04) | 18.02 | (47.46) | 85.88 | (37.17) | (37.42) |
| Loans & Advances | (27.84) | 334.42 | 136.16 | 10.19 | (27.48) | 14.10 |
| Current Liabilities | 167.05 | (392.29) | (108.36) | (40.95) | (5.90) | 259.17 |
| Total Adjustments | (1,523.56) | (2,830.54) | (1,540.57) | (843.72) | 2.12 | (576.27) |
| Cash Generated from Operations | (34.33) | (1,153.60) | (465.62) | (198.57) | 352.40 | (352.39) |
| Taxes Paid | | | | | | |
| Payment of Direct Taxes | 259.34 | 432.31 | 210.84 | 137.72 | 52.42 | 5.69 |
| Adjustments in respect of prior years | - | 18.54 | 3.42 | 9.72 | 1.50 | (6.02) |
| Net Cash flow from Operating Activities - (A) | (293.67) | (1,604.45) | (679.88) | (346.02) | 298.48 | (352.06) |
| Cash Flow from Investing Activities | | | | | | |
| Purchase of Fixed assets | 91.00 | 480.08 | 170.69 | 105.89 | 193.43 | 9.54 |
| Proceeds from Sales of Fixed Assets | - | 4.62 | - | 2.34 | - | 3.48 |
| Net Cash used in Investing Activities - (B) | (91.00) | (475.46) | (170.69) | (103.55) | (193.43) | (6.06) |
| Cash Flow from Financing Activities | | | | | | |
| Proceeds from Issue of Share Capital | - | 247.59 | 777.60 | - | 250.00 | - |
| Proceeds from Long Term Loan | 151.38 | 84.80 | (594.34) | 131.20 | (195.92) | 73.67 |
| Proceeds from Short Term Loan | 802.81 | 2,233.24 | 987.99 | 421.21 | 53.80 | 342.16 |
| Dividend Paid (including Corporate Dividend Tax) | - | - | 86.30 | 17.25 | 6.06 | - |
| Interest and Finance Charges | 243.41 | 460.49 | 197.34 | 151.76 | 122.16 | 153.88 |
| Net Cash flow from Financing Activities - (C) | 710.78 | 2,105.13 | 887.61 | 383.40 | (20.34) | 261.95 |
| Net Increase / (Decrease) in Cash & Cash equivalents - (A+B+C) | 326.11 | 25.23 | 37.04 | (66.16) | 84.71 | (96.17) |
| Cash & Cash Equivalents at the beginning of the year | 83.56 | 58.33 | 21.29 | 87.45 | 2.74 | 98.91 |
| Cash & Cash Equivalents at the end of the year | 409.67 | 83.56 | 58.33 | 21.29 | 87.45 | 2.74 |



Annexure IV- Significant Accounting Policies

The Accounts are prepared under the Historical Cost Convention and materially comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are stated below:

1. Revenue Recognition

Gross turnover is inclusive of VAT and other statutory levies.

2. Inventories

Inventories including company's stock held with goldsmiths are valued at lower of cost or net realizable value. The cost of raw material inventories is computed on a FIFO basis. The cost of finished goods includes cost of conversion and other cost incurred in bringing the Inventories to their present location and condition.

3. Tangible Fixed Assets

- a) Fixed Assets are stated at their cost of acquisition or construction as the case may be and including inward freight, incidental expenses related to acquisition/ installation and borrowing cost as per Accounting Standard (AS 16). Depreciation on additions to fixed assets is provided on a pro-rata basis from the date on which acquisition or installation.
- b) Depreciation on Fixed Assets is provided at rates as prescribed under the Companies Act, 1956 on the following basis:

| Sr. No | Asset Class | Depreciation method |
|--------|--|---------------------|
| i. | -Building -Plant & Machinery -Furniture and Fittings -Office equipments | Straight Line |
| ii. | -Vehicles -Computers | Written Down Value |

4. Capital work in progress

Capital work in progress includes, cost of assets not yet commissioned, and incidental expenses during the construction period.

5. Intangible Fixed Assets

Intangible Assets are recognized only on cost of acquisition.

6. Borrowing Cost

Interest and Other cost relating to borrowing of funds are capitalized up to the date when such assets are ready to use for its production and other borrowing cost are charged to profit and loss account.

7. Expenses

- a) All expenses are accounted for on accrual basis except cost of leave encashment and retirement benefits including contribution to the Life Insurance Corporation of India in respect of the Group Gratuity Insurance Policy. These are accounted on cash basis.
- b) Interest and finance charges are accounted as follows:
 - Interest is accounted for on accrual basis.
 - Prior period items, if material, are disclosed separately.



8. Miscellaneous Expenditure

Preliminary Expenses

Expenses incurred on Increase in Share Capital are amortized over the period of five equal installments.

9. Segment Report

The company is engaged in trading of Gold Jewellery, Diamond and Silver Articles business, which constitutes a single business segment. In view of the above, there are no segment wise reports to be disclosed in terms of Accounting Standard – 17 issued by The Institute of Chartered Accountants of India.

10. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Timing Differences between accounting income and taxable income capable of being reversed in subsequent years are recognized as deferred tax, in accordance with Accounting Standard – 22 on Taxes on Income, issued by the Institute of Chartered Accountants of India.

11. Provisions, Contingent Liabilities

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the balance sheet date is considered probable. Contingent liabilities are disclosed by way of Notes on accounts in respect of obligation where, based on the evidence available, their existence at the balance sheet date is considered not probable. Contingent assets are not recognised in the accounts.

NOTES FORMING PART OF ACCOUNTS

1. DETAILS OF CONTINGENT LIABILITIES

All Amounts in Rupees Lacs

| PARTICULARS | As at March 31, | | | | | |
|---|-----------------|--------------|--------------|---------------|---------------|----------|
| | Sep 09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Estimated amount of contracts remaining to be executed on capital account | 30.00 | 22.00 | 56.00 | (4.00) | 114.50 | - |
| Claims against the company not acknowledged as debts | - | - | - | - | - | - |
| Statutory liabilities | - | - | - | - | 0.27 | - |
| Counter guarantees given to banks | - | - | - | - | - | - |
| Corporate Guarantee | - | - | - | - | - | - |
| TOTAL | 30.00 | 22.00 | 56.00 | (4.00) | 114.77 | - |

2. Deferred Tax Liability

The breakup of net deferred tax liability is provided below:

(Amount in Rupees.)

| Particulars | Opening at 01.04.2009 | Charge(Credit) Movement during the Period | Closing on 30.09.2009 |
|-------------------------------------|--------------------------|---|--------------------------|
| Depreciation | 4,401,877 | 339,140 | 4,741,017 |
| Total Deferred Tax Liability | 4,401,877 | 339,140 | 4,741,017 |



3. In the opinion of the management, there is no impairment in the carrying cost of fixed assets of the Company in terms of the Accounting Standard – 28 issued by the Institute of Chartered Accountants of India.
4. Balances in sundry debtors, including advances given and taken, and creditors (including creditors for expenses) in some cases require reconciliation / confirmation.
5. There are no dues to Micro, Small and Medium Enterprises which are outstanding for more than 30 days as at the Balance sheet Date. The above information regarding Small Scale undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company, and have been relied upon by the Auditors.
6. Arising out of the change in the basis of accounting the Intangible asset and the revaluation reserve stand reduce to the extent of Rs. 5, 97, 91, 057. But for the above, the change in accounting does not have any other impact on the accounts and the profits of the company as disclosed therein.
7. In the restated summary profit and loss account for all the years (from 31/03/2006 to 31/03/2009) and 6 months ended on 30th September 2009 the entire advertisement and publicity expenses incurred in respective financial years is accounted under selling expenses and fully written off. Hence no Deferred Revenue Expenditure is carried in the Balance Sheet for all the respective years.

8. DETAILS OF EXPENDITURE IN FOREIGN CURRENCY

(Amount in Rupees)

| PARTICULARS | Sep 30 2009 | As at March 31, | | | | |
|------------------------|-------------------|------------------|------|------|------|------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Traveling Expenses | 552,093 | 563,080 | - | - | - | - |
| Interest on FCNRB Loan | 11,567,630 | 1,762,769 | - | - | - | - |
| TOTAL | 12,119,723 | 2,325,849 | - | - | - | - |

9. DETAILS OF AUDIT FEES

(Amount in Rupees)

| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | Sep09 |
|------------------------|---------------|----------------|----------------|----------------|----------------|-------|
| Statutory audit | 50,000 | 80,000 | 80,000 | 150,000 | 300,000 | - |
| Tax audit | 25,000 | 40,000 | 40,000 | 50,000 | 100,000 | - |
| Interim audit | - | - | - | 120,000 | 125,000 | - |
| Expenses & Service tax | 19,050 | 13,000 | 20,000 | 62,024 | 63,673 | - |
| TOTAL | 94,050 | 133,000 | 140,000 | 382,024 | 588,673 | - |



10. DETAILS OF QUANTITATIVE INFORMATION

QUANTITATIVE STATEMENT AS ON 30th SEPTEMBER 2009 (6 Months)

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|---------------------------|------|--------------|--------------|--------------|--------------|
| 1 | Gold and Jewellery | Gms | 455,737.00 | 2,184,984.90 | 2,182,168.11 | 478,605.00 |
| 2 | Studded Diamond | Cts | 741.00 | 36.37 | 95.12 | 688.95 |
| 3 | Silver | Gms | 15,758.00 | 268,809.00 | 9,963.00 | 19,525.00 |
| 4 | Silver & Silver Ornaments | Gms | 2,054,237.00 | 2,043,638.00 | 1,839,441.00 | 2,185,299.00 |
| 5 | Precious Stones | Cts | 292.00 | 2.00 | 46.00 | 249.16 |

QUANTITATIVE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|---------------------------|------|------------|--------------|--------------|--------------|
| 1 | Gold and Jewellery | Gms | 318,725.00 | 1,980,226.42 | 1,813,224.71 | 455,737.00 |
| 2 | Studded Diamond | Cts | 466.00 | 336.26 | 60.43 | 741.00 |
| 3 | Silver | Gms | - | 12,210.00 | 11,586.00 | 15,758.00 |
| 4 | Silver & Silver Ornaments | Gms | - | 2,877,758.36 | 2,203,141.77 | 2,054,237.00 |
| 5 | Precious Stones | Cts | 266.27 | 260.58 | 130.33 | 292.00 |
| 6 | Others | Nos | 1,648.00 | - | 1,648.00 | - |

QUANTITATIVE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|--------------------|------|------------|--------------|--------------|------------|
| 1 | Gold and Jewellery | Gms | 218,055.00 | 2,205,963.47 | 2,110,117.43 | 318,725.00 |
| 2 | Studded Diamond | Gms | 5,336.00 | 738.37 | 1,266.37 | 4,664.00 |
| 3 | Silver | Gms | - | 11,487.64 | 11,487.64 | - |
| 4 | Precious Stones | Cts | 320.00 | 120.37 | 132.16 | 412.00 |
| 5 | Others | Nos. | 1,986.00 | 52,742.17 | 45.28 | 1,648.00 |

QUANTITATIVE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|--------------------|------|------------|--------------|--------------|------------|
| 1 | Gold and Jewellery | Gms | 165,925.00 | 1,361,898.00 | 1,308,879.00 | 218,055.00 |
| 2 | Diamond Jewellery | Gms | 5,524.00 | 1,214.00 | 1,317.00 | 5,336.00 |
| 3 | Silver | Gms | 37,064.00 | 1,620,922.00 | ,347,971.00 | - |
| 4 | Precious Stones | Cts | 360.00 | - | 14.00 | 320.00 |
| 5 | Others | Nos. | - | 166,507.00 | 165,389.00 | 1,986.06 |


QUANTITATIVE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2006

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|--------------------|------|------------|--------------|--------------|------------|
| 1 | Gold and Jewellery | Gms | 184,005.00 | 558,712.00 | 583,431.00 | 165,925.00 |
| 2 | Diamond Jewellery | Gms | 2,280.00 | 4,084.00 | 1,313.00 | 5,524.00 |
| 3 | Silver | Gms | 9,367.00 | 2,553,946.00 | 1,973,070.00 | 37,064.00 |
| 4 | Precious Stones | Cts | 116.00 | - | - | 360.00 |
| 5 | Others | Nos. | 1,354.87 | 150,255.00 | 143,426.00 | - |

QUANTITATIVE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

| Sr. No. | Class of Goods | Unit | Opening | Purchase | Sales | Closing |
|---------|--------------------|------|------------|------------|------------|------------|
| 1 | Gold and Jewellery | Gms | 140,306.53 | 708,454.28 | 664,759.44 | 184,005.00 |
| 2 | Diamond Jewellery | Gms | 668.72 | 2,230.40 | 634.69 | 2,280.03 |
| 3 | Silver | Gms | - | 977,249.89 | 967,883.39 | 9,366.50 |
| 4 | Precious Stones | Cts | 293.89 | 10.67 | 208.78 | 116.00 |
| 5 | Others | Nos. | 6,018.23 | 134,307.00 | 138,950.14 | 1,354.87 |

11. DETAILS OF DIRECTORS' REMUNERATION

(Rupees in Lacs)

| Particulars | Sep 09 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004 -05 |
|----------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Balarama Govinda Das | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 2.40 |
| Ba. Ramesh | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 1.80 |
| N.B. Kumar | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 2.40 |
| L.Sivakumar* | 2.10 | 5.60 | - | - | - | - |
| TOTAL | 47.10 | 68.60 | 63.00 | 36.00 | 36.00 | 6.60 |

* Mr.L.Sivakumar has resigned as a Director w.e.f July 09, 2009

12. Previous year's figures have been regrouped, wherever necessary, to confirm to this year's classification / presentation.

13. All figures have been rounded off to the nearest rupee.



ANNEXURE V - SCHEDULE OF RELATED PARTY TRANSACTIONS

Related Party Disclosures

In accordance with the requirements of Accounting Standards (AS) – 18 “Related Party disclosures” the names of related party where control exists/able to exercise significant influence along with the aggregate transactions and year end balances with them as identified and certified by the management are given below:

Directors / Key management Personnel

| | |
|---|---|
| Key Management Personnel (KMP) | -Balarama Govinda Das – Managing Director -Ba. Ramesh – Joint Managing Director -N. B. Kumar – Joint Managing Director -L. Sivakumar – Director* |
| Relatives of KMP | -Annamayil (Mother of Managing and Joint Managing Directors) -Yamuna Vasini Deva Dasi (wife of Managing Director) -B. Prasannan, B. Rajesh Kanna (Managers), N. B. Arun (Sons of Managing Director) -B. R. Sumati (wife of Ba. Ramesh, JMD) -Ba. R. Darmini (Daughter of Ba. Ramesh, JMD) -R. Gokul (Son of Ba. Ramesh, JMD) -K. Thamarai Selvi (Wife of N. B. Kumar, JMD) -K. Ravi Shangar (Son of N. B. Kumar, JMD) -K. Kishore Lal (Son of N. B. Kumar, JMD) |
| Enterprises over which Key Managerial Personnel (KMP) and their relatives have substantial interest | -Thangamayil Gold and Diamond Private Limited -Balusamy Silvears Jewellery Private Limited |

* Mr. L.Sivakumar as resigned as a director w.e.f July 09, 2009

A) KEY MANAGEMENT PERSONNEL (KMP)

| Nature of Transaction | Relationship | All amount in Rupees lacs | | | | | |
|------------------------------|-------------------|---------------------------|-------|-------|-------|-------|------|
| | | Year ended March 31, | | | | | |
| | | Sep2009 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Rendering of Services | | | | | | | |
| Balarama Govinda Das | Managing Director | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 2.40 |
| Ba. Ramesh | J.M. Director | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 1.80 |
| N.B. Kumar | J.M. Director | 15.00 | 21.00 | 21.00 | 12.00 | 12.00 | 2.40 |
| L. Sivakumar | Director | 2.10 | 5.60 | - | - | - | - |
| Cash Advance | | | | | | | |
| Balarama Govinda Das | Managing Director | 6.97 | 6.97 | 7.69 | 25.69 | 1.35 | - |



| | | | | | | | |
|--|-------------------|------|-------|--------|-------|-------|------|
| Ba. Ramesh | J.M. Director | 6.62 | 6.62 | 7.49 | 25.69 | 1.35 | - |
| N.B. Kumar | J.M. Director | 6.85 | 6.85 | 6.25 | 25.69 | 1.30 | - |
| Yamuna Vasini Deva Dasi | Wife of Director | 0.39 | 0.39 | - | - | - | - |
| K. Thamarai Selvi | Wife of Director | 1.45 | 1.45 | 1.45 | - | - | - |
| Interest paid on debentures issued at par | | | | | | | |
| Ba. Ramesh | Director | - | - | - | 1.05 | 1.05 | 1.05 |
| Rent Paid | | | | | | | |
| Balarama Govinda Das | Managing Director | - | - | - | - | 1.60 | 1.60 |
| Ba. Ramesh | J.M. Director | - | - | - | - | 1.60 | 1.60 |
| N.B. Kumar | J.M. Director | - | - | - | - | 1.60 | 1.60 |
| Conversion of debentures into shares | | | | | | | |
| Balarama Govinda Das | Managing Director | - | - | 20.51 | - | 83.33 | - |
| Ba. Ramesh | J.M. Director | - | - | 12.35 | - | 83.33 | - |
| N.B. Kumar | J.M. Director | - | - | 25.08 | - | 83.34 | - |
| Shares issued by conversion of Debentures | | | | | | | |
| Balarama Govinda Das | Managing Director | - | - | 157.20 | - | - | - |
| Ba. Ramesh | J.M. Director | - | - | 164.16 | - | - | - |
| N.B. Kumar | J.M. Director | - | - | 157.20 | - | - | - |
| Bonus Shares issued | | | | | | | |
| Balarama Govinda Das | Managing Director | - | - | 127.50 | - | - | - |
| Ba. Ramesh | J.M. Director | - | - | 128.68 | - | - | - |
| N.B. Kumar | J.M. Director | - | - | 127.52 | - | - | - |
| Rent Advance – NB Kumar | Director | | | 0.50 | - | - | - |
| Shares Capital received | | | | | | | |
| Balarama Govinda Das | Managing Director | - | 53.37 | - | - | - | - |
| Ba. Ramesh | J.M. Director | - | 53.36 | - | - | - | - |
| N.B. Kumar | J.M. Director | - | 53.37 | - | - | - | - |

B) RELATIVES OF KMP

All Amount in Rupees lacs

| PARTICULARS | Relationship | 6 months | Year ended March 31, | | | | |
|--|------------------|----------|----------------------|------|------|------|------|
| | | Sep 09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Interest paid on debentures issued at par | | | | | | | |
| Yamuna Vasini Deva Dasi | Wife of Director | - | - | - | 1.05 | 1.05 | 1.05 |
| B. Rajesh Kanna | Son of Director | - | - | - | 0.90 | 0.90 | 0.90 |
| B.Prasannan | Son of Director | - | - | - | 0.90 | 0.90 | 0.90 |



| | | | | | | | |
|--|----------------------|---|---|-------|------|------|------|
| N.B. Arun | Son of Director | - | - | - | 0.90 | 0.90 | 0.90 |
| Ba. R. Darmini | Daughter of Director | - | - | - | 1.05 | 1.05 | 1.05 |
| R. Gokul | Son of Director | - | - | - | 0.60 | 0.60 | 0.60 |
| K. Thamarai Selvi | Wife of Director | - | - | - | 1.05 | 1.05 | 1.05 |
| K. Ravishangar | Son of Director | - | - | - | 0.60 | 0.60 | 0.60 |
| B.K. Kishorelal | Son of Director | - | - | - | 0.60 | 0.60 | 0.60 |
| Conversion of debentures into shares | | | | | | | |
| Yamuna Vasini Deva Dasi | Wife of Director | - | - | 33.22 | - | - | - |
| B. Rajesh Kanna | Son of Director | - | - | 44.26 | - | - | - |
| B.Prasannan | Son of Director | - | - | 52.55 | - | - | - |
| N.B. Arun | Son of Director | - | - | 35.72 | - | - | - |
| B. R. Sumati | Wife of Director | - | - | 59.22 | - | - | - |
| Ba. R. Darmini | Daughter of Director | - | - | 67.32 | - | - | - |
| R. Gokul | Son of Director | - | - | 40.29 | - | - | - |
| K. Thamarai Selvi | wife of Director | - | - | 72.88 | - | - | - |
| K. Ravishangar | Son of Director | - | - | 40.28 | - | - | - |
| B.K. Kishorelal | Son of Director | - | - | 38.07 | - | - | - |
| Shares issued by conversion of Debentures | | | | | | | |
| Yamuna Vasini Deva Dasi | Wife of Director | - | - | 6.00 | - | - | - |
| B. Rajesh Kanna | Son of Director | - | - | 6.00 | - | - | - |
| B.Prasannan | Son of Director | - | - | 6.00 | - | - | - |
| N.B. Arun | Son of Director | - | - | 6.69 | - | - | - |
| Ba. R. Darmini | Daughter of Director | - | - | 6.69 | - | - | - |
| R. Gokul | Son of Director | - | - | 3.99 | - | - | - |
| K. Thamarai Selvi | Wife of Director | - | - | 6.69 | - | - | - |
| K. Ravishangar | Son of Director | - | - | 3.99 | - | - | - |
| B.K. Kishorelal | Son of Director | - | - | 3.99 | - | - | - |
| Bonus shares issued | | | | | | | |
| Yamuna Vasini Deva Dasi | Wife of Director | - | - | 1.00 | - | - | - |
| B. Rajesh Kanna | Son of Director | - | - | 1.00 | - | - | - |
| B.Prasannan | Son of Director | - | - | 1.00 | - | - | - |
| N.B. Arun | Son of Director | - | - | 1.13 | - | - | - |
| Ba. R. Darmini | Daughter of Director | - | - | 1.13 | - | - | - |
| R. Gokul | Son of Director | - | - | 0.67 | - | - | - |
| K. Thamarai Selvi | Wife of Director | - | - | 1.13 | - | - | - |



| | | | | | | | |
|-------------------------------|-----------------|------|------|------|---|---|---|
| K. Ravishangar | Son of Director | - | - | 0.67 | - | - | - |
| B.K. Kishorelal | Son of Director | - | - | 0.67 | - | - | - |
| Fixed Deposit Received | | | | | | | |
| K. Ravishangar | Son of Director | - | 0.20 | - | - | - | - |
| B.K. Kishorelal | Son of Director | - | 0.20 | - | - | - | - |
| Remuneration Paid | | | | | | | |
| B. Rajesh Kanna | Son of Director | 3.60 | 4.00 | - | - | - | - |
| B.Prasannan | Son of Director | 3.60 | 4.00 | - | - | - | - |

C) ENTERPRISES OVER WHICH KMP AND THEIR RELATIVES HAVE SUBSTANTIAL INTEREST

All Amount in Rupees lacs

| PARTICULARS | Relationship | Year ended March 31, | | | | | |
|---|-------------------|----------------------|--------|--------|----------|--------|--------|
| | | Sep 09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Purchase of Goods | | | | | | | |
| Thangamayil Gold and Diamond Pvt Ltd | Associate Concern | - | - | 651.23 | 1,191.50 | 235.58 | 334.53 |
| Balusamy Silvears Jewellery Pvt Ltd | Associate Concern | - | 147.61 | 107.72 | 190.50 | 103.42 | 108.47 |
| Rent Received | | | | | | | |
| Thangamayil Gold and Diamond Pvt Ltd | Associate Concern | - | - | 4.80 | 2.40 | 0.60 | - |
| Balusamy Silvears Jewellery Pvt Ltd | Associate Concern | - | 1.40 | 3.00 | 4.20 | 0.60 | - |
| Sri Ganesan Jewellery | Associate Concern | - | - | (0.60) | 0.10 | - | - |
| Shares Capital Received | | | | | | | |
| Thangamayil Gold and Diamond Pvt Ltd | Associate Concern | - | 55.00 | - | - | - | - |
| Balusamy Silvears Jewellery Pvt Ltd | Associate Concern | - | 32.50 | - | - | - | - |
| Bonus shares issued | | | | | | | |
| Thangamayil Gold & Diamond Pvt Ltd | Associate Concern | - | - | 41.50 | - | - | - |
| Outstanding balance payable | | | | | | | |
| Thangamayil Gold and Diamond Pvt Ltd | Associate Concern | 1.00 | 1.00 | 4.13 | 13.27 | 16.12 | - |
| Balusamy Silvears Jewellery Pvt Ltd | Associate Concern | - | - | - | - | - | - |
| Purchase of Business Undertaking | | | | | | | |
| Balusamy Silvears Jewellery Pvt Ltd | Associate Concern | - | 300.50 | - | - | - | - |
| Thangamayil Gold & Diamond Pvt Ltd | Associate Concern | - | - | 313.35 | - | - | - |



ANNEXURE VI – SCHEDULE OF OUTSTANDING SECURED LOANS FOR THE HALF YEARLY ENDED ON 30 TH SEPTEMBER 2009

(Amount in Rupees Lacs)

| Sr. No. | Lender | Loan Sanctioned | Amount Outstanding | Interest Rate | Repayment Schedule | Security Created |
|----------|------------------------------|-----------------|--------------------|---------------|---|---|
| A | Term Loans | | | | | |
| | Oriental Bank of Commerce | 177.00 | 44.65 | 13.25% | 42 Equal Installments. EMI will started after 12 months from the date of Disbursement | Pari passu First charges on fixed assets of the company including the proposed outlets. |
| B | Working Capital Loans | | | | | |
| | Oriental Bank of Commerce | 2100.00 | 1438.78 | 13.25% | Payable on demand | Charge on Current assets of the company including Raw materials Semi finished Goods Finished Goods receivables stores and spares. |
| | State Bank of India | 3500.00 | 232.16 | 12.75% | Payable on Demand | - as above- |
| | FCNRB | | 3408.60 | 8.31% | Payable on demand | - as above- |
| | TOTAL | | 5124.19 | | | |

ANNEXURE VII – SCHEDULE OF UNSECURED LOANS

All Amounts in Rupees Lacs

| PARTICULARS | As at March 31, | | | | | |
|--|-----------------|--------------|--------------|---------------|---------------|---------------|
| | Sep 09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Fixed Deposits | 147.38 | 40.65 | - | - | - | - |
| (Out of the above Rs.7.24 lakhs repayable with in period of 12 months with interest @10% per annum and Rs.3.90 lakhs repayable with in period of 24 Months with interest @ 11%p.a and balance Rs.136.24 lakhs repayable in 36 months with interest @12.50%p.a) | | | | | | |
| Unsecured Loans from Directors & Relatives | | | | | | |
| 7 year unsecured redeemable non-convertible debentures | | - | - | 541.98 | 487.85 | 683.77 |
| Directors | 22.29 | 22.29 | 24.71 | 77.07 | - | - |
| Directors Loan repayable on demand. This amount does not carry any interest. | | | | | | |
| TOTAL | 169.67 | 62.94 | 24.71 | 619.05 | 487.85 | 683.77 |



ANNEXURE VIII - AGE WISE SCHEDULE OF SUNDRY DEBTORS

All Amounts in Rupees Lacs

| PARTICULARS | Sep 09 | As at March 31, | | | | |
|--------------------------------------|--------------|-----------------|--------------|--------------|-------------|--------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| <i>Unsecured and Considered good</i> | | | | | | |
| Debtors Outstanding for | | | | | | |
| - Due for more than Six Months | - | - | - | - | 1.34 | 3.67 |
| - Due for less than Six Months | 54.74 | 57.78 | 39.76 | 87.22 | - | 34.84 |
| TOTAL | 54.74 | 57.78 | 39.76 | 87.22 | 1.34 | 38.51 |

Note: debtors do not constitute any related parties

ANNEXURE IX - SCHEDULE OF LOANS AND ADVANCES

All Amounts in Rupees Lacs

| PARTICULARS | Sep 09 | As at March 31, | | | | |
|--------------------------------------|---------------|-----------------|---------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| <i>Unsecured and Considered good</i> | | | | | | |
| Advances recoverable in cash or kind | 10.13 | 33.33 | 3.65 | 7.81 | 4.05 | 4.70 |
| Advances for Purchases | 208.50 | 282.73 | 55.43 | - | - | - |
| Advances for Expenses | 72.59 | 44.28 | 23.67 | - | - | - |
| Rent Advances | 62.32 | 61.15 | 15.55 | 10.81 | 4.41 | 31.23 |
| Prepaid Expenses and Other Advances | 103.98 | 63.87 | 55.12 | - | - | - |
| Deposits with Government departments | 5.80 | 5.80 | 3.32 | 1.96 | 1.93 | 1.94 |
| TOTAL | 463.32 | 491.16 | 156.74 | 20.58 | 10.39 | 37.87 |

ANNEXURE X - SCHEDULE OF OTHER INCOME

All Amounts in Rupees Lacs

| PARTICULARS | Nature | Year ended March 31, | | | | | |
|-------------------|-----------|----------------------|-------------|--------------|-------------|-------------|-------------|
| | | Sep 09 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Interest Received | Recurring | - | 0.32 | 2.32 | - | 0.91 | 3.84 |
| Rent Received | Recurring | - | 1.40 | 7.80 | 6.70 | - | 4.08 |
| TOTAL | | - | 1.72 | 10.12 | 6.70 | 0.91 | 7.92 |

ANNEXURE XI - DETAILS OF DIVIDEND PAID

All Amounts in Rupees

| PARTICULARS | Sep 09 | As at March 31, | | | | |
|-----------------------------|------------|-----------------|-------------|--------------|--------------|--------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| No. of Equity shares (Nos.) | 9,052,915 | 9,052,915 | 8,672,000 | 3,040,000 | 3,040,000 | 540,000 |
| Face value per share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Equity share capital | 90,529,150 | 90,529,150 | 86,720,000 | 30,400,000 | 30,400,000 | 5,400,000 |
| Final Dividend in % | - | 10.00 | 5.00 | 10.00 | 10.00 | 10.00 |
| Amount of Dividend | - | 9,052,915 | 4,336,000 | 3,040,000 | 1,512,600 | 540,000 |
| Dividend Tax | - | 1,538,543 | 736,903 | 517,000 | 212,170 | 65,880 |



ANNEXURE XII - STATEMENT OF TAX SHELTER

All Amounts in Rupees Lacs

| PARTICULARS | Sep 09 | Year ended March 31, | | | | |
|---|----------------|----------------------|----------------|---------------|---------------|--------------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Net Profit After Taxation – A | 836.30 | 887.53 | 686.07 | 402.84 | 184.88 | 34.45 |
| Add: | | | | | | |
| Current Tax | 407.63 | 378.17 | 288.90 | 160.00 | 62.33 | 15.15 |
| Deferred Tax | 23.58 | 85.86 | 65.46 | 49.06 | 23.85 | 5.50 |
| Fringe benefit Tax | - | 3.59 | 2.03 | 1.09 | - | - |
| Total Tax –B | 431.21 | 467.62 | 356.38 | 210.15 | 86.18 | 20.65 |
| Net Profit Before Tax - (C=A+B) | 1267.51 | 1355.15 | 1042.46 | 612.99 | 271.06 | 55.10 |
| Add: | | | | | | |
| Depreciation as per books | 36.71 | 62.23 | 29.94 | 20.81 | 17.46 | 15.80 |
| Preliminary Expenses as per books | 0.99 | 1.98 | - | - | - | - |
| Deferred revenue Expenditure | 73.85 | 88.18 | 41.94 | 11.60 | | |
| Other Disallowances | 0.13 | 8.06 | - | 0.63 | 0.21 | - |
| Total- C | 111.68 | 160.45 | 71.88 | 33.04 | 17.67 | 15.80 |
| Less: | | | | | | |
| Disallowances during last year allowed this year | - | - | - | - | - | - |
| Depreciation as per IT Act | 46.69 | 105.41 | 33.26 | 25.64 | 29.20 | 28.46 |
| Preliminary Expenses allowed | - | - | - | - | 0.48 | - |
| Profit on Sale of Asset | - | - | - | 0.81 | - | 1.32 |
| Deferred Revenue Expenditure | 133.24 | 297.61 | 231.19 | 151.70 | 57.99 | - |
| Total-D | 179.93 | 403.02 | 264.45 | 178.15 | 87.67 | 29.78 |
| Net Income - E = (C+D) | 1199.26 | 1112.58 | 849.88 | 467.88 | 201.06 | 41.12 |
| Less: | | | | | | |
| Unabsorbed depreciation during prev. years – F | - | - | - | - | - | - |
| Income Returned- (E-F) | 1199.26 | 1112.58 | 849.88 | 467.88 | 201.06 | 41.12 |
| Taxation | | | | | | |
| Tax Rate | 33.99% | 33.99% | 33.99% | 33.66% | 33.66% | |
| Net Tax Incidence | 407.63 | 378.17 | 288.88 | 157.49 | 67.68 | 15.04 |
| Tax payable for the year maximum of MAT or Actual Tax | 407.63 | 378.17 | 288.88 | 157.49 | 67.68 | 15.04 |
| Add: Interest u/s 234B & 234 C | - | - | - | 6.40 | 3.48 | - |
| Total Tax Payable | 407.63 | 378.17 | 288.88 | 163.89 | 71.16 | 15.04 |



ANNEXURE XIII – ACCOUNTING RATIOS

| PARTICULARS | Sep 09 | As at March 31, | | | | |
|--|-----------|-----------------|-----------|-----------|-----------|---------|
| | | 2009 | 2008 | 2007 | 2006 | 2005 |
| Earning Per Share (Rs.) | 8.80 | 8.50 | 10.68 | 10.19 | 9.66 | 6.38 |
| Net Asset Value Per Share (Rs.) | 40.86 | 32.91 | 38.58 | 24.60 | 32.26 | 20.93 |
| Return on Net Worth (%) | 21.55 | 25.82 | 27.68 | 41.44 | 29.94 | 30.48 |
| Weighted Average Number of Equity Shares outstanding during the year (in Nos.) | 9,052,915 | 8,814,909 | 5,254,120 | 3,040,000 | 1,512,603 | 540,000 |

Notes:

The ratios have been computed as below:

| | | |
|---------------------------------|---|--|
| Earning Per Share (Rs.) | : | Net Profit attributable to Equity Share holders |
| | | Weighted Avg. No. of Equity shares outstanding during the year |
| Net Asset Value Per Share (Rs.) | : | Net Worth (excluding revaluation reserve) at the end of the year |
| | | Weighted Avg. No. of Equity shares outstanding during the year |
| Return on Net Worth (%) | : | Net Profit attributable to Equity Share holders x 100 |
| | | Net Worth (excluding revaluation reserve) at the end of the year |

ANNEXURE XIV - STATEMENT OF CAPITALIZATION

(Amount in lacs)

| Particulars | Pre Issue as at September 30, 2009 | Post Issue* |
|--------------------------------------|------------------------------------|-------------|
| Total Debt | | |
| Secured Loans | | |
| Long Term Debt | 44.65 | [.] |
| Short Term Debt | 5,079.54 | [.] |
| Unsecured Loans | | |
| Long Term Debt | - | [.] |
| Short Term Debt | 169.67 | [.] |
| Total - (A) | 5,293.86 | [.] |
| Shareholders Funds | | |
| Share Capital | 905.29 | [.] |
| Reserves and Surplus | 2,798.60 | [.] |
| Total - (B) | 3,703.89 | [.] |
| Long Term Debt / Equity Ratio | 0.01:1 | [.] |
| Total Debt / Equity Ratio | 1.43:1 | [.] |

* Post issue details will be updated at the time of submission of prospectus.



As on December 15, 2009 the Company has been sanctioned working capital limits from IDBI Bank, Madurai branch to the tune of Rs. 1700.00 lacs. Details of sanction are as under:

| Lender | Loan Sanctioned | Amount Outstanding | Interest Rate | Repayment Schedule | Security Created |
|------------------------------|-----------------|--------------------|---------------------------------------|--------------------|--|
| Working Capital Loans | | | | | |
| IDBI Bank | 1700.00 | - | Bank BPLR minus 1.50% payable monthly | Payable on demand | Charge on Current assets of the company alongwith other working capital bankers Escrowing card receivables through IDBI Swiping machines from all showrooms Personal guarantees of the promoters |



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is derived from and should be read together with the restated financial statements as of and for the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009 and in each case, the notes thereto, included elsewhere in this Red Herring Prospectus.

Overview of the Business

The Company is one of the leading jewellery retailers in Madurai. Prior to the formation of Thangamayil Jewellery Private Limited in the year 2000 the business was carried on by the promoters of the company in the name of Balu Jewellery (Partnership concern). Since 1984 the company is in the business of manufacturing and trading of jewellery. The Company trades in Gold Jewellery, Diamond and Platinum jewels. Variety of ornaments like Gold chains, Necklaces, Bangles, Ear Studs, Nose Rings, Waist Belts, Kasu Malai, Finger Rings, Bracelets and other items fitting to the taste of the customers are being sold by the Company. The Company presently has a customer base of more than 1,00,000 customers. The Company has its showrooms at Madurai, Ramanathapuram, Rajapalayam, Kariakudi and Dindigul.

Significant Development Subsequent to Last Financial Period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Red Herring Prospectus which materially or adversely affect or is likely to affect the manufacturing or profitability of the company, or the value of assets, or ability to pay liabilities within next twelve months.

Factors that may affect Results of Operations

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans; and
- Increase competition in the Industry;

Discussion of Results of Operations

Please read the following discussion of the financial condition and results of operation of TMJL together with its financial statements for each of the financial years ended March 31, 2006, 2007, 2008 and 2009 including the notes thereto and the reports, schedules and annexure thereon, which appear in the Auditors' Report included elsewhere in the Offer Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are in accordance with SEBI (ICDR) Regulations 2009.

Rupees in Lacs

| PARTICULARS | Year ended March 31, | | | |
|-----------------------------|----------------------|------------------|------------------|-----------------|
| | 2009 | 2008 | 2007 | 2006 |
| I. INCOME | | | | |
| Sales and Operating Income | 24,683.84 | 22,449.99 | 12,715.67 | 4,923.79 |
| Other Income | 1.72 | 10.12 | 6.70 | 0.91 |
| TOTAL INCOME | 24,685.56 | 22,460.11 | 12,722.37 | 4,924.70 |
| II. EXPENDITURE | | | | |
| (a) Cost of Sales | 22,063.57 | 20,822.72 | 11,760.19 | 4,378.22 |
| (b) Personnel Expenses | 297.92 | 166.72 | 83.17 | 60.39 |
| (c) Administration Expenses | 234.79 | 100.90 | 55.91 | 45.32 |
| (d) Selling Expenses | 420.85 | 289.29 | 177.63 | 88.08 |
| TOTAL EXPENDITURE | 23,017.13 | 21,379.63 | 12,076.89 | 4,572.01 |



| PARTICULARS | Year ended March 31, | | | |
|---|----------------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2007 | 2006 |
| III. NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION | 1,668.43 | 1,080.48 | 645.48 | 352.69 |
| Less :Interest & Finance Charges | 460.49 | 197.34 | 151.76 | 122.16 |
| IV. NET PROFIT BEFORE DEPRECIATION & TAXATION | 1,207.94 | 883.14 | 493.72 | 230.53 |
| Less: Depreciation | 62.23 | 29.94 | 20.82 | 17.47 |
| V. NET PROFIT BEFORE TAXATION | 1,145.71 | 853.20 | 472.90 | 213.06 |
| Less: Provision for Taxation: | | | | |
| - Current Tax | 378.17 | 288.90 | 160.00 | 62.33 |
| - Deferred Tax | 14.68 | 1.13 | 1.91 | 4.66 |
| - Fringe Benefit Tax | 3.59 | 2.03 | 1.09 | - |
| | 396.44 | 292.06 | 163.00 | 66.99 |
| VI. NET PROFIT AFTER TAXATION | 749.27 | 561.14 | 309.90 | 146.07 |

Comparison of Recent Financial Years/ Periods with Previous Financial Years/ Periods

Financial performance for FY 2008-09 vs. FY 2007-08

1. Sales and Operating Income:

During the financial year 2008-09, the total sales of the Company have increased to Rs. 24,683.84 lacs from Rs. 22,449.99 lacs for the financial year 2007-08. This increase of 9.95% is due to increase in volumes and margins of the Company and also due to the following

During August 2008, the company acquired the business of M/s. Balusamy Silvears Jewellery a group company which was carrying on related business as that of the issuer company. BSJPL had for the financial year ended 31/03/2008 clocked a turnover of Rs. 7.42 crores.

During the Financial year 2008-09 the company opened three more branches at Rajapalayam (April, 2008), Karaikudi (September 2008) and Ramanathapuram (March, 2009).

2. Other Income:

The other income consists of income from interest and rent receipts. During the financial year 2008-09 other income of the Company decreased to Rs. 1.72 lacs from Rs. 10.12 lacs for the financial year 2007-08. This 83.14% decrease in other income is mainly due to decrease in rent receipt from the group companies subsequent to the takeover of the business by TMJL.

3. Expenses

During the financial year 2008-09 expenditure of the company increased to Rs. 23017.13 lacs from Rs. 21379.63 lacs for the financial year 2007-08. This increase of around 8% in expenses is mainly due to additional costs incurred on the opening of new branches.

4. Profit after Tax

During the financial year 2008-09 Profit after tax of the Company increased to Rs. 749.27 lacs from Rs. 561.14 lacs for the financial year ended 2007-08. This increase of over 33% in profit after tax is due to increase in overall turnover of the company.



5. Fixed Assets:

The gross fixed assets of the company have increased to Rs. 10.49 crores during financial year 2008-09 from Rs. 5.23 crores in the financial year 2007-08. This increase of over 100% is mainly due to the additions made to assets for purchase of property at Ramanathapuram and Tuticorin and certain additions in plant and machineries like carat meter, computers and furniture and fittings and vehicles for the infrastructure requirements for the new branches opened.

6. Loans:

The turnover levels of the company increased substantially from FY 2006-07. The company also opened new showrooms during FY2008-09. This has led to an increase in the working capital requirement for the company. The outstanding loan as on 31/03/09 was more than 114% when compared with the outstanding as on 31/03/08. In order to meet the additional working capital requirement the sanctioned limits towards working capital from the bankers i.e. Oriental Bank of Commerce and State Bank of India were further increased and the loans outstanding as on 31/03/2009 was to the extent of Rs. 42.77 crores as compared to that as on 31/03/2008 which stood at Rs.19.96 crores.

7. Inventories:

During the financial year 2008-09 the total stock of inventories increased to Rs. 64.30 crores from Rs. 35.60 crores for the financial year 2006-07 i.e. an increase of over 80%. This increase in inventory is in proportion to the increase in the turnover of the company during the same period. The increase in the levels of inventory may be attributed to the following:

- Increase in inventory due to take over of business of M/s. Balusamy Silvears Jewellery during FY 08-09 and
- Increase in inventory due to opening of new branches at Rajapalayam (April, 2008), Karaikudi (September 2008) and Ramanathapuram (March, 2009).

Financial performance for FY 2007-08 vs. FY 2006-07

1. Sales and Operating Income:

During the financial year 2007-08, the total sales of the Company have increased to Rs.22,449.99 lacs from Rs. 12,715.67 lacs for the financial year 2006-07. This 77% increase in sales is mainly due to increase in turnover as a result of the takeover of the business of the associate company, Thangamayil Gold and Diamond Private Limited (TGDPL). TGDPL had for the financial year ended 31/03/2007 clocked a turnover of Rs. 49.84 crores. The bullion market conditions were also very favourable during the financial year 2007-08.

2. Other Income:

During the financial year 2007-08 other income of the Company increased to Rs. 10.12 lacs from Rs. 6.70 lacs for the financial year 2006-07. This 51% increase in other income is due to increase in rent receipts and interest receipts during the year.

3. Expenses

During the financial year 2007-08 expenditure of the company increased to Rs. 21379.63 lacs from Rs. 12076.89 lacs for the financial year 2006-07. This increase in expenses of around 77% is due to increase in the volume of operations of the company in terms of procurement of raw material, personnel expenses, administrative and selling & distribution expenses.



4. Profit after Tax

During the financial year 2007-08 Profit after tax of the Company increased to Rs. 561.14 lacs from Rs. 309.90 lacs for the financial year ended 2006-07. This increase of around 81 % in profit after tax as compared to the previous year is due to increase in turnover of the company during the year.

5. Fixed Assets:

The gross fixed assets of the company have increased to Rs. 6.40 crores during financial year 2007-08 from Rs. 5.23 crores in the financial year 2006-07. This increase is mainly due to the additions made to assets consequent to the takeover of business of TGDPL.

6. Loans:

The turnover levels of the company increased substantially from FY 2006-07 to FY 2007-08. This has led to an increase in the working capital requirement for the company. The outstanding loan as on 31/03/08 was more than 98% when compared with the outstanding as on 31/03/07. In order to meet the additional working capital requirement the sanctioned limits towards working capital from the bankers i.e. Oriental Bank of Commerce and State Bank of India were increased and the loans outstanding as on 31/03/2008 was to the extent of Rs. 19.96 crores as compared to that as on 31/03/2007 which stood at Rs.. 10.09 crores.

7. Inventories:

During the financial year 2007-08 the total stock of inventories increased to Rs. 35.59 crores from Rs. 19.99 crores for the financial year 2006-07 i.e. an increase of over 78%. This increase in inventory is in proportion to the increase in the turnover of the company during the same period. The increase in the levels of inventory may also be attributed to the fact that the company has takenover the business of Thangamayil Gold and Diamond Pvt. Ltd, during FY 07-08.

Financial performance for the FY 2006-07 vs. Financial Year 2005-06

1. Sales and Operating Income

During the financial year 2006-07, the total sales of the Company have increased to Rs. 12715.67 lacs from Rs. 4923.79 lacs for the financial year 2005-06. This 158% increase in sales is due to substantial increase in the company's customer base, increase in prices of gold ornaments, and by introduction of new varied designs during the year.

2. Other Income

During the financial year 2006-07 other income of the Company increased to Rs. 6.70 lacs from Rs. 0.91 lacs for the financial year 2005-06. This 636.26% increase in other income is due to increase in rent receipts from group companies.

3. Expenses

During the financial year 2006-07 expenditure of the company increased to Rs. 12076.89 lacs from Rs. 4572.01 lacs for the financial year 2005-06. This 164.44% increase in expenses is due to increase in the volume of operations of the company in terms of procurement of raw material, personnel expenses, administrative and selling & distribution expenses.

4. Profit After Tax

During the financial year 2006-07 Profit after tax of the Company increased to Rs. 309.90 lacs from Rs. 146.07 lacs for the financial year ended 2005-06. This 112.15% increase in profit after tax is due to increase in turnover of the company during the year.



An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this Offer Document, which may be called “unusual” or “infrequent”.

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

Government’s policy on Jewellery Industry will have major bearing on Companies involved in these sectors. Any major changes in policies of government would have a significant impact on the profitability of the company. Except the above, there are no significant economic changes that may materially affect or are likely to affect income from continuing operations.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Apart from the risks disclosed in this Red Herring Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

4. 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

There are no known factors which will have a material adverse impact on Company’s operations and profitability.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase in turnover is a mix of increase in sales volume and increase in sales prices.

6. Total turnover of each major industry segment in which the Company operated

TMJL is operating only in the business line Gems and Jewellery. Relevant published data, as available, for the industry turnover has been included in the section titled “Industry Overview” beginning on page 43 of this Red Herring Prospectus.

7. Status of any publicly announced new product

The Company has not publicly announced any new products. However the Company may deal in any new product, depending on the demand in future.

8. Competition conditions

The Company expects competition to intensify from existing and potential competitors in the diamond and jewellery business in India. For further details, please refer to the section titled “Risk Factors” and “Business Overview on page viii and 47 of this Red Herring Prospectus.

9. Dependence on single or few suppliers / customers

TMJL sources the raw material from a number of suppliers and are not under threat from excessive dependence on any single or few suppliers. Similarly, the Company has Global and nationwide customers of its products and hence there is no dependence on any single customer.



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 Promoter and 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 issue by the Company, 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 and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, Promoter Group and Directors. The company has not received any notice from either SEBI or any Stock Exchange on any matter.

Litigation involving the Company

A. Cases against the Company

1. Cases of Civil nature

a. Claim of M/s. Vividize Advertising Pvt. Ltd.

M/s. Vividize Advertising Pvt. Ltd., was engaged during 2006 for providing certain advertising services and improvement of brand imaging of the Company by issuing advertisements in various media and for promotional campaigns. No contract or agreement was entered into between the Company and the said Vividize Advertising Pvt. Ltd.

While so, during December 2006, certain differences arose and arising out of the same, the Company decided to discontinue its transactions with M/s. Vividize. Subsequently, M/s. Vividize sent a bunch of bills all dated 31/03/07 claiming reimbursement of conveyance, art work charges, production and other costs, retainer ship fee, etc., in all amounting to Rs.46,98,682.60/-. In response, the Company had written to M/s. Vividize expressing surprise over the claims, stating that the bills do not have any supportive information and that M/s. Vividize had already submitted bills from time to time towards various expenses and advertisements carried out in respect of the very same period and which was already paid from time to time. However, neither any legal notice has been received from M/s. Vividize nor any proceedings have been instituted by them till date.

b. Notice issued on behalf of Dr. C.P. Raja, Palani claiming deficiency in service

One of the Customers of the Company Dr. C.P. Raja, Palani had issued a notice through his lawyer dated 07/09/07 alleging that after the purchase of the Jewellery, the representatives of the Company had come to the residence of the Customer and had wanted to once again verify the Jewellery for shortage / excesses and that the same amounted to deficiency in service. The customer has also claimed a sum of Rs.10.00 Lacs as Compensation for the mental agony and suffering undergone by him. In response to the said notice, the Company has through their advocate replied vide reply dated 24/09/07 that there was no deficiency in service and that the representatives of the Company approached the customer only to find out whether there was any difference in weight, but unfortunately, the customer did not cooperate and instead took it as an affront and as such, the Company did not commit any deficiency in service. According to the Company, they have not received any notice of further proceedings in the matter till date.



2. **Cases of criminal nature: NIL**
3. **Proceedings against Income Tax Act and Sales Tax Act: NIL**
4. **Legal Proceedings against directors of the Company: NIL**
5. **Legal Proceedings against the promoters/ promoter group companies: NIL**

B. Cases by the Company

- a) The Company had filed a suit against C.Seemaisamy, Madurai in OS No.594 of 06 on the file of Addl. District Civil Court, Madurai, for a sum of Rs.5,451/- together with interest and obtained a decree vide order dated 08/01/07. The Company has thereupon filed an Execution petition and the same is pending.
- b) The Company has filed a suit against S.Subbaraman, Madurai in OS No. 323 of 2007 on the file of Hon'ble Principal District Civil Court for a sum of Rs.20,480/- together with interest thereon and obtained a decree vide order dated 06/06/07. The Company has thereupon filed an Execution Petition for execution of the decree and the same is pending.
- c) The Company has filed following cases under section 138 of the Negotiable Instruments Act, 1881 (Cheque Bounce cases) before the Hon'ble Judicial Magistrate V, Madurai

| Sr. No. | Case No. | Amount involved (Rs.) | Name of the Accused |
|----------------|---|------------------------------|----------------------------|
| 1 | 1061/2008 | 7,50,000/- | Mrs. Zunidha Rehman |
| 2 | The case has been filed with Hon'ble Judicial Magistrate V, Madurai | 5,00,000/- | |
| 3 | The case has been filed with Hon'ble Judicial Magistrate V, Madurai | 10,00,000/- | Ameera Siddique Beevi |
| 4 | 1062 /2008 | 2,50,000/- | |
| 5 | The case has benn filed with Hon'ble Judicial Magistrate V, Madurai | 23,50,000/- | R.Senbakaraman |

C. Pending Regulation

Showroom at No. 124 Nethaji Road, Madurai

TMJL had obtained a Planning and Building Permit for the construction of the basement, ground floor, and first floor of the building, in the year 1997 from the Madurai Corporation. However no plan sanction exists for second and third floor. Total plinth area in all floors aggregates to 11,416 Sq. ft. It is also observed that even in the basement, ground and first floor there exists deviation of construction from the Approved Plan. The erstwhile owners (Promoters of the Company) have applied for regularization in 2002 under the Regularization scheme of the Madurai Corporation and have paid necessary fee as stipulated by the Corporation. But no orders have been passed till date in view of pending larger issue concerning all local bodies in the State including Madurai Corporation.

Material Development

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Offer Document, any circumstances that materially or adversely affect or are likely affect the profitability of the Company or the value of the Company's assets or its ability to pay its material liabilities within the next twelve months.



GOVERNMENT APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for present business and except as mentioned below, and no further approvals are required for carrying on present business.

In view of the approvals listed below, Company can undertake the 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 business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals related to the Issue

1. The shareholders have, pursuant to a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM dated November 01, 2007.

Corporate Approvals

TMJL has received the following significant Government and other approvals pertaining to its business.

| S. No. | Approval Granted | Authority | Reference/ Registration Number | Date |
|--------|--|-------------------------------|--------------------------------|--------------------|
| 1. | Certificate of Incorporation as "Thangamayil Jewellery Private Limited" | RoC, Tamil Nadu, Chennai | 18-44514 | March 20, 2000 |
| 2. | Fresh Certificate of Incorporation consequent to the change of name to "Thangamayil Jewellery Limited" | RoC, Tamil Nadu, Chennai | U36911TN2051400PLC044 | November 20, 2007 |
| 3. | Certificate of Importer-Exporter (IEC) | Jt. Director of Foreign Trade | 3502002711 | September 06, 2002 |

Taxation Related Approvals

| Sr. No. | Approval Granted | Authority | Reference/ Registration Number |
|---------|---|------------------------------------|--------------------------------|
| 1. | Permanent Account Number | Chief Commissioner of Income Tax | AABCT5698M |
| 2. | Tax Payer's Identification Number | | MRIT00447G |
| 3. | Certificate of Registration under the Value Added Tax Act | Department of Sales Tax, Madurai | 33304981798 |
| 4. | Certificate of Registration under Service Tax Rules 1994 | Department of Service Tax, Madurai | ST/546/TIC/2004-2005 |
| 5. | Property Tax | Madurai Corporation | SSC2/20068908030 |

Labour Related Approvals

| S. No. | Approval Granted | Authority | Reference/ Registration Number |
|--------|--|---|--------------------------------|
| 1. | Allotment of the Employees' State Insurance Corporation Code | Regional Director, Employees' State Insurance Corporation | 57-20566-102 |
| 2. | Allotment of Employees' Provident Fund Code | Regional Provident Fund Commissioner | TN/MD/42566 |



Employment on Contract

| S. No. | Nature of Contract | Contractor | ESI/EPF Compliance |
|--------|--------------------|---------------------------------|--|
| 1. | Security | SDB Sisco India Ltd. | ESI No. 51-18096-102 EPF No. TN/ 7919 |
| | | Sakthi Guardings, Maudrai | ESI No. 57-20650-90 EPF No. TN/MD/57517 |
| | | S. I. R. Solutions Karaikudi | ESI No. 56-64822-101 PF. No. TN/MDU/42714 |
| 2. | Housekeeping | Neat & Clean, Madurai | ESI No. 57-20572-111 EPF No. TN/MD/57360 |

Note: The strength of the above contractors put together does not exceed 20 employees'

Business Approvals

| Sr. No. | Approval Granted | Authority | Reference/Registration Number | Remarks |
|---------|---|------------------------------------|-------------------------------|---|
| 1. | Certificate of Registration to work a Lift | - | 182/03 | July 24, 2010 |
| 2. | BIS Certification | Bureau of Indian Standards | CM/L 6226864 | Valid upto December 12, 2010 |
| 3. | Certificate of Registration of Captive Generation Plant (125 KVA) | Electrical Inspector | MDU/Tax-34/2003 | One time registration dated July 04, 2003 |
| 4. | Certificate of Registration for Grades of Gold & Gold Alloys | Bureau of Indian Standards ("BIS") | CM/L- 6226864 | Applied for renewal |
| 5. | Certificate of Registration under Standards of Weights & Measures Act, 1985 | Inspectorate of Weights | 2780727 | February 10, 2009, – February 09, 2010 |



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board dated November 01, 2007.

The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of the company held on November 30, 2007.

Prohibition by SEBI

The company, Directors, Promoters, Promoter Group (other than as disclosed in this Red Herring Prospectus), the directors or the person(s) in control of the Promoter and companies in which the Directors are directors 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.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

Eligibility for the Issuer Company to enter the Capital Market

The company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations 2009, which states as follows:

"26(1) An unlisted company may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets all the following conditions:

- (a) *The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:*

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/ project;

- (b) *The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;*

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

- (c) *The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);*

- (d) *In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name; and*

- (e) *The aggregate for the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through offer document). Does not exceed five (5) times its pre-issue Networth as per the audited balance sheet of the last financial year.)"*

TMJL is an unlisted company complying with the conditions specified in Regulation 26 (1) of the SEBI (ICDR) Regulations 2009.

- TMJL has net tangible assets of at least Rs. 3 crores in each of the three financial years ended on March 31, 2007, 2008, and 2009 and not more than 50% of such net tangible assets are held in monetary assets comprising of cash & bank balances.



- TMJL has a track record of distributable profits, in terms of Section 205 of the Companies Act, 1956, during the financial years ended on March 31, 2007, 2008 and 2009.
- TMJL also has a net worth of at least Rs. 1 Crore in each of the three financial years ended on March 31, 2007, 2008 and 2009.
- TMJL has not changed the name of the Company within the last one year.

The distributable profits of the company and its net worth for the last five financial years/ period ended on March 31, 2007, 2008 and 2009 as per the restated financial statements of the company are as under:

| Particulars | (Rs. In Lacs) | | |
|---|---------------|----------|---------|
| | 2009 | 2008 | 2007 |
| Distributable Profits(1) | 749.27 | 561.14 | 309.90 |
| Net Worth (2) | 2,901.35 | 2,026.95 | 747.89 |
| Net Tangible Assets (3)# | 7155.31 | 4000.36 | 2380.08 |
| Monetary Assets(4) | 83.55 | 58.32 | 21.29 |
| Monetary Assets as a % of Net Tangible Assets | 1.17% | 1.46% | 0.89% |

Capital Advances has not been included in calculation of Net Tangible Assets.

Note:

- (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 miscellaneous expenditures, if any.
- (3) Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defines in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
- (4) Monetary assets comprise of cash and bank balances, public deposit account with the Government.

Hence, TMJL is eligible for the Issue under Regulation 26 (1) of the SEBI (ICDR) Regulations 2009.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 OFFER DOCUMENT. THE LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND



TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 04/08/2009 WHICH READS 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 RED HERRING PROSPECTUS 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 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 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 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.
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE 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 PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE 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 PROMOTERS' 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 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 PUBLIC ISSUE. – NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (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 OUR 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 RED HERRING PROSPECTUS/ PROSPECTUS/ LETTER OF OFFER:
- (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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS 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 RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The promoter / director of Thangamayil Jewellery Limited, confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

Disclaimer from the Issuer Company and the BRLM

The company, Directors and the Book Running Lead Manager accepts no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information, including TMJL's web site www.thangamayil.com, would be doing so at his or her own risk.

The Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the MOU entered into between the Book Running Lead Manager 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 Book Running Lead Manager to the public and investors at large and no selective or additional information would be 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 we nor the Syndicate is liable 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.

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, eligible NRI's and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform him 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 Madurai 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 Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Bombay Stock Exchange Limited (BSE)

"The Bombay Stock Exchange Limited ("the Exchange") has given *vide* its letter no. DCS/IPO/NP/IPO-IP/635/2009-10 dated September 18, 2009 permission to the company to use its name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinised the Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to TMJL. The BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; or
- ii. Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or



otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. The NSE has, vide its letter NSE/LIST/123017-T dated November 13, 2009, 2009, given TMJL permission to use its name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of the securities of TMJL may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus has been filed with SEBI at Securities and Exchange Board of India, D' Monte Building, 3rd Floor, 32 D' Monte Colony, TTK Road, Alwarpet, Chennai – 600018. BSE at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai – 400 001 and NSE at The National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at Tamil Nadu, Chennai.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after the company becomes liable to repay it, i.e. from the date of refusal or within 70 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 8 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 7 working days of finalisation of the Basis of Allotment for the Issue.

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 Manager to the Issue, Syndicate Members, Escrow Collection Bankers, and Registrar to the Issue to act in their respective capacities, have been 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.

B. Thiagarajan & Co., Chartered Accountants, Auditors of the Company have given their written consent to the inclusion of their report as appearing hereinafter in the form and context in which it appears in this Red Herring Prospectus and also of the tax benefits accruing to the company and to the members of the company and such consent and report have not been withdrawn up to the time of signing this Red Herring Prospectus.

Expert opinion obtained, if any

Except as stated in "Statement of Tax Benefits" and "Financial Information" beginning on page 34 and 74 of this Red Herring Prospectus, the company has not obtained any expert opinion.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 255 lacs. 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. All expenses with respect to the Issue would be paid by the company.

The estimated Issue expenses are as under:

(Rs. In Lacs)

| Activity | Expenses | % of the Issue Expenses | % of the Issue Size |
|--|---------------|-------------------------|---------------------|
| Lead management, underwriting and selling commission | 115.00 | 45.10 | 4.00 |
| Advertising and Marketing expenses | 50.00 | 19.60 | 1.74 |
| Printing and stationery | 65.00 | 25.50 | 2.26 |
| Others (Monitoring agency fees, Registrar's fee, legal fee, listing fee, etc.) | 25.00 | 9.80 | 0.87 |
| Total estimated Issue expenses | 255.00 | 100.00 | 8.87 |

Details of Fee Payable

Fees Payable to the Book Running Lead Manager and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission) will be as per the memorandum of understanding between the company and the BRLM dated July 24, 2009 a copy of which is available for inspection at the registered office of TMJL.



Fees Payable to the Registrar to the Issue

The fees payable by the company to the Registrar to the Issue 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 the per the MOU between the company and the Registrar to the Issue dated January 18, 2008.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst TMJL, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 13 of the Red Herring Prospectus.

Previous Rights and Public Issues

TMJL has not made any previous rights and public issues.

Previous issues of shares otherwise than for cash

The company has not made any previous issues of shares otherwise than for cash except as stated in the section titled "Capital Structure "starting from page 15 of this Red Herring Prospectus.

Commission and brokerage 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 inception of the Company.

Previous Issue of Capital during last three (3) years

Thangamayil Jewellery Limited and its group companies have not made any capital issue during the last three years.

Promise versus Performance – Promoter Group

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

Outstanding Debentures or Bonds and Redeemable Preference Shares and Other Instruments

TMJL has no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this Red Herring Prospectus.

Stock Market Data

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

TMJL has appointed the registrar to the issue, to handle the investor grievances in co-ordination with Mr. V. Vijayaraghavan, the Company Secretary and Compliance Officer of the company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.



The Registrar to the issue, namely, S.K.D.C Consultants Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. TMJL would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

| Sr. No. | Nature of complaint | Time Table |
|---------|---|--|
| 1. | Non-receipt of refund | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 2. | Non Receipt of Share Certificate/Demat Credit | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 3. | Any other complaint in relation to Public Issue | Within 7 days of receipt of complaint with all relevant details |

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. TMJL has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

In case of any pre-Issue or post-Issue related problems, the compliance officer can be contacted at the following address:

Mr. V. Vijayaraghavan

Company Secretary & Compliance Officer

124, Nethaji Road

Madurai, Tamil Nadu 625 001

Tel: (91 0452) 2345 553

Fax: (91 0452) 2344 340

Email: thangamayil@gmail.com

Change in Auditors

There has been no change in the Auditors of the Company during the past three years.

Capitalisation of Reserves or Profits during last 5 years

The company has made following bonus issues by capitalizing its reserves or profits:

| Date | No. of shares | Ratio |
|------------|---------------|-------|
| 30/11/2007 | 43,36,000 | 1:1 |

Revaluation of Assets

The company has not revalued the assets in the last five years.



SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, Memorandum and Articles, the terms of the Red Herring Prospectus, and the Prospectus, Bid cum Application Form, the Revision Form, the CAN 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 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.

Authority for the Issue

The Board has, pursuant to resolution passed at its meeting held on November 01, 2007, authorised the Issue subject to the approval by the shareholders of the Company.

The shareholders have authorised the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Extra Ordinary General Meeting of the Company held on November 30, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the company including rights in respect of dividend. The Allottees 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, please see "Main Provisions of the Articles of Association" on page 158 of this Red Herring Prospectus.

Mode of Payment of Dividend

TMJL shall pay dividend to its shareholders in accordance with the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10/- each and the Issue Price at the lower end of the Price Band is Rs. 70.00 per Equity Share and at the higher end of the Price Band is Rs. 75.00 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI (ICDR) Regulations, 2009

TMJL shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

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 annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; 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.

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 of Equity Shares shall only be in dematerialised form. Since trading of Equity Shares of TMJL is in dematerialised form, the tradable lot is one Equity Share. Allotment in this of Equity Shares through the Issue will be done only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 80 Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

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 in accordance with Section 109A of the Companies Act, 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 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 of the company or to the Registrar and Transfer Agents of the company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, 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 ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies 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 participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If TMJL 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 8 days after the company becomes liable to pay the amount, the company shall pay interest prescribed under Section 73 of the Companies Act.

Arrangement for disposal of Odd Lots

The Company has not made any arrangements for the disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles. See "Main Provisions of Articles of Association" on page 158 of this Red Herring Prospectus.



ISSUE STRUCTURE

Public Issue of [●] Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. 2,875.25 Lacs. Up to [●] Equity Shares aggregating to Rs. 90 lacs will be reserved in the Issue for subscription by Employees at the Issue Price and a Net Issue of [●] Equity Shares of Rs. 10/- each. The Issue and the Net Issue will constitute [●] and [●] respectively of the fully diluted post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process.

| Particulars | Employees Reservation Portion | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|--|---|--|---|
| Number of Equity Shares* | Upto [●] Equity Shares aggregating to Rs. 90.00 lacs | Upto [●] Equity Shares will be allotted to QIBs aggregating to Rs. 1392.62 lacs | Not less than [●] Equity Shares shall be available for allocation aggregating to Rs. 417.79 lacs | Not less than [●] Equity Shares shall be available for allocation aggregating to Rs. 974.84 lacs. |
| Percentage of Issue Size available for Allotment/allocation | Upto 3.13% of the Issue size. | Up to 50% of the Issue (of which 5% shall be reserved for Mutual Funds). Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs. | Not less than 15% of Issue or Issue less allocation to QIB and Retail Individual Bidders | Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders. * |
| Basis of Allotment/ Allocation if respective category is oversubscribed | Proportionate | Proportionate (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] 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 | 80 Equity Shares | Such number of | Such number | 80 Equity |



| Particulars | Employees Reservation Portion | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|-------------------|--|--|---|--|
| | and in multiples of 80 Equity Share thereafter. | Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter. | of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter. | Shares and in multiples of 80 Equity Share thereafter. |
| Maximum Bid | Such number of Equity shares so as to ensure that the bid size does not exceed [●] Equity Shares | 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. 100,000. |
| Mode of Allotment | Compulsorily in dematerialized form. | Compulsorily in dematerialised form. | Compulsorily in dematerialised form. | Compulsorily in dematerialised form. |
| Bid Lot | 80 Equity Shares in multiples of 80 Equity Shares. | 80 Equity Shares in multiples of 80 Equity Shares. | 80 Equity Shares in multiples of 80 Equity Shares. | 80 Equity Shares in multiples of 80 Equity Shares. |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply ** | Eligible Employees of the Company | Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds | Resident Indian individuals, Eligible NRI's, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts. | Resident Indian individuals, Eligible NRI's and HUF (in the name of Karta) |



| Particulars | Employees Reservation Portion | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|------------------|--|--|---|---|
| | | (subject to applicable law) with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law and National Investment Fund in accordance with applicable law. | | |
| Terms of Payment | Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate. | Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members. | Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.*** | Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.*** |
| Margin Amount | Full Bid Amount on Bidding. | 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding | Full Bid Amount on bidding | Full Bid Amount on bidding |

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI (ICDR) Regulations, 2009.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

*** Resident Retail Individual Investor and Non- Institutional Bidders are eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 148 of this Red Herring Prospectus.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of the Issue



The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Programme

| | |
|-----------------------------|-------------------------|
| BID/ISSUE OPENS ON | JANUARY 27, 2010 |
| BID/ISSUE CLOSSES ON | JANUARY 29, 2010 |

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
4. The Standardisation of cut-off time for uploading of bids on the bid/ Issue Closing Date are as follows:
 - a. A standard cut-off time of 3.00 PM for acceptance of bids.
 - b. A standard cut-off time of 4.00 PM for uploading of bids received from non retail applicants i.e. QIBs, HNIs and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000.
 - c. A standard cut-off time of 5.00 PM for uploading of bids received from retail applicants and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000, which may be extended upto such time as seemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.
 - d. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

The Price Band will be decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI (ICDR) Regulations, 2009. The cap on the Price Band should not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Running Lead Manager at the terminals of the Syndicate.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the net issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 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 all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net 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. Further up to 3.13% of the Issue shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of the Company and BRLM and subject to applicable provisions of the SEBI (ICDR) Regulations, 2009.

Bidders are required to submit their Bids through the members of the Syndicate. TMJL, in consultation with the BRLM reserves the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, and Retail Individual Bidders and Bidders in the Employee Reservation Portion the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the authorized segment of the Stock Exchanges.

Bid cum Application Form

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 this Red Herring Prospectus. The Bidders 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. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form 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.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

| Category | Colour of Bid cum Application Form |
|--|------------------------------------|
| Resident Indians and Eligible NRI's applying on a non-repatriation basis | White |
| Eligible NRI's, FIIs applying on a repatriation basis | Blue |
| Eligible employees applying in the Employee Reservation Portion | Pink |
| ASBA Form | White with Orange Border |

**Who can Bid?**

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- 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 NRI's on a repatriation basis or on a non repatriation basis subject to applicable laws. NRI's other than eligible NRI's are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised in India authorized under their constitution to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares;
- Pension Funds with minimum corpus of Rs. 2500 lacs and who are authorised under their constitution to invest in equity shares; and
- Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.
- Eligible Employees (as defined in the section "Definitions and Abbreviations" beginning on page i of the Red Herring Prospectus.)

As per the existing regulations, OCB's cannot participate in this Issue.

Participation by Associates of Book Running Lead Manager and Syndicate Members

The Book Running Lead Manager and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in



the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

Bids by Eligible Employees

Eligible Employee shall mean a permanent and full-time employee or a Director of the Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoters and the Promoter Group. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., pink color form).
- The sole/First Bidder should be Eligible Employees as defined above. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is for an amount more than Rs. 90 lacs, the allocation shall be made on a proportionate basis.

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, allotment 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.

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.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any 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 NRI's**

1. Bid cum Application Forms have been made available for Eligible NRI's at the Registered Office and with members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRI's who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application 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. 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 issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

BIDS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS**AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS:**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors 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; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus.



Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 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 Bidders 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):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter. 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. **Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 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 Employee Reservation Portion:** For Bidders in the Employee Reservation Portion: The Bid must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter. Allocation shall be made on a proportionate basis. Eligible Employees, whose Bid Amount does not exceed Rs.100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds Rs.100,000 may not Bid at Cut-off Price. However, the maximum Bid in this portion cannot exceed [●] shares.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

- (a) The company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- (b) The Company and the BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi and Regional newspaper where registered office of the company is located). This advertisement shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations, 2009. The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at least two working days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.
- (c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along



- with the Bid cum Application Form to potential investors.
- (d) Any investor (who is eligible to invest in the Equity Shares of TMJL) 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 TMJL or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
 - (e) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the Book Running Lead Manager or Syndicate Members or their authorised agent(s) to register their Bids.
 - (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.
 - (g) The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
 - (h) The Price Band has been fixed at Rs.70.00 to Rs.75.00 per Equity Share of Rs. 10 each, Rs. 70.00 being the lower end of the Price Band and Rs. 75.00 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re.1 (One).
 - (i) The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Regulations. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
 - (j) In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi and Regional newspaper where registered office of the company is located) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
 - (k) The Company in consultation with the BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
 - (l) For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Method and Process of Bidding

- (a) 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 titled "Bids at Different Price Levels and Revision of Bids" on page 125 of this Red Herring Prospectus) 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 Price, will become automatically invalid.

- (b) The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate 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 titled "Bids at Different Price Levels and Revision of Bids" on page 125 of this Red Herring Prospectus.
- (c) The members of the Syndicate 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.
- (d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
- (e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 125 of this Red Herring Prospectus.
- (f) For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band has been fixed at Rs. 70.00 to Rs. 75.00 per Equity Share, Rs. 70.00 being the Floor Price Band and Rs. 75.00 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One).
- (b) The Bidder 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 applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders, Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000 and such bids shall be rejected.
- (c) Retail Individual Bidders and Bidders in Employee Reservation Portion who bid at the Cut-off Price agree that they shall purchase or subscribe the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding and Bidders in Employee Reservation Portion at Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in Employee Reservation Portion, who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price) shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Company, in consultation with the BRLM reserves the right to revise the Price Band, during the Bid/Issue Period in accordance with SEBI Regulations. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately



preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.

- (e) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in Employee Reservation Portion who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders 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 higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (f) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in Employee Reservation Portion, 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.
- (g) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 80 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (h) Revision option is also available to ASBA investor. For details, please refer "ASBA Process" in this Red Herring Prospectus.
- (i) During the Bidding/ 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.
- (j) Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (k) The Bidder can make this revision any number of times during the Bidding/ 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 through whom he or she had placed the original Bid.
- (l) 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.
- (m) 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. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, 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.
- (n) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a



revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

Escrow Mechanism

The company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) 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 Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall with the submission of the Bid cum application Form draw a cheque or demand draft for the applicable Margin Amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled "Issue Procedure-Payment Instructions" on page 135 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its QIB Margin Amount only to a Book Running Lead Manager or Syndicate Members duly authorised by the Book Running Lead Manager in this regard. Bid cum application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, Bidders in Employee Reservation Portion would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 115 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the



Syndicate by the Book Running Lead Manager. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members 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 Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the Book Running Lead Manager on a regular basis.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor.
 - Investor Category – Individual, Corporate, FII, Eligible NRI, Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form; and
 - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- (e) 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. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or the company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it.



However, such rejection should 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 would not be rejected except on the technical grounds listed on page 138 of this Red Herring Prospectus.

- (h) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.
- (i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.
- (j) For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the Book Running Lead Manager will analyse the demand generated at various price levels and discuss the pricing strategy with the Company.
- (b) The Company in consultation with the BRLM shall finalise the Issue Price, the number of equity shares to be allotted in each investor category.
- (c) The allocation to QIBs will be upto 50% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.
- (d) Under subscription, if any, in the Non-Institutional Portion and the Retail Portion would be met with spill over from any other category at the discretion of the company in consultation with the Book Running Lead Manager. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, 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 Book Running Lead Manager and the Designated Stock Exchange. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- (e) Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (f) The Book Runners, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date
- (h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing



- (a) The company, the Book Running Lead Manager and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation/ allotment to the Bidders.
- (b) After signing the Underwriting Agreement, TMJL would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

TMJL will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in three widely circulated newspapers (one each in English, Hindi and regional language newspaper).

Advertisement regarding Issue Price and Prospectus

TMJL 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. 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 Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Book Running Lead Manager or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The Book Running Lead Manager or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the



basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) The company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) 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 would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.
- (b) In accordance with the SEBI Guidelines, 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) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour) as the case may be;
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act. (see "Issue Procedure – PAN Number" on page 138 of this Red Herring Prospectus);
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in



all respects; and

- i) 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.

Don'ts:

- (a) Do not bid for lower than the minimum Bid size;
- (b) Do not bid/ revise Bid price 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;
- (d) Do not pay the Bid Price 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 only;
- (f) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, bidder in Employee Reservation Portion, for bid amount in excess of Rs. 100,000);
- (g) 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;
- (h) Do not submit the bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (i) Do not mention the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRIs and FIIs applying on repatriation basis).
- (b) 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.
- (c) For Retail Individual Bidders, the Bid must be for a minimum of 80 Equity Shares and in multiples of 80 thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 80 Equity Shares thereafter. 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 shares that can be held by them under the applicable laws or regulations.
- (e) Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered



under Non-Institutional Portion for the purpose of allocation.

- (f) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) 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.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including 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 (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. 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 at the Bidders sole risk and neither the Book Running Lead Manager nor the Registrar to the Issue nor the Escrow Collection Banks 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the 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 to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, 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 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 the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes as detailed on page 144 of this Red Herring Prospectus, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non Residents including NRI's, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).

Bids by Eligible NRI's for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 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.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, 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 therefore.

In case of Bids made pursuant to a power of attorney by FIIs, 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 their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by mutual funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate 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 therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance



Regulatory and Development Authority 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 therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund 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 thereof.

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 Book Running Lead Manager may deem fit.

Payment Instructions

The company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page 125 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 115 of this Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in -Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: "Escrow Account – TMJL – QIB - R"
 - (b) In case of Non Resident QIB Bidders: "Escrow Account – TMJL – QIB - NR"
 - (c) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account – TMJL - R"
 - (d) In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account – TMJL - NR"



(e) In case of Eligible Employees: "Escrow Account – EMP - TMJL - R"

4. In case of Bids by Eligible NRI's 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 authorized 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 the 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 or FCNR Account.
5. In case of Bids by NRI's 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.
6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, 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.
7. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/Allotted will be refunded to the Bidder from the Refund Account.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.
9. For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

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.

For ASBA process, please refer "ASBA Process" on page 148 in this Red Herring Prospectus

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 Bidder whose name appears first 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 this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/ GIR numbers. In cases where the PAN/ GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

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.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.



Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not mention the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the Book Running Lead Manager may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation portion, the company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

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;
- Bank account details (for refund) are not given;
- Age of First Bidder not given;
- 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;
- Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- PAN not stated or GIR number stated instead of PAN. See the section titled "Issue Procedure – Permanent Account Number or PAN/ GIR";
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders and Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.100,000;
- Bids for number of Equity Shares, which are not in multiples of 80;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid 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;
 - Signature of sole and/or joint Bidders missing;
 - Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
 - Bid cum Application Form does not have the Bidder's depository account details;
 - Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
 - In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
 - Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
 - Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
 - 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 members of the Syndicate;
 - Bids by OCBs;
 - Bids by employees or directors of the Company or its subsidiaries who are not eligible to apply in the Employee Reservation Portion;
 - Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
 - Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of the company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
 - Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
 - Bids through ASBA Process by QIB Bidders.

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 dematerialised 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 to the Issue:



- (a) Agreement dated February 06, 2008 with NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated January 29, 2008 with CDSL, the Company and the Registrar to the Issue.

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 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 investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

TMJL 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 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 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 seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the company further undertakes that:



- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- 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 15 days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, 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 dematerialised credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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 [●] 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 [●] 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 to [•] 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 [•] 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 shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB 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:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders 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.
 - (ii) 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.
 - (iii) Under subscription below 5% of the QIB 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 upto [•] Equity Shares

Employee Reservation Portion

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion



- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares up to a maximum of [●] Equity Shares and in multiples of 80 Equity Shares thereafter.
- The value of equity shares allotted to any person pursuant to reservation in Employee category shall not exceed Rupees One Lac.
- Only Employees (as defined in "Issue Related Terms") are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

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 Book Running Lead Manager and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

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 80 Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than 80 but is not a multiple of 1 (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 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.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum application Form, the Registrar to the Issue 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. 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 of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the Book Running Lead Manager shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. **ECS** – Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centres.
2. **Direct Credit** – Applicants having bank accounts with the Refund Banker(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 abovementioned fifteen centres and whose refund amount exceeds Rs. 50 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. 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 (National Electronic Fund Transfer)** – 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 Code 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. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the dematerialised 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. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
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.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS 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 15 days of the Bid/Issue Closing Date. Applicants 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 fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations 2009, the company further undertakes that:

1. Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
2. Dispatch of refund orders will be done within 15 working days from the Bid/ Issue closing date; and
3. TMJL shall pay interest at 15% per annum (for any delay beyond the 15 working days time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 15 working days time prescribed above as per the guidelines by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

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.

Interest in Case of Delay in Despatch of Allotment Letters or Refund Orders/Instruction to Self Certified Syndicate Banks by the Registrar in Case of Public Issues:

The Company agrees that allotment of securities offered to the public shall be made not later than fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen per cent per annum 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 to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue.

Undertakings

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 will be taken for the 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 seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 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 promoter's contribution in full, wherever required shall be brought in advance before the issue opens for public subscription and the balance, if any shall be brought in pro rata basis before the calls are made in public;
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be despatched within specified time; and
- That no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.
- That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds



The Board of Directors certify 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 under an appropriate head in the balance sheet 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 the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilization of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized.
- the details of all monies out of the funds received under promoters' contribution and from firm allotments and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

The Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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 of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of 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.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.



ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this RHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

As per SEBI press release no.386/2009 dated December 10, 2009 the reach of ASBA has now been extended to all categories of investors except Qualified Institutional Buyers. The bidders bidding through ASBA facility shall be herein after called ASBA Bidders which shall include retail individual investors, High Networth investors and corporate investors.

A Resident Retail Individual Investor High Networth investors and corporate investors shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (**ASBA Account**) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, The Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM

ASBA Form

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our 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 ASBA Bidder.



Who can Bid?

As per SEBI press release no.386/2009 dated December 10, 2009 the reach of ASBA has now been extended to all categories of investors except Qualified Institutional Buyers.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter.

Information for the ASBA Bidders:

- The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA Bidders are eligible to revise their Bid.

Method and Process of Bidding

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.



- The Designated Branches of the SCSB's shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (.TRS.). The TRS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be 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.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI (ICDR) Regulations 2009, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.



Electronic registration of Bids by SCSB's

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
- it has received the ASBA in a physical or electronic form; and
- It has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering each Bid, the Designated Branches of the SCSB's shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder.s beneficiary account.
 - In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder.s responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that 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 our Company, the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.



- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Non- QIB Investors applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI (ICDR) Regulations 2009, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to



re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA form .
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM.
- f. Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- g. Ensure that you have mentioned the correct bank account No. in the ASBA form.
- h. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- i. Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- k. Ensure that you have mentioned your Permanent Account Number (**PAN**) allotted under the I.T. Act.
- l. Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid 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 ASBA form.
- m. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are a QIB bidder.
- b. Do not Bid for lower than the minimum Bid size.
- c. Do not Bid on another ASBA or Non-ASBA form after you have submitted



- d. Submit the Bid to a Designated Branch of the SCSB.
- e. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- f. Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- g. Do not fill up the ASBA form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000/-.
- h. Do not mention the GIR number instead of the PAN Number.
- i. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of 80 Equity Shares and in multiples of 80 Equity Shares thereafter.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM. ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, (.Demographic Details.). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic



Details as available on its records. CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB 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 the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. 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 ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.



Right to Reject ASBA Bids

The Designated Branches of the SCSB's 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 SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

GROUNDINGS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection. on page no. 138 of this RHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bid made by QIB's;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
5. PAN not stated, or GIR number furnished instead of PAN. See .Issue Procedure - PAN or GIR Number. on page no. 138;
6. Bids for number of Equity Shares, which are not in multiples of [●];
7. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
8. Multiple Bids as defined in this Red Herring Prospectus;
9. In case of Bid under power of attorney, relevant documents are not submitted;
10. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
11. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
12. ASBA form does not have the Bidder's depository account details;
13. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
14. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
16. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.



COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations 2009.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to other Bidders. For details, see section **Issue Procedure- Basis of Allotment** on page no. 141 of this RHP.



SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

SHARES, CERTIFICATES AND DEMATERIALISATION

| Title of Article | Article Number and Contents |
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| Restriction on allotment and return of allotment | 14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act. |
| Further issue of shares | <p>15.</p> <p>(1) 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 whether out of unissued share capital or out of increased share capital then:</p> <p>(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</p> <p>(b) Such offer 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 the offer and the offer, if not accepted, will be deemed to have been declined.</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him.</p> <p>(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 declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.</p> <p>(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.</p> <p>(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or</p> <p>(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 that General Meeting, (including the casting vote, if any, of the Chairman) by 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.</p> <p>(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;</p> <p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.</p> <p>(4) 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 debenture issued or loans raised by the Company:</p> <p>(i) To convert such debentures or loans into Shares in the Company; or</p> |



| Title of Article | Article Number and Contents |
|---|--|
| | <p>(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise) 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 the 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 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 the General Meeting before the issue of the debentures or the raising of the loans.</p> |
| Shares under control of Directors | <p>16. Subject to the provisions 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 for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p> |
| Power to offer Shares/options to acquire Shares | <p>16A (i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. (ii) In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit. The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.</p> |



| Title of Article | Article Number and Contents |
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| Application of premium received on Shares | <p>17.</p> <p>(1) where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.</p> <p>(2) The share premium account may, notwithstanding anything in clause (1) thereof be applied by the Company:</p> <p>(a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;</p> <p>(b) In writing off the preliminary expenses of the Company;</p> <p>(c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or</p> <p>(d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.</p> |
| Power also to Company in General Meeting to issue Shares | <p>18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.</p> |
| Power of General Meeting to authorize Board to offer Shares/Options to employees | <p>18A Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified there under and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/other writing, as may be set out before it, for the aforesaid purpose</p> <p>In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.</p> |
| Shares at a discount | <p>19. The Company may issue at a discount Shares in the Company of a</p> |



| Title of Article | Article Number and Contents |
|---|---|
| | <p>class already issued, if the following conditions are fulfilled, namely:</p> <p>(a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;</p> <p>(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and</p> <p>(c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.</p> |
| Installments of Shares to be duly paid | <p>20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such instalment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.</p> |
| The Board may issue Shares as fully paid-up | <p>21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.</p> |
| Acceptance of Shares | <p>22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.</p> |
| Deposit and call etc., to be debt payable | <p>23. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.</p> |
| Liability of Members | <p>24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.</p> |
| Dematerialisation of securities | <p>25.(A) Definitions</p> <p>Beneficial Owner "Beneficial Owner" means a person whose name is recorded as such with a Depository.</p> <p>SEBI "SEBI" means the Securities and Exchange Board of India.</p> <p>Bye-Laws "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;</p> |



| Title of Article | Article Number and Contents |
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| | <p>Depositories Act "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;</p> <p>Depository "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 and continues to hold the registration certificate;</p> <p>Record "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;</p> <p>Regulations "Regulations" mean the regulations made by SEBI;</p> <p>Security "Security" means such security as may be specified by SEBI.</p> |
| Dematerialisation of securities | <p>25.(B)</p> <p>Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.</p> |
| Options to receive security certificates or hold securities with depository | <p>25.(C)</p> <p>Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.</p> |
| Securities in depositories to be in fungible form | <p>25.(D)</p> <p>All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.</p> |
| Rights of depositories and beneficial owners | <p>25.(E)</p> <p>(1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;</p> <p>(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;</p> <p>(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.</p> |
| Depository To Furnish Information | <p>25.(F)</p> <p>Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.</p> |



| Title of Article | Article Number and Contents |
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| Service of documents | 25.(G) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs. |
| Option to opt out in respect of any security | 25.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be. |
| Sections 83 and 108 of the Act not to apply | 25.(I) Notwithstanding anything to the contrary contained in the Articles, (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security affected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository. |
| Share Certificate | 26. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them. |
| Limitation of time for issue of certificates | 26A. 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 so 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 and 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 of Shares to one or several joint holders shall be a sufficient delivery to all such holder. |
| Renewal of share certificates | 27. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. |



| Title of Article | Article Number and Contents |
|---|---|
| | PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized. |
| New certificate to be granted on delivery of the old certificates | <p>28. 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.</p> <p>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 rules made under Securities Contracts (Regulation) Act 1956 or any other Act, or rules applicable thereof in this behalf.</p> <p>The provision of this Article shall <i>mutatis mutandis</i> apply to Debentures of the Company.</p> |
| The first name joint holder deemed sole holder | 29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles. |
| Issue of Shares without Voting Rights | 30. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law. |
| Company not bound to recognize any interest in Shares other than of registered holder | 35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. |
| Trust recognised | <p>36.</p> <p>(a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the</p> |



| Title of Article | Article Number and Contents |
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| | <p>survivor or survivors of them.</p> <p>(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.</p> |
| <p>Declaration by person not holding beneficial interest in any Shares</p> | <p>37.</p> <p>(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act</p> <p>2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act</p> <p>(3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act</p> <p>(4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.</p> |
| <p>Brokerage</p> | <p>40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.</p> |

FORFEITURE OF SHARES

| Title of Article | Article Number and Contents |
|---|--|
| <p>If money payable on Shares not paid notice to be given</p> | <p>56. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for 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.</p> |
| <p>Sum payable on allotment to be deemed a call</p> | <p>57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.</p> |
| <p>Form of notice</p> | <p>58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be</p> |



| Title of Article | Article Number and Contents |
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| | liable to be forfeited. |
| In default of payment Shares to be forfeited | 59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture. |
| Notice of forfeiture to a Member | 60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. |
| Forfeited Shares to be the property of the Company and may be sold etc. | 61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit. |
| Member still liable for money owing at the time of forfeiture and interest | 62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so. |
| Effects of forfeiture | 63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved. |
| Power to annul forfeiture | 64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit. |
| Declaration of forfeiture | <p>65</p> <p>(a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.</p> <p>(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.</p> <p>(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.</p> <p>(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends,</p> |



| Title of Article | Article Number and Contents |
|---|---|
| | <p>interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.</p> <p>Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.</p> |
| Provisions of these articles as to forfeiture to apply in case of non-payment of any sum. | 66. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. |
| Cancellation of shares certificates in respect of forfeited Shares | 67. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto. |
| Evidence of forfeiture | 68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. |
| Validity of sale | 69. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. |
| Surrender of Shares | 70. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit. |

BORROWING POWERS

| Title of Article | Article Number and Contents |
|------------------|--|
| Power to borrow | <p>95. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source including deposits from shareholders and/ or from public including debentures whether convertible or not, loans from Banks and other financial institutions borrowings by way of External commercial borrowing, Depository receipts of all types on such terms and conditions as to the interest, security, term as the board may decide from time to time. . PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company</p> |



| Title of Article | Article Number and Contents |
|---|---|
| | and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded. |
| The payment or repayment of moneys borrowed | 96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon : such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. |
| Bonds, Debentures, etc. to be subject to control of Directors | 97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company. |
| Terms of issue of Debentures | 98. Any debenture, 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, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution. |
| Mortgage of uncalled capital | 99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed. |

WINDING UP

| Title of Article | Article Number and Contents |
|--------------------------------|--|
| Distribution of assets | 244. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions. |
| Distribution in specie or kind | 245. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of |



| Title of Article | Article Number and Contents |
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| | <p>the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.</p> <p>(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.</p> <p>(c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person 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 Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.</p> |
| Right of shareholders in case of sale | 246. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction. |
| Directors and others right to indemnity | 247. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. |
| Director, officer not responsible for acts of others | 248. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or |



| Title of Article | Article Number and Contents |
|------------------|---|
| | Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part of for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty. |

SECURITY CLAUSE

| Title of Article | Article Number and Contents |
|---|--|
| Secrecy Clause | 249. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained. |
| No Member to enter the premises of the Company without permission | 250. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose. |



SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before this Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by the company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Red Herring Prospectus may be inspected at the registered office/ corporate office of the company from 10:00 am to 5:00 pm on any working day from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material contracts to the Issue

1. Memorandum of Understanding dated July 24, 2009 entered into amongst the company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated January 18, 2008 entered into between the company and Registrar to the Issue.
3. Escrow Agreement dated [●], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated January 29, 2008 entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated February 06, 2008 entered into between the Company, NSDL and Registrar to the Issue.

Material Documents

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Certification of Incorporation.
3. Copy of Resolution of the Board of Directors of the Company dated November 01, 2007 in relation to this Issue.
4. Special Resolution passed under section 81 (1A) of the Companies Act, 1956 by the members of the Company at their meeting held on November 30, 2007.
5. Resolutions of the general body for appointment and remuneration of Managing Director and whole-time Directors.
6. Copies of annual reports of the company for the financial years ending on March 31, 2005, 2006, 2007, 2008 and 2009.
7. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of the company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
8. Due Diligence report dated June 25, 2009 from Legal Advisors to the Issue.
9. Due Diligence certificate dated August 04, 2009 to SEBI from Keynote Corporate Services Ltd.
10. Copy of certificate dated December 24, 2009 issued by M/s B. Thiagarajan & Co., Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio



for the six months period ended September 30, 2009 and the years ended 31st March 2005, 2006, 2007, 2008 and 2009.

11. Copy of letter dated July 13, 2009 issued by M/s B. Thiagarajan & Co., Chartered Accountants and Statutory Auditors of the company regarding tax benefits accruing to the Company and its shareholders.
12. IPO Grading Report of Brickwork Ratings India Pvt. Ltd. (Brickwork) along with their rationale dated November 05, 2009
13. Copy of certificate dated December 24, 2009 received from M/s B. Thiagarajan & Co., Chartered Accountants and Statutory Auditors of the company regarding sources and deployment of funds.
14. Copy of certificate dated September 01, 2009 received from M/s B. Thiagarajan & Co., Chartered Accountants and Statutory Auditors of the company regarding basis of working capital.
15. Undertakings by the Company.
16. In-principle approval dated September 18, 2009 and November 13, 2009 from BSE and NSE respectively for listing of the securities offered through this Prospectus.
17. SEBI Observation Letter No. SRO/DIL/5442/2009 dated December 08, 2009 issued by the Securities and Exchange Board of India.

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the Regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or regulations issued thereunder, as the case may be, and that all the approvals and permissions required to carry on the business of the company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-
Balarama Govinda Das
Managing Director

Sd/-
Lalji Vora
Director

Sd/-
Ba Ramesh
Joint Managing Director

Sd/-
S. Rethinavelu
Director

Sd/-
N.B. Kumar
Joint Managing Director

Sd/-
V.R. Muthu
Director

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-
V. Vijayaraghavan

Date : January 10, 2010

Place : Madurai