

Hare Krishna



THANGAMAYIL JEWELLRY LIMITED

12th Annual Report

2011 - 12



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BOARD OF DIRECTORS

Balarama Govinda Das

Chairman and Managing Director

Ba. Ramesh

N. B. Kumar

Joint Managing Directors

S. Rethinavelu

Lalji Vora

V. R. Muthu

T.R.Narayanaswamy

Independent Directors

REGISTERED OFFICE

No. 124, Nethaji Road, Madurai – 625 001

Ph: 0452-2345553 / 2344340 (fax)

Email:Thangamayil.acc@gmail.com

CORPORATE OFFICE

25/6, Palami Centre ,

New Natham Main Road,

Madurai -625 014.

Ph : 0452 -2565553 / 2566560

BANKERS

State Bank of India

Oriental Bank of Commerce

Indusind Bank

Indian Bank

IDBI Bank Ltd.,

COMPANY SECRETARY

V. Vijayaraghavan

STATUTORY AUDITORS

B. Thiagarajan & Co.

Chartered Accountants

No.24-Yogambal Street,T.Nagar,

Chennai-600 017.

REGISTRAR & TRANSFER AGENT

S.K.D.C Consultants Ltd.,

Kanapathy Towers, 1391/A-1,Sathy Road,

Ganapathy, Coimbatore 641 006.

BRANCHES

Madurai

Rajapalayam

Karaikudi

Ramnad

Dindigul

Theni

Sivakasi

Tuticorin

AnnaNagar - Madurai

Cumbum

Aruppukottai

Salem

Tenkasi

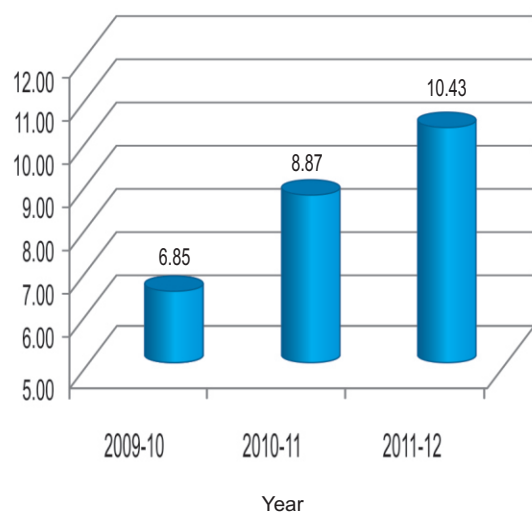
Palani

Coimbatore

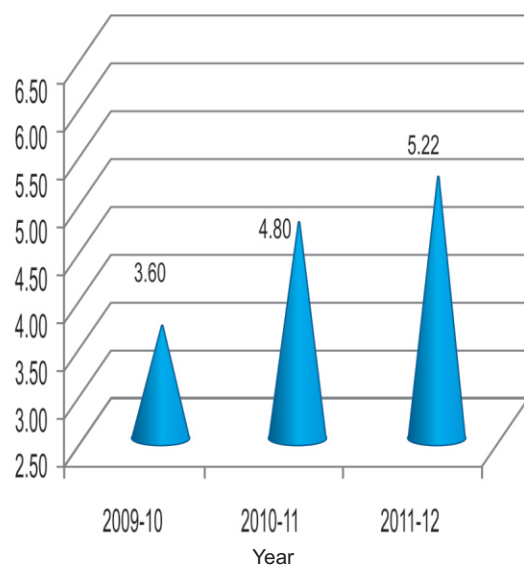
Vellakovil

Dharapuram

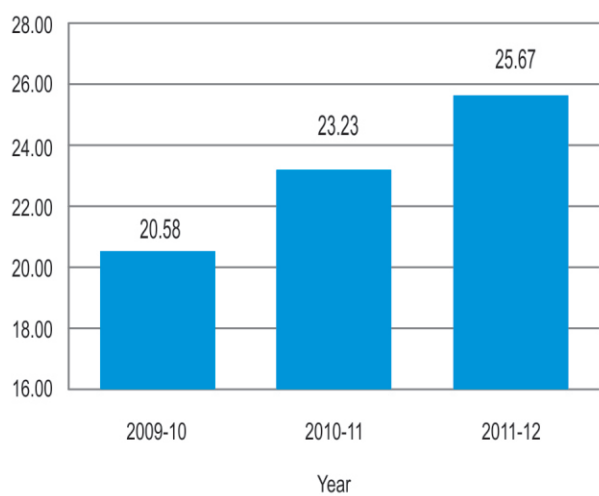
EBIDTA Margin - On Sales %



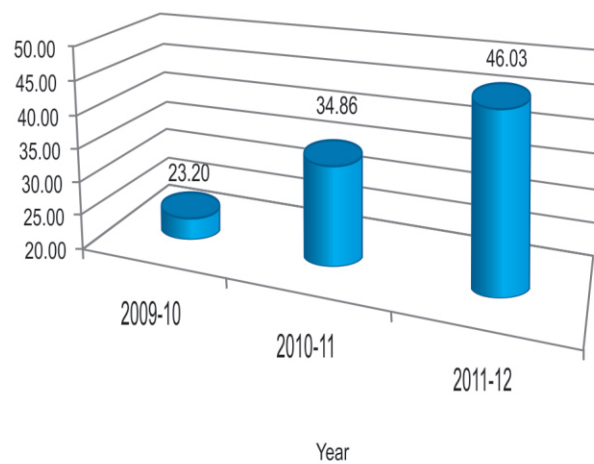
Net Profit Margin (Post Tex) - On Sales %



Return on Capital Employed



Return on Equity





| Key Financial Highlights - Performance at a Glance | | | | | |
|--|----------|---------|---------|---------|---------|
| Year ended | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Sales and Income (₹.In Crores) | 1,131.62 | 658.26 | 451.41 | 246.84 | 224.50 |
| EBIDTA Profits (₹.In Crores) | 118.06 | 58.54 | 30.93 | 18.78 | 12.69 |
| Profit before tax (₹.In Crores) | 87.35 | 47.04 | 23.52 | 13.56 | 10.42 |
| Profit after tax (₹.In Crores) | 59.06 | 31.33 | 16.07 | 8.88 | 6.86 |
| Net worth Adjusted(₹.In Crores) | 128.32 | 89.89 | 69.27 | 26.99 | 18.96 |
| Equity Capital (₹.In Crores) | 13.72 | 13.72 | 13.72 | 9.05 | 8.67 |
| Book value per share (in Rs) | 93.53 | 65.51 | 50.00 | 30.00 | 22.00 |
| Dividend (Incl. DDT) (₹.In Crores) | 11.16 | 7.99 | 6.42 | 1.06 | 0.51 |
| Total outside Liabilities Adjusted (₹.In Crores) | 308.22 | 149.27 | 70.35 | 50.43 | 23.03 |
| No. of Branches | 15 | 9 | 7 | 4 | 1 |
| No of branches at own property | 5 | 3 | 2 | 2 | 1 |

| FIVE YEARS REVIEW OF FINANCIALS | | | | | | |
|---------------------------------|---------------------------------|---------------|---------------|---------------|--------------|--------------|
| (Rs. In Crores) | | | | | | |
| Year ended 31st March | | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| 1 | Sales and operating income | 1,131.62 | 658.26 | 451.41 | 246.84 | 224.50 |
| 2 | Other Income | - | - | - | 0.02 | 0.1 |
| 3 | Cost of materials | 975.24 | 575.04 | 405.15 | 220.64 | 208.23 |
| 4 | Salaries, Wages and Bonus | 12.87 | 8.11 | 5.19 | 2.98 | 1.67 |
| 5 | Other Expenses | 25.45 | 16.57 | 10.14 | 4.462 | 2.01 |
| 6 | Interest and financial expenses | 28.48 | 10.02 | 6.5 | 4.6 | 1.97 |
| 7 | Depreciation | 2.24 | 1.48 | 0.91 | 0.62 | 0.3 |
| 8 | Tax expenses | 28.29 | 15.71 | 7.45 | 4.68 | 3.56 |
| 9 | Profit/(Loss) after Tax | 59.06 | 31.33 | 16.07 | 8.88 | 6.86 |
| 10 | Dividend (including tax) | 11.16 | 7.99 | 6.42 | 1.06 | 0.51 |
| 11 | Non Current Assets - Net Block | 63.59 | 25.98 | 15.00 | 10.09 | 6.03 |
| 12 | Long Term Loans and Advances | 6.75 | 3.47 | 1.54 | 0.67 | 0.19 |
| 13 | Other Non Current Assets | 11.52 | 5.00 | 5.61 | 6.02 | 3.94 |
| 14 | Current Assets | 389.61 | 222.51 | 133.73 | 69.96 | 37.96 |
| 15 | TOTAL ASSETS | 471.47 | 256.96 | 155.88 | 86.74 | 48.12 |
| 16 | Share Capital | 13.72 | 13.72 | 13.72 | 9.05 | 8.67 |
| 17 | Reserves & Surplus | 132.39 | 84.49 | 61.15 | 23.96 | 14.24 |
| 18 | Long Term Borrowings | 19.62 | 9.18 | 4.15 | 0.41 | - |
| 19 | Deferred Tax Liability | 7.63 | 3.89 | 2.63 | 2.46 | 1.60 |
| 20 | Other Long Term Liabilities | 4.74 | 0.90 | - | - | - |
| 21 | Long-Term Provisions | - | 0.02 | - | - | - |
| 22 | Current Liabilities | 293.37 | 144.75 | 74.23 | 50.86 | 23.61 |
| 23 | TOTAL LIABILITIES | 471.47 | 256.96 | 155.88 | 86.74 | 48.12 |



| S.No | Financial Ratios | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|------|---|---------|---------|---------|---------|---------|
| 1 | EBITDA / Sales (in %) | 10.43 | 8.87 | 6.85 | 7.61 | 5.65 |
| 2 | PBT/ Sales (in %) | 7.72 | 7.15 | 5.21 | 5.49 | 4.64 |
| 3 | Return on Capital Employed | 25.67 | 23.23 | 20.58 | 23.26 | 28.73 |
| 4 | Return on Equity | 46.03 | 34.86 | 23.20 | 32.89 | 36.18 |
| 5 | Net Debt to Equity | 1.20 | 0.81 | 0.64 | 0.93 | 1.04 |
| 6 | Current Ratio | 1.33 | 1.54 | 1.80 | 1.38 | 1.61 |
| 7 | Interest Cover Ratio (Times) | 4.15 | 5.84 | 4.76 | 4.08 | 6.44 |
| 8 | Net Worth Per Share | 93.53 | 65.51 | 50.00 | 30.00 | 22.00 |
| 9 | Earning Per Share | 43.05 | 22.84 | 11.71 | 9.81 | 7.91 |
| 10 | P/E Ratio(based 31 st March quote) | 4.07 | 6.98 | 6.96 | - | - |

Basis:

| | | |
|----|----------------------------|---|
| 1 | EBITDA / Sales | Earnings Before Interest ,Depreciation, Tax and Amortisation/Sales |
| | EBITDA | PAT + Taxes +Depreciation+ Interest and Finance Charges |
| | Sales | Sales and Other Operating Income |
| 2 | PBT/ Sales | Profit Before Tax / Sales |
| 3 | Return on Capital Employed | EBIT/ Avg. Capital Employed |
| | EBIT | PAT + Taxes + Interest and Finance Charges |
| | Capital Employed | Total Funds Employed - Non Current Assets(Misc Expenses not written off) |
| 4 | Return on Avg Equity | PAT/ Avg. Equity |
| | Equity | Equity Share Capital + Reserve and Surplus - Miscellaneous Expenses not written off |
| 5 | Net Debt to Equity | Net Debt/ Avg. Net Worth |
| | Net Debt | Secured Loan+Unsecured Loan- Cash & Bank Balance |
| 6 | Current Ratio | Current Assets/ Current Liabilities |
| 7 | Interest Cover Ratio | Earnings Before Interest and Tax/Net Finance Charges. |
| 8 | Net Worth per share | Net Worth/ Number of Equity Shares |
| 9 | Earning Per Share | Profit attributable to Ordinary Shareholders/ Number of ordinary shares. |
| 10 | P/E Ratio | Market Price/Earnings per share (Basic) |

| Source and Utilisation of Funds | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|
| (Rs. In lakhs) | | | | | |
| Year ended 31st March | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Source of Funds | | | | | |
| 1. Funds Generated from operation | | | | | |
| (a) Profit after Taxes | 6,477 | 3,346 | 1,650 | 904 | 748 |
| (b) Depreciation | 224 | 148 | 91 | 62 | 30 |
| (c) Other Income and Adjustments | 115 | 11 | 107 | 9 | -6 |
| Total | 6,756 | 3,506 | 1,634 | 975 | 773 |
| 2. Share Capital (Including Premium) | - | - | 3,219 | 248 | 778 |
| 3. Net Increase/ Decrease Borrowings | 13,981 | 6,427 | 2,768 | 2,318 | 394 |
| | 20,797 | 9,932 | 7,620 | 3,541 | 1,944 |
| Utilisation of Funds | | | | | |
| 4. Capital Expenditure | 3,980 | 1,246 | 581 | 475 | 171 |
| 5. Dividends pay out including DDT | 159 | 800 | 587 | - | 51 |
| 6. Net Increase / Decrease in Working Capital # | 15,710 | 7,613 | 6,491 | 2,856 | 1,533 |
| 7. Miscellaneous Expenditure ## | 948 | 274 | 40 | 209 | 189 |
| | 20,797 | 9,932 | 7,620 | 3,541 | 1,944 |

Inventories, Trade Receivable and Short Term Loans and Advances and other Current Assets less Trade Creditors, Current Liabilities, and Provisions.

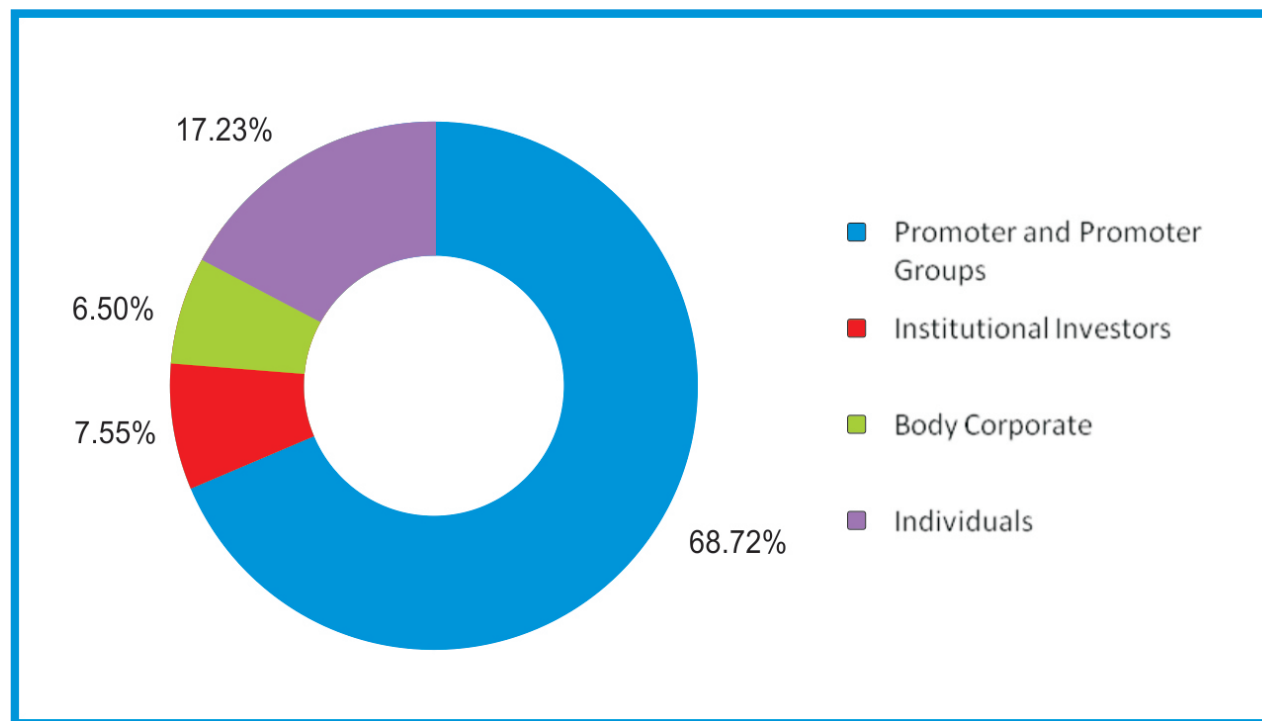
Deferred Revenue Expenditure and Preliminary Expenses



| HIGHLIGHTS OF THE YEAR | | | |
|-------------------------------|-----------------------|----------------|-----------------|
| | <i>(₹.In Crores)</i> | | |
| Year ended | 2011- 12 | 2010-11 | Change % |
| Sales and Other Income | 1,131.62 | 658.26 | 72% |
| | | | |
| EBIDTA | 118.06 | 58.55 | 102% |
| | | | |
| PBT | 87.35 | 47.04 | 86% |
| As a % of Sales | 7.72% | 7.15% | |
| | | | |
| PAT | 59.06 | 31.33 | 89% |
| As a % of Sales | 5.22% | 4.76% | |
| | | | |
| Dividends | 11.16 | 7.99 | 40% |
| | | | |
| Retained Earnings | 47.90 | 23.34 | 105% |
| | | | |
| Net Worth | 128.32 | 89.89 | 43% |
| | | | |
| Outside Liabilities Adjusted | 308.22 | 149.27 | 106% |
| | | | |
| TOL: Equity | 2.40 | 1.66 | 45% |
| | | | |
| Net Worth per Share in Rs. | 93.53 | 65.51 | 43% |
| | | | |
| Employees (Numbers) | 957 | 519 | 84% |
| | | | |
| Shareholders (Numbers) | 2,666 | 2,885 | -8% |
| | | | |
| Dividend Per Share (Rs) | 7 | 5 | 40% |
| (Face value per Share Rs.10) | | | |
| | | | |

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

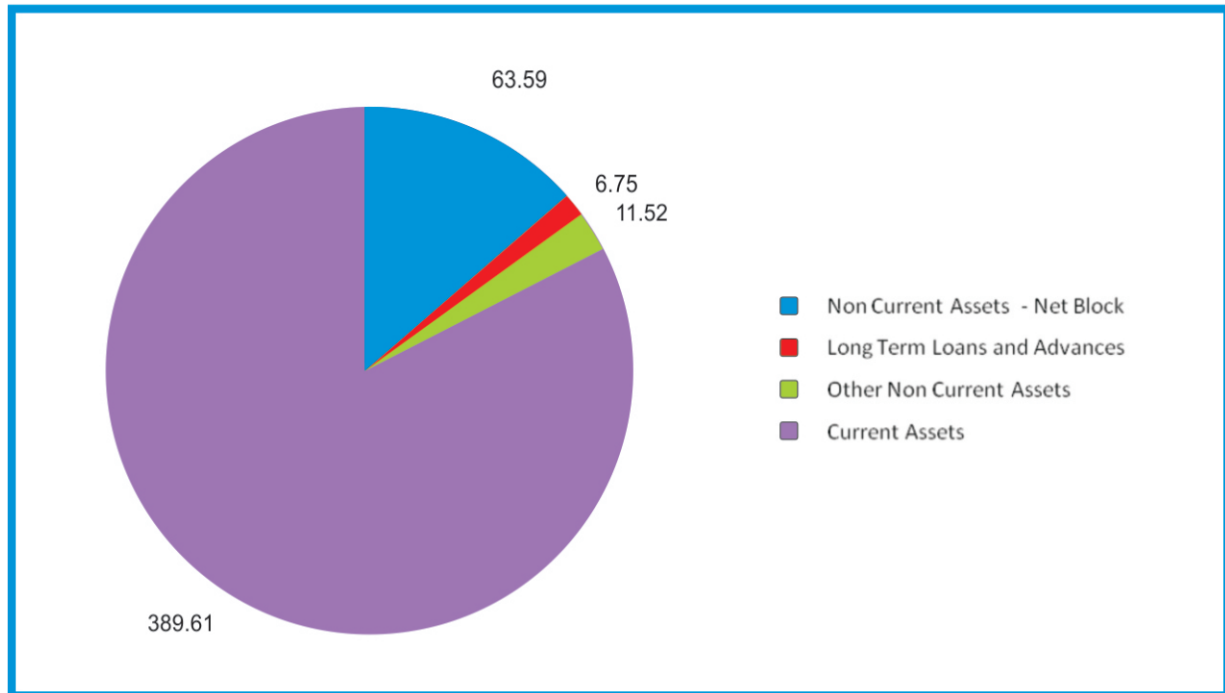
| Year ended 31st March, 2012 | No. of Shares | Percentage (%) | No of Share Holders |
|------------------------------|-------------------|----------------|---------------------|
| Promoter and Promoter Groups | 9,427,982 | 68.72% | 14 |
| Institutional Investors | 1,036,252 | 7.55% | 7 |
| Body Corporate | 891,475 | 6.50% | 106 |
| Individuals | 2,363,873 | 17.23% | 2539 |
| Total | 13,719,582 | 100.00% | 2,666 |





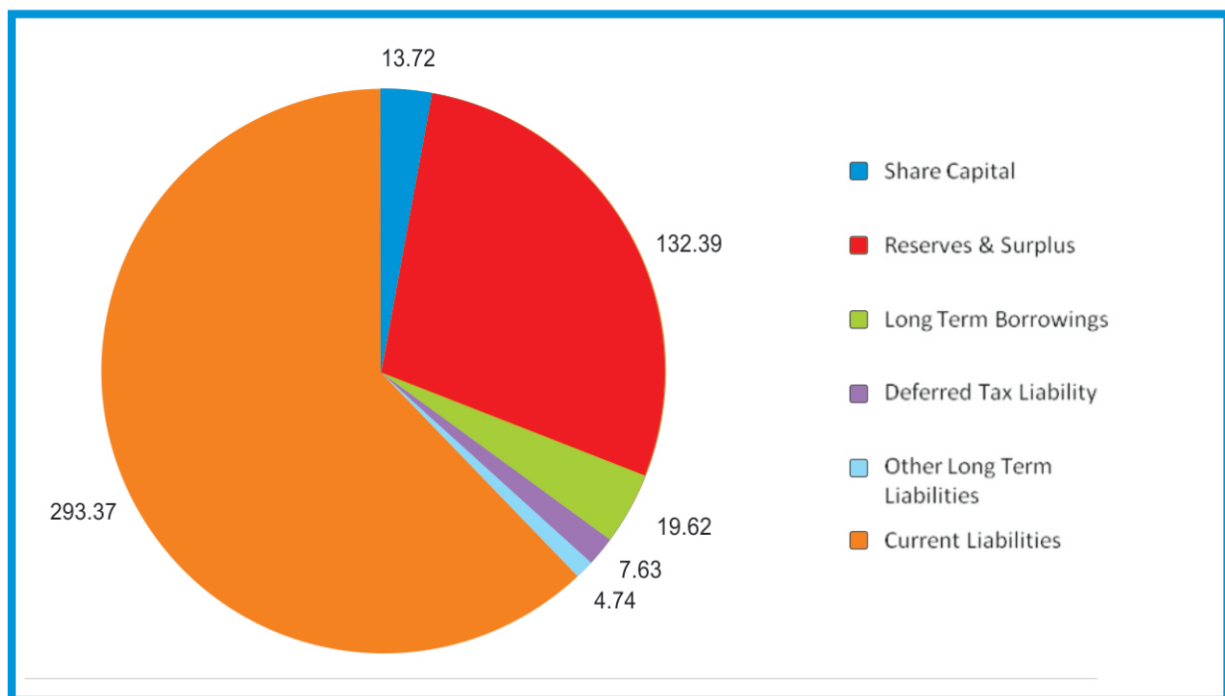
Assets

₹ in Crores



Equity and Liabilities

₹ in Crores



NOTICE TO THE SHARE HOLDERS

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, THE 18th DAY OF JULY 2012 AT CHAMBER OF COMMERCE NO: 178-B, KAMARAJAR SALAI, MADURAI-625009 AT 11.30 AM TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account made up to that day along with the report of the Directors and auditors there on.
2. To appoint a Director in place of Mr. S Rethinavelu who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ba. Ramesh who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
4. To declare a dividend on equity shares.
5. To appoint statutory auditors to hold office from this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration. M/s.B.Thiagarajan & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:
 - a) **RESOLVED THAT** pursuant to the provisions of S.269 of the Companies Act 1956, and all other applicable provisions if any, as amended up to date and in supersession of the earlier resolution passed at the EGM held on 30th November 2007, consent of the shareholders of the company be and is hereby accorded to re-appoint **SHRI BALARAMA GOVINDA DAS - MANAGING DIRECTOR** of the company for a period of 5 years from 1st December 2012 to 30th November 2017 on the remuneration and other terms and conditions as set out in the respective resolutions hereunder.



b) **RESOLVED THAT** in modification of the earlier resolution passed on 24TH June 2010 with regard to remuneration payable to Shri. Balarama Govinda Das - Managing Director, pursuant to section 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act 1956, if any, and schedule XIII of the act amended up to date, consent of the shareholders of the company, be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2012 from the present salary of ₹ 4,00,000/- per month to an amount and other terms as set out hereunder with permission of board of directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof and from time to time and in such manner as the board of directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto.

Terms of Remuneration

- i) SALARY- ₹ 7,50,000 per month.
- ii) Commission of 1% on Net profits after tax.
- iii) He is entitled to use Company's car for official purposes, telephone, tele-fax, and audio. Video conferencing and other communication facilities at residence and these will not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund, super-annuation Fund, Gratuity payable as per the rules of the company and Encashment of leave at the end of the tenure shall not be included in the computation of limits for the perquisites and allowances as aforesaid.

If in any financial year, the Company has no profit or its profits are inadequate the above remuneration is paid as the minimum remuneration subject to the provisions of Schedule XIII of the Companies Act, 1956.

"**RESOLVED** further that in the event of loss or inadequacy of profits in any financial year, the Company will pay remuneration by way of salary, allowances, perquisites and benefits as specified above, subject to obtaining requisite approvals."

"**RESOLVED FURTHER** that the scope and quantum of remuneration specified herein above, may be enhanced, enlarged or varied by the Board of directors, in the light of and in conformity

with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made there under and/or such guidelines as may be announced by the Government of India from time to time."

7. To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

a) **RESOLVED THAT** Pursuant to the provisions of S.269 of the Companies Act 1956, and all other applicable provisions if any, as amended up to date and in supersession of the earlier resolution passed at the EGM held on 30th November 2007 ,Consent of the shareholders of the company be and is hereby accorded to re- appoint **SHRI BA.RAMESH - JOINT MANAGING DIRECTOR** of the company for a period of 5 years from 1st December 2012 to 30th November 2017 on the remuneration and other terms and conditions set out in the respective resolutions hereunder.

b) **RESOLVED THAT** in modification of the earlier resolution passed on 24TH June 2010 with regard to remuneration payable to Shri. Ba.Ramesh - Joint Managing Director, pursuant to section 198,269,309,310 and 311 and all other applicable provisions of the Companies Act 1956, if any, and schedule XIII of the act amended up to date, consent of the shareholders of the company, be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2012 from the present salary of ₹ 4,00,000/- per month to an amount and other terms as set out hereunder with permission to the board of directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof and from time to time and in such manner as the board of directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto.

Terms of Remuneration

- i) SALARY- ₹ 7, 50,000 per month.
- ii) Commission of 1% on Net profits after tax.
- iii) He is entitled to use Company's car for official purposes, telephone, tele-fax, and audio. Video conferencing and other communication facilities at residence and these will not be included



in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund, super-annuation Fund, Gratuity payable as per the rules of the Company and Encashment of leave at the end of the tenure shall not be included in the computation of limits for the perquisites and allowances as aforesaid.

If in any financial year, the Company has no profit or its profits are inadequate the above remuneration is paid as the minimum remuneration subject to the provisions of Schedule XIII of the Companies Act, 1956.

"RESOLVED further that in the event of loss or inadequacy of profits in any financial year, the Company will pay remuneration by way of salary, allowances, perquisites and benefits as specified above, subject to obtaining requisite approvals."

"RESOLVED FURTHER that the scope and quantum of remuneration specified herein above, may be enhanced, enlarged or varied by the Board of directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made there under and/or such guidelines as may be announced by the Government of India from time to time."

8. To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

a) **RESOLVED THAT** Pursuant to the provisions of S.269 of the Companies Act 1956, and all other applicable provisions if any, as amended up to date and in supersession of the earlier resolution passed at the EGM held on 30th November 2007 ,Consent of the shareholders of the company be and is hereby accorded to re- appoint **SHRI N.B KUMAR - JOINT MANAGING DIRECTOR** of the company for a period of 5 years from 1st December 2012 to 30th November 2017 on the remuneration and other terms and conditions set out in the respective resolutions hereunder.

b) **RESOLVED THAT** in modification of the earlier resolution passed on 24TH June 2010 with regard to remuneration payable to Shri. N.B Kumar - Joint Managing Director, pursuant to section 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act 1956, if any, and schedule XIII of the act amended up to date, consent of the shareholders of the company, be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2012 from the present salary of ₹ 4,00,000/- per month to an amount and other terms as set out hereunder with permission to the board of directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof and from time to time and in such manner as the board of directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto.

Terms of Remuneration

- i) SALARY- ₹ 7, 50,000 per month.
- ii) Commission of 1 % on Net profits after tax.
- iii) He is entitled to use Company's car for official purposes, telephone, tele-fax, and audio. Video conferencing and other communication facilities at residence and these will not be included in the computation of perquisites and allowances for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund, super-annuation Fund, Gratuity payable as per the rules of the Company and Encashment of leave at the end of the tenure shall not be included in the computation of limits for the perquisites and allowances as aforesaid.

If in any financial year, the Company has no profit or its profits are inadequate the above remuneration is paid as the minimum remuneration subject to the provisions of Schedule XIII of the Companies Act, 1956.

"**RESOLVED** further that in the event of loss or inadequacy of profits in any financial year, the Company will pay remuneration by way of salary, allowances, perquisites and benefits as specified above, subject to obtaining requisite approvals."



"**RESOLVED FURTHER** that the scope and quantum of remuneration specified herein above, may be enhanced, enlarged or varied by the Board of directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made there under and/or such guidelines as may be announced by the Government of India from time to time."

9. To consider and if thought fit, to pass with or without modification (s), the following resolution as Special Resolution:

RESOLVED THAT the consent of the shareholders of the company be and is hereby given U/S 163 of the companies act, 1956 to change in keeping the Statutory Registers at the Corporate office at 25/6 Palami centre, New Natham Road Madurai - 625 014 from the Registered office situated at 124, Nethaji road - Madurai - 625 001 and comply with necessary compliances in this regard.

RESOLVED FURTHER THAT the company secretary of the company be and is hereby authorized to take necessary steps and file the concerned forms to the Registrar of the companies - Chennai - Tamilnadu in this connection under the companies act, 1956.

10. To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

RESOLVED THAT in supersession of the earlier resolution limiting the borrowing powers of the Board of directors of the company up to Rs.500 crores (Rupees Five Hundred Crores only) passed by the company u/s.293(1)(d) of the Companies Act, 1956 at its Extra - Ordinary Meeting General Meeting held on 26.09.2007, consent of the shareholders of the company be and is hereby accorded to the Board of directors of the company u/s.293(1)(d) of the Companies Act, 1956 to borrow money from time to time up to a limit not exceeding in the aggregate Rs.750crores (Rupees Seven Hundred and Fifty Crores only) notwithstanding that money to be borrowed together with the money already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves , that is to say, Reserves not set apart for any specific purposes.

11. To consider and if thought fit, to pass with or without modification (s), the following resolution as Special Resolution:

RESOLVED THAT in terms of prospectus and the power empowered on the board to change the deployment pattern including place / Capex time schedule in the bonafide interest and benefit of the company, consent of the shareholders of the company be and is hereby accorded for the changes effected in due course of expansion programme in respect of funds received from the public issue and all such changes in deployment made be and is hereby duly ratified to the full extent as per following details:

Rs.In Lacs

| Sl.No | Project | Estimates | Actual |
|-------|------------------------------|----------------|----------------|
| 1 | Tuticorin | 323.60 | 362.34 |
| 2 | Dindigul | 128.85 | 149.03 |
| 3 | Theni | 154.66 | 121.48 |
| 4 | Nagerkovil | 521.33 | - |
| 5 | Thirunelveli | 521.01 | 75.00 |
| 6 | Kovilpatti | 159.49 | - |
| 7 | Sivakasi | 159.48 | 189.75 |
| 8 | Madurai | 175.00 | 180.43 |
| 9 | Cumbum | Nil | 64.71 |
| 10 | Salem | Nil | 414.75 |
| 11 | Contingencies | 107.17 | - |
| 12 | Public issue expenses | 255.00 | 281.43 |
| 13 | Working capital requirements | 2278.00 | 2944.67 |
| | Total | 4783.59 | 4783.59 |

The above cost of the project as modified and completed out of the following source of finance namely:

Rs. In Lakhs

| Particulars | Amount |
|-----------------------|----------------|
| Proceeds from IPO | 2875.25 |
| Proceeds from Pre IPO | 624.75 |
| Internal Accruals | 1283.59 |
| Total | 4783.59 |

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-sd-

(V.Vijayaraghavan)

Company Secretary

Place: Madurai

Date: 17.05.2012.



Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and such proxy need not be a member of the company. The proxies in order to be valid, must be duly stamped, executed and received at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
2. Members are requested to bring their copies of the Annual Report for the meeting.
3. Members are requested to immediately notify any change of address:
 - (i) To the Depository participants (DPs) in respect of their electronic share accounts.
 - (ii) To the Registrar and transfer agent M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore-641 006.
 - (iii) To the Registered office at 124, Nethaji Road, Madurai-1, in respect of their physical share folios.
4. The register of members and share transfer books of the company will remain closed from 9TH JULY 2012 TO 18TH JULY 2012. (Both days inclusive) as per the requirements of the listing agreement.
5. The company has a designated e-mail id for investor grievances. All the share holders are requested to mail their grievance to thangamayil.acc@gmail.com
6. Members are requested to quote their folio numbers in their correspondence always.
7. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the company. The nomination form 2B prescribed by the Government can be obtained from the company.

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-sd-

(V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: 17.05.2012

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956**

ITEM NO.6- a&b

Shri. Balarama Govinda Das is the Managing Director of the company working closely with the company from inception. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Managing director of the company. He has been very ambitious in taking the company to greater heights in order to achieve the targeted plans towards growth of the company. The efforts so taken by him has resulted in the expansion of retail chains and the company has been able to establish 16 branches in Tamilnadu so far. The company's assets has been growing steadily and the net worth of the company has increased to ₹ 128.32 Crores in 2012 from ₹ 18.96 Crores in 2008. Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from ₹12.69 Crores in 2008 to ₹118.06 Crores in 2012.

Since his earlier appointment as Managing Director of the company is valid from 1st December 2007 till 30th November 2012, it has become necessary to re-appoint him for another five years from 1st December 2012 to 30th November 2017. Hence the board of directors recommend above said resolution for your approval.

The remuneration currently paid to the Managing Director is to be in line with the responsibility shouldered by him and taking into consideration the ongoing expansion plans to be implemented, it is very fair and reasonable that his efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary to match his involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by the Board is less than the maximum permissible under the Companies Act 1956. Therefore, the Board recommends the resolution for your approval.



Memorandum of Interest:

None of the Directors except Shri. Balarama Govinda Das, Shri. Ba.Ramesh and Shri. N.B.Kumar is deemed to be interested in the resolution.

ITEM NO.7 a&b

Shri. Ba.Ramesh is the Joint Managing Director of the company working closely with the company from inception. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Joint Managing director of the company. He has been very dynamic, pursuing and charting the development of the company by expanding the retail outlets of the company to the extent of 16 branches as of today. He has put in tireless efforts in taking the company to greater heights in order to achieve the targeted plans towards growth of the company. The company's assets has been growing steadily and the net worth of the company has increased to ₹ 128.32 Crores in 2012 from ₹ 18.96 Crores in 2008. Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from ₹12.69 Crores in 2008 to ₹ 118.06 Crores in 2012.

Since his earlier appointment as Joint Managing Director of the company is valid from 1st December 2007 till 30th November 2012, it has become necessary to re-appoint him for another five years from 1st December 2012 to 30th November 2017. Hence the board of directors recommend above said resolution for your approval.

The remuneration currently paid to the Joint Managing Director is to be in line with the responsibility shouldered by him and taking into consideration the ongoing expansion plans to be implemented, it is very fair and reasonable that his efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary to match to his involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by the Board is

less than the maximum permissible under the Companies Act 1956. Therefore the Board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors except Shri. Balarama Govinda Das, Shri. Ba.Ramesh and Shri. N.B.Kumar is deemed to be interested in the resolution.

ITEM NO.8a&b

Shri. N.B Kumar is the Joint Managing Director of the company working closely with the company from inception. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Joint Managing director of the company. He has been very enthusiastic in taking and planning the targeted sales and branch expansion of the company in a streamlined manner, thus responsible to achieve greater heights towards growth of the company. The efforts so taken by him has resulted in the expansion of retail chains and the company has been able to establish 16 branches in Tamilnadu so far. The company's assets has been growing steadily and the net worth of the company has increased to ₹ 128.32 Crores in 2012 from ₹ 18.96 Crores in 2008. Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from ₹12.69 Crores in 2008 to ₹ 118.06 Crores in 2012.

Since his earlier appointment as Joint Managing Director of the company is valid from 1st December 2007 till 30th November 2012, it has become necessary to re-appoint him for another five years from 1st December 2012 to 30th November 2017. Hence the board of directors recommend above said resolution for your approval.

The remuneration currently paid to the Joint Managing Director is to be in line with the responsibility shouldered by him and taking into consideration the ongoing expansion plans to



be implemented, it is very fair and reasonable that his efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary to match to his involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by the Board is less than the maximum permissible under the Companies Act 1956. Therefore the Board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors except Shri. Balarama Govinda Das, Shri. Ba.Ramesh and Shri. N.B.Kumar is deemed to be interested in the resolution.

ITEM NO.9

Since the company has established a separate corporate office to house the office of whole time directors, company secretary, accounting functions, Information technology, human resources and other back office departments in the new corporate office, it has become necessary to relocate the statutory registers of the company under the Companies Act, 1956 at the Corporate office at No.25/6, Palaami Centre, New Natham Road, Madurai 625 014. Therefore the said resolution has been proposed and hence, the board recommends the resolution for your approval

Memorandum of Interest:

None of the Directors is deemed to be interested in the resolution.

ITEM NO.10

The company has earlier passed resolution for borrowing powers up to ₹ 500crores vide EGM resolution dated 26.09.2007. In the context of expansion of Retail chains, and establishment of franchisee stores and since the gold price having doubled in value and our operations have also

improved significantly, It is likely that the company may have to borrow from outside to fund different activities apart from working capital borrowings from the banks. It is envisaged that in order to meet the requirements which is likely to be taken up in the near future it is proposed to increase the borrowing powers from ₹ 500Crores to ₹ 750Crores. Even though loans taken for working capital from banks are treated as temporary in nature by a liberal interpretation of the statute, the business model is such that it necessitates almost permanent ongoing financial support from banks. Therefore, by way of abundant caution, it is decided to get the approval from the shareholders for enhancement in borrowing powers of the board from the existing ₹500Crores (Five Hundred Crores only) to ₹ 750Crores (Seven Fifty Crores only). Hence the board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors is deemed to be interested in the resolution.

ITEM NO.11

The company vide its prospectus dated 11.01.2010 raised equity funds from public to partly finance the Branch Retail Expansion plan during January 2010. By and large the money collected was spent on the Branches selected and applied on assets creation in conformity with the prospectus. However, the company could not get suitable places in Nagerkovil and Kovilpatti and could get only leased property in Thirunelveli. Since the, Board was empowered to alter modify, enlarge or reduce the quantum of CAPEX to be spent or change the place of business or both in the interest of the company, these changes were carried out.

Accordingly, the Board thought fit and proper to drop Nagerkovil and Kovilpatti due to delay in getting regulatory formalities completed in connection with the sites identified and used the proceeds effectively to incur CAPEX in a much bigger city – Salem and also in Cumbum. Thirunelveli project is under implementation and likely to be opened in the second quarter of 2012 – 2013 and the balance amount required will be met out of our internal accruals.



It is also further stated that the company has enlarged its retail expansion from eleven branches contemplated at the time of public issue to eighteen branches presently with the additions at Coimbatore, Aruppukottai, Thenkasi, Palani, Vellakovil, and Dharapuram . The entire project cost in establishing the additional branches as stated above amounting to ₹ 2448.33 lakhs was spent out of internal accruals over and above the a sum of ₹ 1283.54 lakhs spent in line with prospectus and the company has not taken any term loan for creation of fixed assets for the same.

The incremental application of source for working capital requirements over and above estimated at the time of IPO amounting to ₹ 666.67 lakhs is necessitated due to steep increase in gold price by 30% on an average on actual commencement of operation of branches.

The cost escalation in public issue expenses and in Capex spending on various branches is necessitated due to general increase in cost of construction / interiors etc., and the said escalation is in excess by ₹87.87 lakhs over and above estimated contingencies provided at the time of IPO.

Hence, the Board recommends this resolution for your approval and ratification.

Memorandum of Interest:

None of the Directors is deemed to be interested in the resolution.

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-

(V.Vijayaraghavan)

Company Secretary

Place: Madurai

Date: 17.05.2012

| Annexure to items 2 & 3 of the notice | | |
|---|--|--|
| Details of directors seeking re-appointment at the Annual General Meeting (In pursuance of Clause 49 of Listing Agreement) | | |
| Name | Mr. S. Rethinavelu | Mr. Ba. Ramesh |
| Date of Birth | 21.12.1942 | 10.08.1960 |
| Date of appointment | 26.09.2007 | 24.03.2000 |
| Qualification | B.A., B.L., | S.S.L.C |
| Area of experience | Rich experience in Business / Commercial Spheres | More than two decades experience in Jewellery Business |
| List of Directorships held in other Indian Companies | Super Polytex Private Limited , Madurai | Thangamayil Gold & Diamond Private Limited, Madurai. |
| Number of Membership in Other committees | Chairman Audit Committee , Remuneration committee | Member Audit Committee, Share Transfer committee, Investor Grievance committee |
| Number of Shares held in the company | Nil | 28,22,704 |

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-sd-

(V.Vijayaraghavan)
Company Secretary

Place: Madurai

Date: 17.05.2012



DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting their **12th Annual Report** and the Audited Accounts for the financial year ended March 31, 2012.

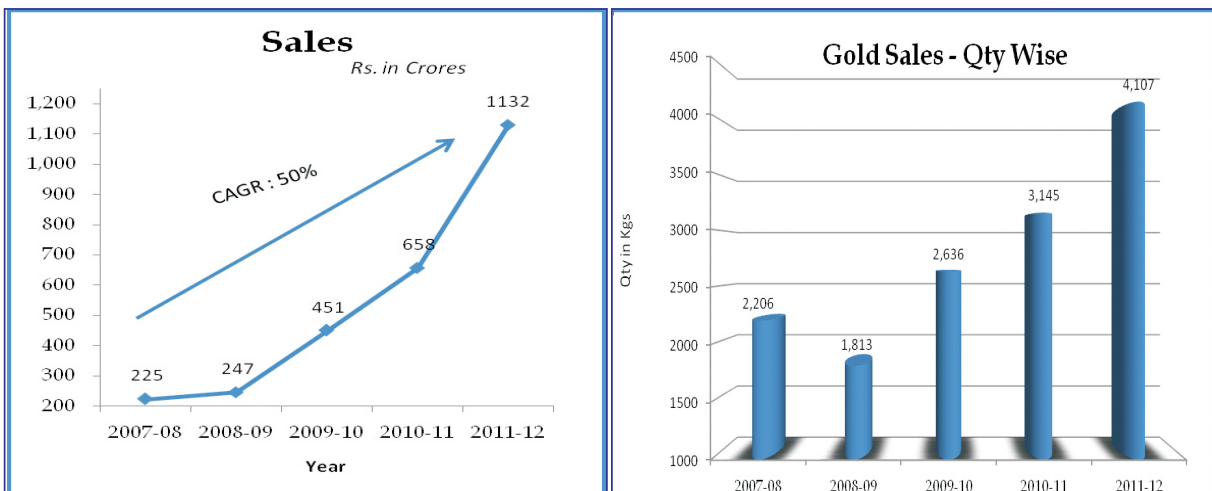
FINANCIAL RESULTS

Highlights of Financial results for the year are as here under:

(₹. in Crores)

| Particulars | 2011-2012 | 2010-2011 |
|--|-----------|-----------|
| Sales and Other Operating Income | 1,131.61 | 658.26 |
| Earnings before Interest, Depreciation and Taxation (EBITDA) | 118.06 | 58.55 |
| Interest and Finance Charges | 28.48 | 10.02 |
| Depreciation | 2.24 | 1.48 |
| Profit Before Tax (PBT) | 87.35 | 47.04 |
| Taxation | 28.29 | 15.71 |
| Profit / (Loss) for the Year (PAT) | 59.06 | 31.33 |

OPERATIONAL REVIEW



YEAR WENT BY:

The company has achieved an all time record turnover of ₹ 1,131.61 Crores for the year ended 31.03.2012, as against ₹ 658.26 Crores of previous year, thereby, registering a top line growth of 71.91 %. In volume terms the company could achieve a quantity of 4,107 Kgs in this year as against previous year of 3,145 Kgs, there by registering an increase on 31 % in this year.

This performance was possible due to opening of six more branches during the financial year and also due to full year operations of branches opened in the previous year.

Sudden increase in gold price in the month of Aug / Sep 2011 and near sustenance of the price with small deviations throughout the second half of the financial year to some extent acted as a deterrent for achieving sustained volume growth due to customer's resistance for the higher price.

Your Company could achieve a volume growth of 31% with the help of additions of outlets. Though international price of gold had fallen from US\$ 1921 per ounce to the current level of US\$1656 per ounce, the domestic price couldn't favorably readjust due to increase in customs duty to 2% and falling rupee value. It continues to hover around ₹ 2630-2680 per gram price band for 22ct gold ornaments.

Unexpected customs duty increase from 2 to 4% in the recent budget coupled with certain regulatory initiatives taken by the Government could not go well with the trade. The nation wide strike organized by various jewellers association had crippled the business more or less fully in the second fortnight of March 2012. By now, things are clear that increased customs duty will remain that but however the proposed levy of Central Excise on gold ornaments is shelved.

GOLD PRICE MOVEMENT:

During the year, gold price increased significantly registering a steep increase of around 30%. The increase in gold price has to some extent affected the volume off take particularly in the second half of the financial year. The gold price is almost stabilized during the later part of the year and getting consolidated at the current level well over 4 months. Continuation of stable gold price will go a long way in improving the volume off take in the trade in the years to come.

HIGHER INTEREST IMPACT

RBI continuously increased the repo interest rate that resulted in commercial banks steeply increasing the lending rate. Certain concessional credit products extended by banks upto 10-11 years were withdrawn. The effective interest rate has gone upto 14% as against 10% in last year. On a fuller utilization of limits, the effective interest increase was at ₹ 18.45 Crores for the current level of exposure. Relatively lesser stock turnover due to prevailing high gold price coupled with high interest cost has affected the profitability of the company on a comparable basis. But for this

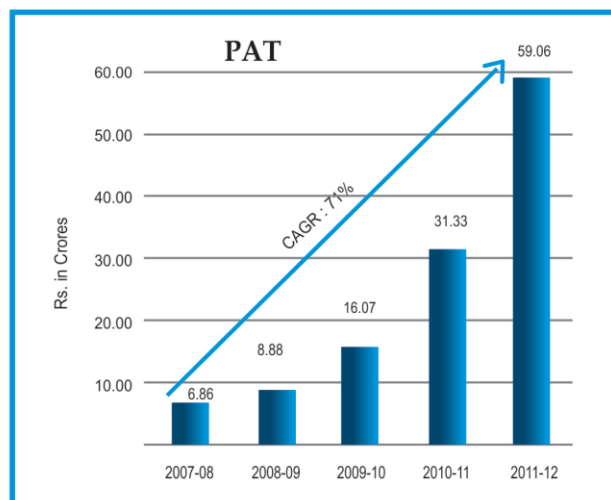
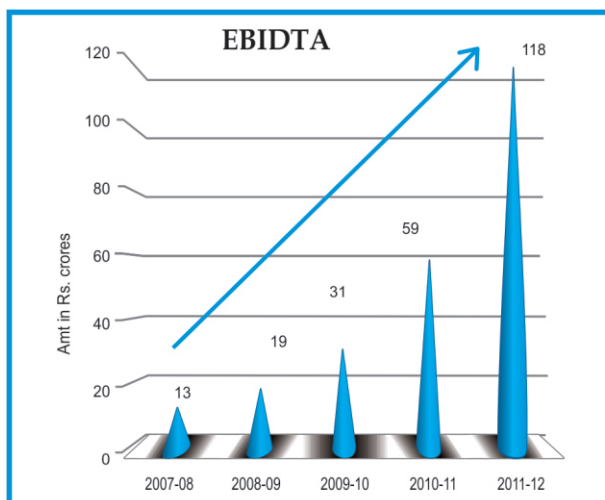


escalation in interest cost the normal profitability might have increased better than the Actuals. However it is expected that interest rate may come down by at least 200 basis in 12-13 and judicious mix of cash credit with metal loans would result in considerable reduction in effective interest cost in 2012-13.

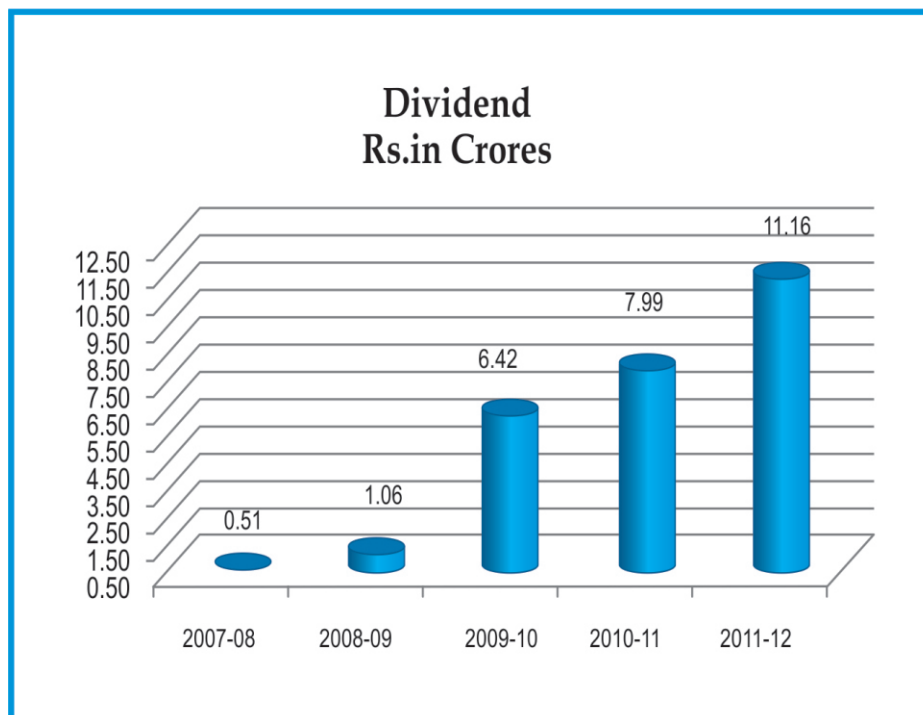
Certain strategies formulated and implemented by the management in tune with the exploitation of functional synergies requirements have resulted positively in the bottom line of the company. To name a few,

- Opening of six more branches at Coimbatore, Salem, Palani, Thenkasi, Aruppukottai, and Cumbum significantly added to the volume off take;
- Promoted simultaneously silver products in all branches to get the benefits of Rural India Penetration fully;
- Promoted a balanced product portfolio to cater to the requirements of middle/lower middle class customers;
- Introduced customer friendly schemes like Gold Saving Scheme and Loyalty Bonus payments in a big way;
- One big branch in a major city supported by four to five clusters of small branches in that area "business model" started to be implemented to get the synergy optimization in the areas of advertisement and publicity.

In this background your Company made an EBIDTA of ₹118.06 Crores as against ₹ 58.55 Crores achieved in the previous year registering a significant growth of 102% at EBITDA level of the Company. Consequently the Profit after tax also increased to ₹59.06 crores as against ₹ 31.33 Crores in the previous year registering an increase of 89% over last year.



DIVIDEND



DIVIDEND

The Board of Directors of the Company are pleased to recommend a dividend of ₹ 7.00 / - (70%) per equity share for 2012 on 1,37,19,582 equity shares of Rs. 10 each.

The Proposed dividend is subject to the approval of share holders in the ensuing Annual General Meeting of the company.

The register of members and share transfer books will remain closed from 9th July, 2012 to 18th July, 2012(both days inclusive).

Transfer to Reserve

We propose to transfer ₹ 600.00 lakhs to the general reserve. The balance is carried forward to the Profit and Loss Account.

RETAIL EXPANSION PLAN

During the year under review, the efforts in retail expansion plan were further intensified and the company opened 6 more retail stores during the year. The company has virtually benefited by this expansion that helped to develop its brand name through customer satisfaction.



Based on the experience gained, it is decided to intensively play on the Rural economic recovery card in the current year 12-13 as well. We are planning to open as many as 12 branches in Tamilnadu spread over southern & western parts of the state. Silver business is looking up due to relative price stability and ornament appeal it makes to the rural womenfolk. In smaller towns, the silver acts as a complementary for gold ornaments and it makes the tier 3 & 4 town branch expansion more viable and profitable particularly with respect to Return on capital employed criteria.

“Rural India Growth Story” is taken forward penetrating deeper into rural towns particularly in the southern and western districts of Tamilnadu where a significant gold jewellery business takes place.

Your directors are actively considering the proposal of opening up of customer care centres in smaller towns attached to our main branches and also seriously considering a proposal of appointment of “Franchisee dealers” model in unrepresented areas in order to fully optimize the various synergies already established. All these “Retail area expansion plans” now implemented would bear fruits in the years to come and enable the company to maintain the leadership position in some parts of the State of Tamilnadu.

FUTURE BUSINESS PLAN

The business plan as followed by the company includes the following:

1. Sustained penetration into rural areas by spreading the awareness of quality parameters in the minds of the customers.
2. A proper mix between gold and silver to get the optimum results.
3. To follow one major city with four or five clusters business model for getting better synergies.
4. Slowly get into high value products including diamond in major cities to cater to the elite category customers.
5. Continue to concentrate on synergy optimisation issues to get the optimum utilisation of resources.

FUTURE PROSPECTS

Going forward, the business model as demonstrated by your company can easily be replicated in various selected towns. With the consumer awareness improving year after year, for the quality parameters on the one hand and the effective polarization taking place in the supply side on the

FINANCE

CAPITAL EXPENDITURE

Rs.In Lakhs

A donut chart illustrating the distribution of funds in lakhs of rupees across ten different locations. The largest portion, 2,193 lakhs, goes to Coimbatore. Other significant allocations include Corporate office at 336 lakhs, Madurai-Show Room at 160 lakhs, and Salem at 80 lakhs. Smaller amounts are distributed among other locations like Cumbum, Aruppukottai, Palani, Tenkasi, Madurai-Others, and Others.

| Location | Amount (Rs. In Lakhs) |
|-------------------|-----------------------|
| Cumbum | 64 |
| Aruppukottai | 85 |
| Salem | 80 |
| Tenkasi | 72 |
| Palani | 80 |
| Coimbatore | 2,193 |
| Corporate office | 336 |
| Madurai-Show Room | 160 |
| Madurai-Others | 272 |
| Others | 353 |

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CONTRIBUTION TO EXCHEQUER

The Company is a regular payer of taxes and other duties to the Government. During the year under review, your Company paid Rs. 22.58 Crores towards Income Tax as compared to Rs. 13.58 crores paid during the last financial year. The Company also paid Value Added Tax of Rs. 11.34 Crores for financial year 2011-12, as compared to Rs.6.51 Crores paid for last financial year.

OPENING OF BRANCHES

Your Directors are delighted to announce the opening of the Six more branches at Cumbum (15th June 2011) , Aruppukottai(15th August 2011), Salem (30th September 2011), Tenkasi (13th October 2011), Palani (2nd November 2011) and Coimbatore (7th December 2011). These branches have been well equipped with lot of choicest varieties to suit the preference of the customers. The above branches are doing well with potential for better future prospects in the years to come.

Moreover till 16th May 2012 in the current year your company had opened 2 more branches in Vellakovil (16.04.2012) and Dharapuram (07.05.2012). Work is progressing simultaneously in 7 other towns and is likely that all branches will be opened during 2012-13 financial year.

DIRECTORS

Retirement by Rotation

At the ensuing Annual General Meeting, Sri.S.Rethinavelu and Sri. Ba. Ramesh Directors of the Company retires by rotation and being eligible seeks re-appointment. Your Board commends their re-appointment.

SUBSIDIARIES:

Your company has no subsidiary and therefore no statement of consolidation or other details are furnished.

DEPOSITORY SYSTEM

The trading in the Equity Shares of your Company is under compulsory dematerialization mode. As on March 31, 2012, Equity Shares representing 99.95% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

LISTING OF SHARES

The Equity Shares of your Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2012-13 have been paid to these Stock Exchanges. The Shares of the companies are compulsorily tradable in dematerialized form.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have generally been followed except for small deviations as explained in the Notes on accounts;

- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

AUDITORS

M/s. B.Thiagarajan & Co., the present statutory auditors retire at the ensuing Annual General Meeting and are eligible for reappointment u/s 224(1B) of the Companies Act 1956. The company proposes to reappoint M/s.B.Thiagarajan & Co., Chartered Accountants as Statutory auditors of the company from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting of the company.

In respect of the observations made by the Auditors in their report, your Directors wish to state that the respective notes to the accounts read with relevant Accounting policies are self explanatory and therefore do not call for any further comments.

INSURANCE

The assets of the Company are adequately insured against fire and such other risks, as are considered necessary by the Management.

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at ₹2314.24 lakhs as at March 31, 2012 (Previous year ₹1280.61 lakhs).

The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made there under.

CORPORATE GOVERNANCE

Your Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this report.

The Chairman and Managing director and Joint Managing Directors of the Company have certified to the board on financial statements and other matters in accordance with the Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March 2012.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

a) Conservation of Energy

The disclosure of particulars with respect to conservation of energy pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as our business is not specified in the Schedule . However, the company makes its best efforts to conserve energy in a more efficient and effective manner.

b) Technology Absorption, Adaptations and Innovation

The company has not carried out any specific research and development activities. The company uses indigenous technology for its operations. Accordingly, the information related to technology absorption, adaptation and innovation is reported to be NIL.

c) Foreign Exchange Outgo

(₹ in lakhs)

| Particulars | 2011-12 | 2010-11 |
|------------------------|---------|---------|
| Travelling Expenses | 3.50 | 7.47 |
| Interest on FCNRB Loan | 198.20 | 271.76 |

INTERNAL CONTROL SYSTEMS

Your Company has proper and adequate system of internal controls. The Internal Audit team conducts both Systems and Financial Audits which are carried out in Manufacturing unit, branches and corporate offices.

The audit findings are reviewed by the Audit Committee of Directors and corrective action, as deemed necessary is taken. Your Company also has laid down procedures and authority levels with suitable checks and balances encompassing the entire operations of the Company.

Your Company has identified various business risks and periodic reviews are conducted by the Management regarding the adequacy of mitigation procedures for the same.

PERSONNEL

The HR policies and procedures of your Company are geared towards encouragement and development of Human Capital. Your Company has transparent processes for rewarding performance and retaining talent. Skill Gap Analysis and other systems are also in place to identify the training interventions required. Priority is given to succession planning and talent management.

Employee relations continued to be cordial during the year. As on 31st March, 2012 your Company has 957 employees.

RISKS AND CONCERNS

The continued increase in gold price and huge fluctuations of gold price in India can lead to volume downturn. Gold price is influenced by USD movement and safe haven considerations. A better Euro will increase the price of gold, whereas, a rising USD will impact adversely gold price movement. As far as India is concerned a falling rupee will increase the local gold price and rising rupee will positively influence the gold pricing. There are so many variable factors both quantitatively and sentimentally, that influence the pricing behavior of gold internationally.

Any failure of monsoon could trigger a significant rise in inflation and interest rates thus squeezing the disposable income of the customer. A further rise in interest rate would be detrimental to industry growth.

Company engaged in the business of gold trading, this will not have a greater impact on the bottom line as the replacement cost will take care of the fluctuation in the gold price even though overall volume growth is dependent on gold price movement.

However, your Company is able to counteract this threat to a considerable extent through consistency in maintaining quality of its products and efficient after sales services.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report of financial position and results of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is given as a separate statement forming part of this Annual Report.

FUND UTILISATION:

Initial Public Offering (IPO)

Members may be recalled of the fact that your company completed its Initial Public Offer (IPO) and listed its shares on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd.(BSE), Mumbai.

In conformity with the terms of prospectus, board is empowered to reschedule the place of branch and increase or decrease the CAPEX to be spent for a particular purpose via –a- vis current plans at the discretion of the management. Accordingly certain changes required in the plan got approved by the board and the balance of unspent amount from IPO proceeds well spent for the same purpose on the basis for which approved modification of place of branch/ manner of expenditure was given.

The IPO proceeds of ₹2875.25 lakhs, the Company has utilised fully as on 31/3/2012. The detailed statement of utilization of fund vis-à-vis IPO objects as given in the prospectus is given hereunder:



(₹ in lakhs)

| Objects of IPO as projected in the Prospectus | | | Utilisation till March 31, 2012 |
|---|---|----------------|---------------------------------------|
| S No | Purpose | Total | |
| 1. | Cost of setting up of retail outlets (Branches) | 2250.59 | 1557.49 |
| 2. | Working capital requirements | 2278.00 | 2944.67 |
| 3. | To meet the expenses of Issue | 255.00 | 281.43 |
| | Total | 4783.59 | 4783.59 |

The above cost of the project as modified and completed out of the following source of finance is given here under :

(₹ in lakhs)

| Particulars | Amount |
|-----------------------|----------------|
| Proceeds from IPO | 2875.25 |
| Proceeds from Pre IPO | 624.75 |
| Internal Accruals | 1283.59 |
| Total | 4783.59 |

Necessary resolution together with explanatory statement for the utilization of IPO funds is enclosed to be passed as a special resolution in the ensuing AGM Notice.

HUMAN RESOURCES

No employee of the company was in receipt of remuneration during the year, in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 and read with the Companies (Particulars of Employees) Rules, 1975, as amended vide notification dated 31st March 2012.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to the Company's employees for the massive personal efforts as well as their collective contribution to the Company's record performance. The Directors would also like to thank the Customers, Shareholders, Bankers, and Suppliers for their continuous support given to the company and their confidence in the management.

BY ORDER OF THE BOARD**For Thangamayil Jewellery Limited**

-sd-

BALARAMA GOVINDA DAS**Managing Director**

Place: Madurai

Date: 17.05.2012

-sd-

Ba. RAMESH**Joint Managing Director**

-sd-

N. B. KUMAR

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SCENERIO

INDIAN GEMS AND JEWELLERY INDUSTRY

Global demand for gold in 2011 rose to 4,067.1 tones (t) worth an estimated US\$205.5 billion - the first time that global demand has exceeded US\$200billion and the highest tonnage level since 1997, according to the World Gold Council's Gold Demand Trends. The main driver for this increase was the investment sector where annual demand was 1,640.7t up 5% on the previous record set in 2010 and with a value of US\$82.9 billion. The pre-eminent markets for investment demand in 2011 were India, China and Europe.

China and India remain the cultural heartlands of gold, generating 55% of global jewellery demand and 49% of global gold demand.

There was a 25 percent increase in the demand for jewellery which stood at \$99.18 billion and dropped in volume terms by 3 percent to 1,962.9 tonnes. The WGC states that the jewellery segment performed well in the times of the soaring gold prices. India stood its reputation of being the largest market for gold jewellery in 2011 also, followed by China, U.S., Russia and Turkey respectively. But looking at the fourth quarter of 2011, gold jewellery demand in China crossed that of India's. China's gold jewellery demand was up 26 percent to \$7.13 billion, while India's gold jewellery demand in value terms was down 31 percent (on y-o-y basis) to \$5.59 billion. The WGC states that in the quarter, that India faced a weaker Diwali season coupled with high and volatile prices, led the consumers to demand lighter weight gold jewellery with lower price points. According to the WGC, demand in China was low due to price volatility till late December when it sprung up again by lower prices and as the trade started building inventory for the Chinese New Year.

India remains the largest country for demand with 933.4tonnes, which is notable considering the volatility of the gold price and the weakness of the Indian rupee against the US dollar during the second half of the year. Gold jewellery accounted for over 500tonnes and the investment market demand reached 366 tonnes. Indian demand accounted for 25% of total bar and coin demand worldwide.

In China, annual demand of 769.80 tonnes was up by 20% year-on-year as a result of increases in



both jewellery and investment. The largest rise was in investment, where demand of 258.90 tonnes with the value of RMB84.5billion leaped 69%. China jewellery demand increased every quarter of last year and was the largest single jewellery market worldwide for the second half of 2011.

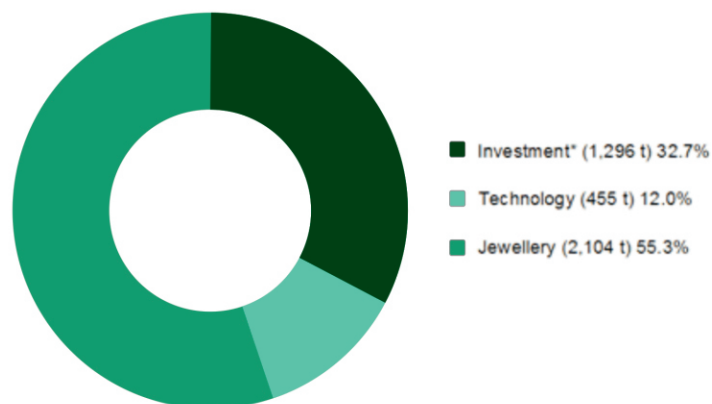
There was also a surge in demand in Europe with the region posting its seventh consecutive annual gain to 374.80tonnes. Germany and Switzerland were the main drivers of growth in the region as the Eurozone remains in turmoil and the need for asset protection continues to be a priority.

Indian consumers are actively engaged in considering their next choice of jewel; 75% of women say they are constantly searching for new designs. Whilst over 50% of gold jewellery is bought for weddings, the wedding anniversary has now become the most aspiring occasion for receiving gold today, extending a couple's relationship with gold beyond the marriage ceremony.

The festival of Dhanteras, the most auspicious day in the calendar just before Diwali, has traditionally created a strong seasonal surge in sales. However, the strategic development of the Akshaya Tritiya festival in April/ May, together with leading trade partners, has seen phenomenal recent success; sales during that period grew over 28% in the last year.

India's culture and mythology embrace gold. And India's traditions of unparalleled craftsmanship and skill are exemplified by the country's gold jewellery manufacturing, with the majority of pieces still made meticulously by hand. Each region's symbols and designs are reinterpreted in gold which is overwhelmingly high in caratage.

Demand flows, 5-year average (Q1'07 to Q4'11)



Source: Thomson Reuters GFMS, World Gold Council
*Investment excludes OTC investment and other stock flows, and central banks

Rural and Middle Class Population Demand

India's middle-income group (popularly called middle-class) is about 25% of the total population base. Of this segment about 4% are extremely rich and about 10% have just graduated into the middle class and are feeling their way through the material world. In addition, about 1% of the poor in the country are graduating into this middle-income group every year for the last ten years. This trend not only will continue but also will get accelerated. The forgoing is a remarkable achievement.

By the year 2025, a significant proportion of poor would have moved out of dollar a day income (Western media concoction) into a decent life style. On a Purchase Power Parity (PPP) basis, the middle-income group will have per capita income of roughly \$7,000 to \$8,000 a year (correspondingly the middle-income group in the West has about ten times more income, but they pay a lot more to maintain a lifestyle). A 400 million middle-income earning segment in India, by 2025, would have about \$2.8 Trillion a year to spend! Good news for the consumer goods industry of the world and welcome to consumerism in India. The upper quartile of this middle-income group could buy gold jewellery, and other luxurious items. The middle two, quartile will gobble up all the merchandise on the luxury store shelves in India, Europe and USA. With rising young population, the jewellery industry has significant potential for growth. A well integrated rural India believes in gold more as securing by investment item and it will continue to be backbone of the Indian economy and particularly for influencing gold Jewellery demand.

Shift in buying patterns

Increasing urbanization, higher percentage of younger population, more working women and easy availability of credit cards have all led to impulse buying and preference for a better lifestyle. As per the National Sample Survey data, in urban India the share of essential items like food, clothing, electricity & fuel and footwear in the total average annual per capita consumption expenditure has reduced whereas the share of durable goods has increased, which reflects the changing preferences of consumer. However, in spite of the increasing preference for luxury items, per capita spending by an Indian is lowest in the world. It augers well for the continuous growth for the Company's products.

Branded Jewellery

Jewellery retailing in India is undergoing a slow transformation from a largely unorganized sector to a more organized one. While the family owned jewellery store remains the predominant retail format, new formats such as boutiques, supermarkets and gold souks are emerging for jewellery retail. Branded jewellery has been a relatively recent phenomenon in India. The Current trend in



brand jewellery segment is growing in robust manner. The regional manner is getting upgraded to national level and some of the house names that were conservative in the past has become of so aggressive player in last couple of years. This trend is fast gaining momentum with middle level retail player. By 2020, once market is opened for foreign brands the market share for the organized sector will improve significantly.

RISK ANALYSIS

The Company is currently operating in 17 outlets in South and western parts of Tamil Nadu and proposes to open outlets in Nine other locations in 2012-13. The company has a sound understanding of the tastes and preferences of the rural/semi-urban populace and is confident of catering to the requirements of the simplest locations. However, the project carries with it geography risk which includes the following factors:

1. Tastes and Preferences:

The tastes and preferences of the populace in each of the locations are likely to have differences. For instance, the higher level of urbanization of the populace in places like Madurai as compared to Tuticorin & Tirunelveli is likely to have an impact on the product profile that is likely to be sold in these markets.

The Jewellery offerings must reflect the tastes and preferences of a wide range of consumers whose preferences may change regularly. Our strategy has been to offer a wide variety of styles of fine jewellery, but there can be no assurance that these styles will continue to be popular with consumers in the future. If the styles we offer become less popular with consumers and if we are not able to adjust our inventory in a timely manner, our sales may decline or fall to meet expected levels.

2. Impact of competition:

Jewellery retailing trade is a highly competitive industry. Each of the locations has well established players who already have a strong foot hold on the market. In addition to the 7-8 large organized players, the market is also fragmented with upto 75% 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 Alukkas Jewellers, Bhima Jewellers and Kalyan Jewellers, Lalitha Jewellers, Kirthilal jewellery and the majority of them have presence in 25 to 40 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.

Similar entry by other players in Madurai as well as other locations targeted by Thangamayil could make business difficult and affect profitability in the long run.

3. Demand for gold jewellery

Jewellery consistently accounts for the majority of gold demand. In the 12 months to December 2011, appetite for jewellery amounted to around US\$99.2 billion. India is the largest consumer in volume terms, accounting for 29% of demand in 2011. Indian gold demand is supported by cultural and religious traditions which are not directly linked to global economic trends.

The 2007-2009 financial crisis had a significant negative impact on consumer spending. This resulted in a decline in the volume of gold jewellery sales, particularly in western markets, with the United States being hardest hit. However, jewellery demand in India and Asia has since been recovering whilst in China growth in jewellery consumption has been continuous.

Jewellery demand is driven by a combination of affordability and desirability by consumers. It generally rises during periods of price stability or gradually rising prices, and then declines in periods of price volatility. A steadily rising price reinforces the inherent value of gold jewellery, an intrinsic part of its desirability. Several countries, including China and India, offer clear and considerable potential for future growth.

Investment Demand

Since 2003, investment has represented the strongest source of growth in demand. The last five years to the end of 2011 saw an increase in value terms of around 534%. In 2011 alone, investment attracted net inflows of approximately US\$82.90bn.

Numerous factors motivate both institutional and private investors to seek gold investments. Of the key drivers behind investor demand, one common thread emerges: all are rooted in gold's abilities to insure against instability and protect against risk. The positive price outlook is underpinned by expectations that growth in demand will continue to outstrip that of supply. In turn, positive price expectations themselves have become a driver of further investment demand in gold.

Gold investment can take many forms and investors often choose to invest through a number of different channels for greater flexibility.

The growth in investment demand has sparked numerous innovations in gold investment, ranging from online bullion sales to gold ETFs. There are now a wide variety of investment products to suit both the private and institutional investor.

Technology Demand

The use of gold in various electronic, industrial, medical and dental applications (together classed as 'Technology') accounts for around 12% of gold demand, an annual average of over 450 tonnes from 2007-2011. Gold offers high thermal and electrical conductivity, along with outstanding resistance to corrosion. This explains why around two-thirds of all industrial demand arises from its use in electrical components.



Gold's use in medical applications has a long history, reaching back to ancient Egypt. Today, various biomedical applications make use of its numerous attributes, including bio-compatibility as well as resistance to bacterial colonization and corrosion.

Recent research has uncovered a number of new practical uses for gold, including its function as a catalyst in fuel cells, as well as chemical processing and pollution control. The potential to use nanoparticles of gold in advanced electronics, glazing coatings, and cancer treatments offers promising new areas of scientific research.

Our sales and results of operations are highly dependent on the demand for gold jewellery. Should prevailing consumer tastes for jewellery decline, demand for our products would decline and our business and results of operations would be adversely affected.

4. Our Profitability may be affected by commodity price sensitivity

The jewellery industry in general is affected by fluctuations in the prices of precious metals and precious & semi precious stones. The availability and prices of gold, diamonds and other precious metals and precious & semi – precious stones may be influenced by cartels, political instability in exporting countries and inflation. Shortages of these materials or sharp changes in their prices could have a material adverse effect on our results of operations or financial condition. Our future revenue and profitability will be dependent to a significant extent upon prevailing spot market prices for gold and diamonds. In the past, gold prices have been volatile. Prices are subject to wide fluctuations in response to changes in supply and demand for gold and diamonds, market uncertainty and variety of additional factors that are beyond our control.

Though in the past, the volume of sales has shown a high negative correlation with gold prices the recent hike in gold prices has not resulted in significant reduction in volume of gold sold. A fall in gold prices has likewise need not be seen the opposite impact of resulting in a surge in demand for gold jewellery. Hence significant increases in the international prices of gold may not adversely affect market demand for gold jewellery and hence will have only a limited adverse impact on operations on a short term consideration.

5. Internal Control System

The Company has in place adequate system of internal control. It has documented procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

Some significant features of the internal control systems are:

- ❖ Corporate policies on accounting and major processes;
 - ❖ Well-defined processes for formulating and reviewing annual and long term business plans;
 - ❖ Preparation and monitoring of annual budgets for all trading activities
 - ❖ Having introduced state of the art Enterprise Resource Planning (ERP) since August 2008, supplier Relations Management and Customer Relations Management, to connect its different locations, dealers and vendors.
 - ❖ Monthly meeting of the top management committee to review operations and plans in key business areas;
 - ❖ A well established multi disciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks;
 - ❖ Audit Committee of the Board of Directors, comprising independent directors, which is functional since October 2007, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards, as well as, reasons for changes in accounting policies and practices, if any;
 - ❖ A comprehensive information security policy and continuous upgrades to IT system;
 - ❖ Documenting Major Business Process including financial reporting, Computer Controlling, Security Checks and Top Committee level Plans.
- **Anti-fraud programme.**

The Board takes responsibility for the total process of risk management in the organisation. The Audit Committee reviews reports covering operational, financial and other business risk areas. Taking into Consideration the high risk associated with this business, the organisation and management have taken necessary measures towards achieving an environment, free of fraud. This is also facilitated by internal audit. The business risks are managed through cross functional involvement and intense communication across businesses. Results of the risk assessment and residual risks are presented to the senior management.

6. Quality of our products

Our strength lies in understanding the requirement of the customer and our execution capabilities. This has enabled us to get repeat orders from our existing customers and attract new customers, we believe that the intricacies of our designs and quality of our products' finish enables us to get better margins on the products manufactured by us.



7. 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 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.

8. Seasonal fluctuations in sales

We have experienced and expect to continue to experience seasonal fluctuations in our sales. In particular, we have historically experienced higher jewellery sales during the third and fourth quarters of our fiscal year, as a result of the Diwali and the Christmas holiday season and we expect this seasonality to continue in the future. In fiscal 2011-12, approximately 60% of our jewellery sales were generated during the second and third quarters of the year. We also experience considerable fluctuations in sales in the periods preceeding other special annual occasions such as Diwali, Akshaya Tritiya, Adai Perukku, Chittrai Festival and New Year festivities.

In anticipation of increased sales activity during the second quarter of our current fiscal 2012-13, we may incur significant additional expenses on advertisement publicity, higher inventory of jewellery and additional staffing in our customer support operations in view, addition of big branches in the second quarter of in the fiscal. If we were to experience lower than expected sales during any future third quarter or during the above mentioned festivities, it would have a disproportionately large impact on our operating results and financial condition for that year.

In the future, our seasonal sales patterns may become more pronounced that may strain our personnel activities and may cause a shortfall in sales as compared to the expenses incurred in a given period, which could adversely affect our business and results of operations.

9. Successful Management of New Outlets.

The project proposes a growth of over 50% in revenue terms over each of the next 2 years through the setting up of 25 additional outlets. Each of these outlets needs to be effectively managed to ensure the successful scaling up of operations.

10. Enterprises Resources Program (ERP)

We have implemented our ERP programme under the name of "SAP Business 1" in August 2008. We have purchased the ERP program from Mahindra Logisoft Business Solutions. At present, all

our retail counters are equipped with ERP oriented programs. In our ERP program, we have supply chain module and a financial module. All our stocks are generated through the system which is then bar coded by unique numbers with the details embossed on the barcodes. Thereafter, the products are transferred to various locations. Our retail system is maintained in the ERP program itself. All the accounting procedure is done through the same. We have also developed a unique franchisee model in our ERP program in line with the business plan of the management.

We intend to implement some other modules to minimize the workload at our offices and retail counters. We are also in the process of developing the system in a user-friendly system which may also be customized.

11. Health, Safety and Environment

We are committed to protect the health and safety of our craftsmen and employees working in our units , people who come in contact with our operations and the health and sustainability of the environment in which we operate.

12. Balanced level of leverage

Currently the company has moderate leverage, but the proposed expansion involves an investment of fixed assets and investments on Gold, Diamond, and Silver and for the initial marketing campaign to be financed by partly Bank Borrowings and internal accruals.

Our indebtedness could have several important consequences, including but not limited to the following;

Fluctuations in market interest rates may affect the cost of our borrowings, as most of our indebtedness is at variable interest rates. For the current year 2011-12 due to increase in lending rates our cost of funds for working capital facility has moved up to 400 basis points (ie 4%) as compared to the year ended 2010-11.

We may be moderately vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions. The past experiences say that whenever the prices of gold declines, it results in a significant improvement in the volume offtake.

We believe that our relationships with lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our activities from time to time.



13. Brand Equity and Valuation

The Company has been conducting business under the house name “Thangamayil Jewellery”. The house name has been established and promoted in Madurai and the areas surrounding Madurai for over 12 years. This brand value has accrued through consistent efforts that have included quality and price assurance, advertisement and promotion and the retail experience. Currently, the Company enjoys a market share in excess of 25% in the sale of Gold Jewellery in the city of Madurai and surroundings.

While the customers are being drawn from areas including Theni, Dindugal, Sivakasi, Tuticorin etc., the Company expanded its business and established retail outlets at each of other locations in order to service these locations better.

The brand building efforts of the past have helped the Company establish comfort with the customers of Madurai and surrounding areas on certain factors such as price assurance, variety, quality etc., which until such time was unique in the Madurai market. In order to facilitate the geographical expansion, to penetrate these competitive markets, and to take the Company's brand image to the next level, the Company is in the process of finalizing its Advertising and Branding strategy as an ongoing policy.

In the next leg of the brand building exercise the Company's key objectives are as follows:

Build Thangamayil's image as one with the best in the trade statewide rather than only in southern parts of Tamilnadu;

- ❖ Extend Thangamayil's footprint to other cities;
- ❖ Create an aura of exclusivity around the brand name while at the same time retaining Thangamayil's unique contact with the culture and tradition of the people in Madurai, Tirunelveli, Ramnad, Rajapalayam & Karaikudi, Theni, Dindigul, Tuticorin and Coimbatore;
- ❖ Target the correct audience and maximize impact on this targeted segment and create a strong and long lasting bond between the customer and the Brand image created by Thangamayil.
- ❖ The Company plans to leverage the existing popularity of the house name and sell Gold, Diamond and Platinum jewellery under the brand name “Thangamayil” at retail outlets in the cities mentioned above. The Company has already obtained the trade mark with respect to the branding of the jewellery show rooms in the name and style of Thangamayil.
- ❖ The brand building has got a tremendous cost of requiring considerable funding. As more number of branches were opened and operating at satisfactory level.

14. Sales and Marketing

The efficiency of the marketing and sales network is a critical success factor for our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. To retain our customers, our marketing team regularly interacts with them and focuses on gaining an insight into the additional needs of such customers. Quite often, we are conducting exhibition in smaller towns and also interacting with the customers to find out their preference and choices.

15. Working Capital Management

The Company's inventory requirements comprises of Gold ornaments , Gold Articles Precious such as silver and precious stones, Silver vessels held as finished goods and work in progress.

The Company also holds inventory of finished goods at various branches s it operates in southern and western parts of Tamil Nadu with a below turnover ratio compared to industry norms. An assured quantity of inventory per show room is necessary to be carried at all times, with festive period and wedding seasons spread in moods & behavior of consumers.

An increasing retail competition, customer's requirements, tastes and preference, dictates a proportionate increase in quantity of gold ornaments in each show room. Considering the high growth rate that the Company targets to achieve in the jewellery segment, it has initiated various programs of working capital optimizations to control the amount of investment required.

These programs comprise franchising of outlets, expanding the show room locations to other part of Tamil Nadu and opening branches in rural areas to avoid huge competition in tier two cities and also optimization of raw material sourcing from customer.

This plan helps the Company to reduce inventory from each branches.

The steps initiated included closing down of slow moving and redistribution of inventory, as well as improvements in product lifecycle management to phase out underperforming designs quickly.



SWOT ANALYSIS

Strengths

Well established powerful brand loyalty in southern parts of Tamil Nadu to support the retail expansion plan.

Customer loyalty coupled with quality assurance aspects on a sustainable manner

Excellent financial fundamentals permitting the company for further leveraging

Synergy optimization on various functional areas

Weakness

Operating in a competitive environment with downward bias for margin.

High Price associated with gold price movement and consequential adverse impact on margins.

Limitation of geographical presence to southern districts of Tamilnadu.

Scale up difficulty due to different fashion preferences in different regions

Opportunities

Sustained performance over the last few years in Madurai and surrounding towns provides platform for replication of the model other tier 2/3 cities in Tamilnadu having similar customer profile.

Growing acceptance and preference of customers for Hallmarked and high quality products presents an opportunity to distinguish the company from unorganized ones.

Polarization of business with in organized brands that augers well for the sustainability of growth.

Scaling of economy resultant out of Brand/ Advertisement & Publicity / Procurement of Gold, Product Mix, designs, etc.

Threats

Huge Fluctuation of Gold Price and increase in interest rates.

The Company faces threat from unorganized players operating at the local level since the gems and Jewellery industry is largely dominated by unorganized sector.

Human Resources development constraints faced by the industry.

Firming up of regulatory controls by the government on the inducing in the medium term to have adverse impact on customer's preference for jewellery items.

FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Results of Operations

1. Sales

Sales for the year 2012 increased by 72%, driven both by volume as well as price / yield increases.

2. Other Income

Other income is ₹ 10.63 lakhs in 2011-12 as against ₹ 38.29 Lakhs in 2010-11.

3. Expenditure

During the year, input cost of Raw material, Packing Material and finished goods, as a percentage to sales has marginally decreased by 1.35% when compared to last year.

The Company's Administrative and Selling Expenses , as a percentage of Sales has decreased to 1.75% as against 1.92%, due to increase in the value of sales and significant increase in volume.

4. Profit before taxation

Profit before taxation amounted to ₹ 8734.71 lakhs as against ₹ 4704.31 Lakhs in the previous year.

5. Provision for Taxation

The Company has made provision for taxation for the year amounting to ₹ 2828.66 lakhs (including deferred tax) on Profits before tax. The effective tax rate for the year is 32.40%.

(A) Financial Condition

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act and the generally adopted Indian Accounting principles (GAAP) and the Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006.

1. Share Capital

The issued, subscribed and paid up capital as at March 31, 2012 stood at ₹ 1371.96 lakhs. There was no fresh infusion of capital during the year.

**2. Reserves and surplus**

Reserves and surplus stood at ₹ 13,239.07 lakhs as against ₹ 8,449.20 in the previous year.

3. Fixed Assets and Capital Work in Progress

During the year, company addition including work in progress ₹ 3998.05 Lakhs to our gross block comprising ₹ 2131.92 lakhs for land and buildings for Coimbatore branch and ₹ 1866.13 lakhs for plant and machinery, vehicles and other assets for existing branches.

4. Inventories

Inventories amounted to ₹ 36,922.99 lakhs as at March 2012 against ₹ 20,774.77 lakhs as at the previous year end. The increase is primarily on account of increase in gold ornaments necessitated by increase in the number of branches and also increase in gold price.

5. Sundry debtors

Sundry debtors amounted to ₹ 46.75 lakhs as at 31st March 2012 as against ₹ 15.35 lakhs as at 31st March 2011

6. Cash and Bank balances

Cash and bank balances with scheduled banks amounts to ₹ 950.44 lakhs as against ₹ 558.49 lakhs of the previous year. The Increase is on account of margin money for gold metal loan and other fixed deposit.

7. Short Term Loans and Advances and Other Current Assets

Short term Loans and advances amounted to ₹ 1040.42 lakhs as against ₹ 902.70 Lakhs in previous year. Loans and Advances includes primarily, Deferred Revenue Expenditure (₹ 627.35 lakhs), advances paid for raw material (₹ 194.54 lakhs), and balance of ₹ 199.80 lakhs as pre-paid insurance, and advance to expense and services.

8. Current Liabilities & Provisions

Current liabilities & Provisions amounting to ₹ 27746.44 lakhs includes secured loan from banks and Trade creditors for raw materials and creditors for advertising and promotion spends, packing materials, advance received from Customers and creditors for capital purchases.

Provisions amount to ₹ 1590.35 lakhs include statutory dues for Income taxes, provision for dividend including dividend tax thereon.

9. Net working Capital

The Company has a Working Capital (including cash and bank balances) of ₹16,267.99 lakhs as at 31st March 2012 as against ₹ 8,415.65 lakhs as at 31st March 2011. The increase in working capital is largely due to higher closing inventory.

10. Return on Capital employed

The return on capital employed (average) during the year has increased to 26% from 23% last year. The percentage has been computed by dividing EBIT by the average capital employed (Total capital employed minus non current assets) during the year.

11. Debt Equity Ratio

Your Company has got a Net Debt Equity ratio of 1.20:1 as at 31.3.2012 as against 0.81:1 as at 31.03.2011.

CAUTIONARY STATEMENT

Statements in the “Management Discussion and Analysis” describing the Company's objectives, expectation or predictions may be “ forward looking statements “within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement depending on circumstances.

Readers are cautioned not to place undue reliance on these forward-looking statements as these are relevant at a particular point of time and adequate restraint should be applied in their use for any decision making or formation of an opinion.



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

The following is a report on Corporate Governance code as implemented by your company.

MANDATORY REQUIREMENT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in transparency, professionalism and accountability, which are the basic principles of corporate governance. The Company would constantly endeavour to improve on these aspects. The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and the Code of Conduct for Prevention of Insider Trading for board and senior management personnel.

The basic philosophy of corporate governance at TMJL is to achieve business excellence by creating and enhancing value for its stakeholders.

a) The Board of Directors and the Management of TMJL commit themselves to:

Strive towards enhancement of Shareholder value through;

- i) Sound business decisions
- ii) Prudent financial management and
- iii) High standards of ethics throughout the organisation.

Ensure transparency and professionalism in all decisions and transactions of the company.

Achieve excellence in Corporate Governance by

- i) Conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.
- ii) Regularly reviewing the Board processes and the management systems for further improvement.

Thus, in TMJL we are committed to conduct our business in a manner which will ensure long-Term growth thereby maximizing value to share holders, Customers, Employees and Society at large.

The company recognizes that good corporate governance is essential to build and retain the confidence of its share holders. Therefore, the company ensures that various disclosure requirement are complied with for effective corporate governance. To this end, the company's philosophy on corporate governance is to endeavor to ensure:

- (1) That system procedure which monitors compliance with laws, rules and regulations are in place in each area of its Business.
- (2) That relevant information regarding the company and its operations is disclosed, disseminated and easily available to its share holders and
- (3) That the Board of Directors is kept fully informed of all material developments in the company, the risks in its business and its operations and the rationale for management's decisions and recommendations, so that the Board of Directors can effectively discharge their responsibilities to our share holders.

CORPORATE CODE OF CONDUCT

The activities and conduct of the company and its employees are governed by the code of conduct of the company. The major salutary principles prescribed by the code of conduct are:

- (1) Conduct of business in consonance with National interest.
- (2) Fair and accurate presentation of Financial Statements.
- (3) Practicing politically non- alignment.
- (4) Maintaining quality of product and services.
- (5) Being a good corporate citizen.
- (6) Ethical conduct.
- (7) Commitment to enhancement of share holder value and statutory compliance.

BOARD OF DIRECTORS

Composition of the Board

The Company has adopted the corporate governance principles to ensure that the Board functions with utmost transparency, is independent and enables the stakeholders to take informed decisions. To this effect, steps have been taken to ensure that the Board consists of distinguished members with expertise in various fields. The Board at TMJL is fully aware of its responsibilities to the company, to the stake holders and to the regulatory authorities and is working towards achieving utmost transparency.



As at March 31, 2012, the Company's Board consists of 7 directors and is headed by its Chairman and Managing Director, Mr. Balarama Govinda Das, out of which, four are independent directors. The independent directors of the Board are experienced, competent and highly renowned in their respective fields. The independent directors take active part at the Board and committee Meetings which brings value to the decision making process of the board.

Non-executive directors- compensation

The Non-executive directors are paid a sitting fee for attending the board meetings and are not paid any other compensation in any other form.

The previous Annual General Meeting was held on 29th June 2011.

Composition, Status, Attendance at the Board Meetings, and the last Annual General Meeting (AGM):

| Name of Director | Status | No. of Board Meetings | | Attendance At the last AGM | No. of other Companies on which Director (other than Pvt. Ltd. Companies) | No of committees** Other than Thangamayil Jewellery Limited in which member |
|---|---------------|----------------------------|--------------------------------|----------------------------------|---|--|
| | | Held during the year | Attended during the year | | | |
| Mr. Balarama Govinda Das (Chairman, Managing Director) | Executive | 12 | 12 | Yes | - | - |
| Mr. Ba. Ramesh (Joint Managing Director) | Executive | 12 | 12 | Yes | - | - |
| Mr. N. B. Kumar (Joint Managing Director) | Executive | 12 | 12 | Yes | - | - |
| Mr. S. Rethinavelu | Non-executive | 12 | 8 | No | - | - |
| Mr. Lalji Vora | Non-executive | 12 | 9 | Yes | - | - |
| Mr. V.R. Muthu | Non-executive | 12 | 5 | Yes | 1 | - |
| Mr. T.R. Narayanaswamy | Non-executive | 12 | - | No | 1 | 1 |

*** Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee*

Adoption of Code of Conduct

The Company has adopted Codes of Conduct for Executive Directors and Senior Management and Non-Executive Directors separately. The Managing Director has given a declaration to the effect that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code.

Access to information and Updation to directors:

The board reviews all information provided periodically for discussion and consideration at its meetings in terms of clause 49 of the Listing Agreement. Functional heads are present whenever necessary and apprise all the directors about the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations of audit carried out by the internal auditors and report submitted by the statutory auditors of the Company are placed and discussed with respective heads. The board also reviews the declarations made by the chairman and Managing director and secretary of the Company regarding compliance of all applicable laws on quarterly basis.

Decisions taken at the board / committee meetings are communicated to the respective divisions. Action taken report on decisions of previous meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

Appointment/Re-appointment of directors:

In terms of clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be re-appointed, nature of their expertise in specific areas, their other directorships and committee memberships, their shareholdings and their relationships, if any, with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

AUDIT COMMITTEE

The Company has constituted an Audit Committee as required under Sec.292 A of the Companies Act, 1956.

The committee consists of following members:

| Name of the person | Designation |
|---------------------|-------------|
| Sri. S. Rethinavelu | Chairman |
| Sri. Ba.Ramesh | Member |
| Sri. V.R.Muthu | Member |

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



The role of the Committee shall be as under:

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of judgment by management.
 - iii) Qualifications in draft audit report.
 - iv) Significant adjustments arising out of audit.
 - v) The going concern assumption.
 - vi) Compliance with accounting standards.
 - vii) Compliance with stock exchange and legal requirements concerning financial Statements.
 - viii) 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.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- 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..
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- 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.
- Reviewing the company's financial and risk management policies.
- 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, if any.

The Committee had four meetings during the year, held on 09/05/2011, 20/07/2011, 24/10/2011 and 24/01/2012 to discuss, internal audit report and internal control systems and Auditor's Report for 31/03/11 and quarterly review of operations.

The details of attendance at the committee meeting during the period are as follows.

| Name of the Director | No. of Meetings Attended |
|-----------------------------|---------------------------------|
| Sri. S. Rethinavelu | 3 |
| Sri. Ba.Ramesh | 4 |
| Sri. V.R.Muthu | 4 |

Sri. V. Vijayaraghvan, Company Secretary is the Secretary to the Audit Committee.

In addition to the above, the Audit committee has reviewed the following:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

SHARE TRANSFER COMMITTEE

The primary role of the share transfer committee is to approve and monitor transfers, transmissions, splits and consolidation of the shares of the Company.

During the year under review, 1 Share Transfer Committee meeting was held on September 17, 2011. The composition of the Share Transfer Committee and attendance at its meeting is as follows:

| Name of the person | Designation |
|---------------------------|--------------------|
| Sri. Balarama Govinda Das | Chairman |
| Sri. Ba. Ramesh | Member |
| Sri. N. B. Kumar | Member |
| Sri. Lalji Vora | Member |
| Sri.V.Vijayaraghavan | Company Secretary |



INVESTORS GRIEVANCE COMMITTEE

The primary role of the investor grievance committee is to:

1. To specifically look into the redressal of Investors' Grievances pertaining to:
 - Transfer of shares
 - Dividends
 - Non-receipt of declared dividend.
 - Non-Receipt of Annual Report
 - Complaints with respect to dematerialization of Shares,
 - To look into other related issues towards strengthening investors' relations.

The committee has the following members:

| Name of the person | Designation |
|---------------------------|--------------------|
| Mr. Lalji Vora | Chairman |
| Sri. Balarama Govinda Das | Member |
| Sri. Ba. Ramesh | Member |
| Mr.V.Vijayaraghavan | Compliance Officer |

All the investors' complaints were resolved as on 31st March 2012 and no complaints were pending at the year end.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Directors.

The Remuneration Committee consists of 3 Independent Directors (including the Chairman of the Committee. The composition of the Remuneration Committee and attendance at its meeting is as follows:

| Name of the person | Designation | Meeting Attended |
|---------------------|-------------|------------------|
| Sri. S. Rethinavelu | Chairman | 1 |
| Sri. Lalji Vora | Member | 1 |
| Sri. V. R. Muthu | Member | 1 |

Sri. V. Vijaya Raghavan, Company Secretary is the Secretary of the Committee.

The terms of reference of the Remuneration Committee are:

- 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.

Remuneration Policy

The remuneration of the Managing Director and Joint Managing Directors is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macro economic review on remuneration packages of heads of other organisations and is decided by committee members.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components) to its Managing and Joint Managing Directors. The remuneration package of whole time Directors has been calculated in accordance with the requirements of schedule XIII of the companies act, 1956. Annual increments are decided by the Remuneration Committee within the salary scale approved by the Members and are effective from April 1, annually.

A sitting fee of ₹ 5,000/- for attendance at each meeting of the Board is paid to its Members (excluding Whole-time Directors) held on or after 1st October 2011.

Remuneration of Non-Executive Directors

The Non-Executive Directors do not receive any remuneration from the Company, apart from the sitting fees. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

The components of the total remuneration vary for different grades of employees and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives.



The Directors' remuneration in respect of the Financial Year 2011- 2012, is given below:-

| Name | Designation | Remuneration – Salary up to a Maximum |
|----------------------|-------------------------|---------------------------------------|
| Balarama Govinda Das | Managing Director | ₹48,00,000 |
| Ba.Ramesh | Joint Managing Director | ₹48,00,000 |
| N.B.Kumar | Joint Managing Director | ₹48,00,000 |

The Company has not issued any stock option to its Directors / Employees.

All decisions relating to the remuneration of Directors are taken by the Remuneration Committee with the approval received from Board as well as the members of the Company.

The Directors' remuneration as mentioned above consists of fixed salary component payable to them.

Particulars of Sitting Fees paid and Details of Share holding of independent directors during the financial year 2011-12.

| Name of the Directors | Sitting Fees (in ₹) | No of Equity Shares Held |
|-----------------------|---------------------|--------------------------|
| Mr. S. Rethinavelu | 27,500 | - |
| Mr. Lalji Vora | 30,000 | - |
| Mr. V.R. Muthu | 17,500 | - |
| Mr. T.R.Narayanaswamy | - | - |
| Total | 75,000 | - |

DISCLOSURES

Disclosures on materially significant related party transactions that may have potential conflict with the interest of Company at large

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India has been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related parties which is in conflict with the interests of the Company.

Details of non-compliance by the Company, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

There was no such instance of non-compliance during the last three years.

All mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of the report.

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Directors, a copy of which is available at the Company's website, www.thangamayil.com. All the members of the Board personnel had affirmed compliance with the Code for the year ended March 31, 2012 and a declaration to this effect signed by the CEO is forming part of this report. Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a "Code of Conduct for prevention of Insider Trading". This Code is applicable to all the Directors and designated employees of the Company.

Postal ballots

For the year ended March 31, 2012, there were no ordinary or special resolutions that need to be passed by our shareholders through a postal ballot.

MEANS OF COMMUNICATION TO SHAREHOLDERS

The board believes that effective communication of information is an essential component of corporate governance. The Company has started regularly interacting with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

Quarterly results:

The unaudited quarterly financial results of the Company will be published in English and vernacular newspapers. These are not sent individually to the shareholders.

Newspapers wherein results are normally published

The results are normally published in any one of the English newspapers viz. The Hindu, Economic Times, Business Line, Indian Express, and in a Tamil daily viz., Dinamalar, Dhina Mani and Dailythanthi.

**Website:**

The company has in place a web site addressed as www.thangamayil.com. In terms of the Listing Agreement pertaining to electronic data information filing and retrieval, the financial results and the quarterly distribution schedules as filed with the Stock Exchanges are uploaded in SEBI-EDIFAR website. These details are also published in the Company's website. The Company makes use of its website for publishing official news releases and presentations, if any, made to institutional investors / analysts.

Share Transfer Agent (STA) and share transfer system:

With a view to rendering prompt and efficient service to the shareholders, M/s. SKDC Consultants Limited, which has been registered with SEBI as share transfer agents in Category I, has been appointed as the share transfer agent of the Company (STA). The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments.

All matters connected with the share transfer both physical and electronic, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report.

Share Transfer Record

| Month | No of Transfers | No of Shares Processed |
|----------------|-----------------|------------------------|
| September 2011 | 2 | 26,600 |

Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

The Company, as required under Clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely Thangamayil@gmail.com and Thangamayil.acc@gamil.com for the purpose of registering complaints, if any, by the shareholders and expeditious redressal of their grievances.

Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend etc. at their address given in this report.

Dematerialisation of shares and liquidity:

TMJL shares are tradable compulsorily in electronic form and, through M/s. SKDC Consultants Limited, Registrars and Share Transfer Agents; we have established connectivity with both the

depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at March 31, 2012, 99.95% of our shares were held in dematerialized form and the rest in physical form.

| Category | Number of Share Holders | Number of Shares | % of Total Equity |
|---------------|-------------------------|-------------------|-------------------|
| NSDL | 1,892 | 12,741,228 | 92.87 |
| CDSL | 773 | 971,354 | 7.08 |
| Physical Mode | 1 | 7,000 | 0.05 |
| Total | 2,666 | 13,719,582 | 100.00 |

To enable us to serve our investors better, we request shareholders whose shares are in physical mode to dematerialize shares and to update their bank accounts with the respective depository participants.

Out of 1,37,19,582 equity shares of ₹10/- each held by persons includes promoters, 1,37,12,582 shares have been dematerialized as on 31st March, 2012 accounting for 99.95%.

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

Manufacturing & Show Room Locations:

- Madurai (Head Office and Manufacturing)

- Branches

- | | |
|---------------|-------------------------|
| ❖ Rajapalayam | ❖ Karaikudi |
| ❖ Ramnad | ❖ Dindigul |
| ❖ Theni | ❖ Sivakasi |
| ❖ Tuticorin | ❖ Anna Nagar (Madurai) |
| ❖ Cumbum | ❖ Aruppukottai |
| ❖ Salem | ❖ Tenkasi |
| ❖ Palani | ❖ Coimbatore |
| ❖ Vellakovil | ❖ Dharapuram |



Address for investor correspondence:

(i) For transfer / dematerialisation of shares,
Payment of dividend on shares and any other
to the shares of the Company.

S.K.D.C. Consultants
Kanapathy Towers, 3rd Floor relating
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore -641 006.
Tel: 0422 -6549995
Fax: 0422 -2539837
Shri. V. Vijayaraghavan
Company Secretary

(ii) For any query on annual report

(iii) For investors grievance & general correspondence thangamayil.acc@gmail.com

GENERAL SHAREHOLDER INFORMATION

Request to Shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in shares of the Company.

Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the depository participants (DPs) to avoid any possibility of loss, mutilation etc. of physical share certificates and also to ensure safe and speedy transaction in securities.

Registration of Electronic Clearing Service (ECS) Mandate:

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature, duly attested, by a bank to the STA.

The Company in terms of circular number 17/2011 dt 21.04.2011 and Circular 18/2011 dt 29.04.2011 issued by ministry of corporate affairs has taken **Green initiative in the corporate governance by allowing** paperless compliances through electronic mode and has vide its communication dt 31.03.2012 has sent to all the shareholders requesting them to register their email address with NSDL/CDSL and update any changes and also inform our share transfer agent M/s. SKDC Consultant at Coimbatore for sending annual reports / Notices and any other communication in electronic form hence forth. We do trust and hope that all our shareholders would follow this and accordingly register themselves with NSDL/CDSL/SKDC.

Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

Registration of Nominations:

Nomination in respect of shares - Section 109A of the Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will etc.

It would, therefore, be in the best interests of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in form 2B. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.

Updating of address:

Shareholders are requested to update their address registered with the Company, directly through the STA located at the address mentioned above, to receive all Communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their depository participant (DP) in respect of change of address and furnishing bank account number, etc.

SMS Alerts:

Investors are requested to note that National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their Depository Participants (DPs). No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.

Timely encashment of dividends:

Member can claim unpaid dividend from the company before transfer to the Investor Education and Protection Fund.

As required by SEBI, Shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.



Annual general meeting:

| Date | Time | Venue |
|------------|----------|--|
| 18.07.2012 | 11.30 AM | Chamber Of Commerce, 178B, Kamarajar Salai, Madurai - 625 009. |

Financial Year: 1st April 2012 to 31st March 2013

Financial calendar (Tentative and subject to change):

| Financial reporting for the quarter ending: | |
|---|--|
| 30 th June 2012 | Before 24 th July 2012 |
| 30 th September 2012 | Before 29 th October 2012 |
| 31 st December 2012 | Before 28 th January 2013 |
| 31 st March 2013 | between 30 th April and 30 th May 2013 |

Date of Book Closure 9th July 2012 to 18th July 2012 (*both days inclusive*)

Particulars of dividend payment:

The final dividend of ₹ 1/- per share for the year ended 31st March 11 amounting to a sum of ₹159.45 lakhs including dividend distribution tax.

Listing on Stock Exchanges:

The equity shares of the company are listed at The Bombay Stock Exchange Limited, and National Stock Exchange of India Limited, Mumbai. The Listing Fee has been paid up to date, to both the above Stock Exchanges.

Stock Code/ Symbol:

Bombay Stock Exchange Limited

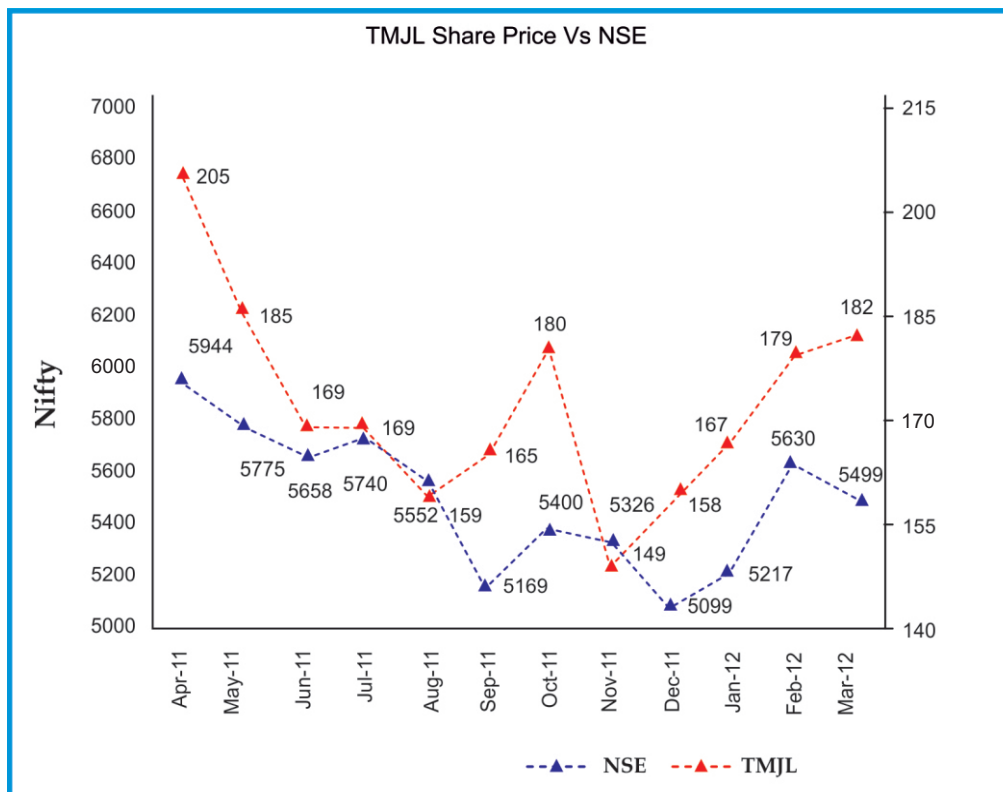
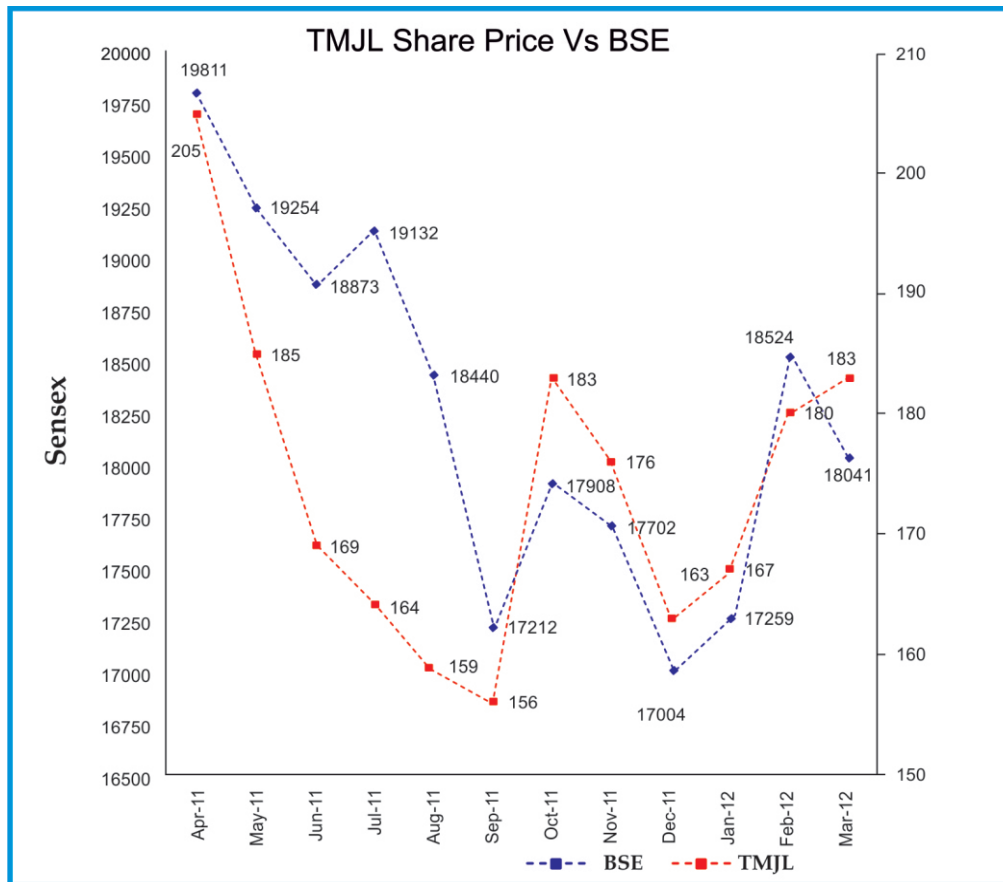
Code No. **533158**

National Stock Exchange of India Limited

Code No. **THANGAMAYL**

Stock Market Data- High and Low Quotations of equity shares for 2011-2012

| Month | Bombay Stock Exchange Limited | | National Stock Exchange of India Limited | |
|-----------|-------------------------------|---------|--|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| Apr,2011 | 205.00 | 152.00 | 205.00 | 155.85 |
| May,2011 | 185.00 | 161.00 | 185.20 | 157.00 |
| Jun,2011 | 169.45 | 149.55 | 169.40 | 150.00 |
| July,2011 | 164.00 | 150.65 | 169.00 | 148.30 |
| Aug,2011 | 159.45 | 141.15 | 159.00 | 142.35 |
| Sep,2011 | 156.00 | 139.00 | 164.90 | 140.25 |
| Oct,2011 | 183.00 | 141.00 | 179.95 | 144.00 |
| Nov,2011 | 176.45 | 150.00 | 149.00 | 149.25 |
| Dec,2011 | 163.30 | 140.10 | 157.90 | 142.55 |
| Jan,2012 | 166.90 | 140.00 | 167.40 | 136.95 |
| Feb,2012 | 179.80 | 157.00 | 178.95 | 157.10 |
| Mar,2012 | 183.00 | 162.05 | 182.00 | 167.80 |



Distribution of Share Holding as on 31st March, 2012

| Sl.No | Range of Shares(in Rs) | Number of share holders | No of Shares Held | % to total Shares |
|--------------|-------------------------|-------------------------|-------------------|-------------------|
| 1 | 2 | 3 | 5 | 6 |
| 1 | 1 to 5,000 | 2,247 | 213,803 | 1.56 |
| 2 | 5,001 to 10,000 | 128 | 99,934 | 0.73 |
| 3 | 10,001 to 20,000 | 130 | 184,005 | 1.34 |
| 4 | 20,001 to 30,000 | 35 | 90,691 | 0.66 |
| 5 | 30,001 to 40,000 | 16 | 55,918 | 0.41 |
| 6 | 40,001 to 50,000 | 17 | 77,780 | 0.57 |
| 7 | 50,001 to 100,000 | 45 | 328,045 | 2.39 |
| 8 | 100,001 and above | 48 | 12,699,406 | 92.35 |
| Total | | 2666 | 13,719,582 | 100.00 |

Pattern of Share holdings as on 31st March, 2012

| Category Code | Category of Shareholder | Share Holding details | | | | Shares Pledged or Otherwise encumbered | |
|---------------|---|-------------------------|------------------------|--|-----------------|--|-----------------------|
| | | Number of share holders | Total Number of Shares | Number of shares held in dematerialized form | As a % of (A+B) | Number of Shares | As a % of (7)/(4)*100 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | |
| (1) | Indian Promoters | 14 | 9,427,982 | 9,427,982 | 68.72 | 1,176,220 | 12.48 |
| (2) | Foreign Promoters | - | - | - | - | - | - |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 14 | 9,427,982 | 9,427,982 | 68.72 | 1,176,220 | 12.48 |
| (B) | Public shareholding | | | | | | |
| (1) | Institutions | | | | | | |
| (a) | Indian Institutions | 7 | 1,036,252 | 1,036,252 | 7.55 | Nil | Nil |
| (b) | Foreign Institutions | - | - | - | - | - | - |
| | Sub-Total (B)(1) | 7 | 1,036,252 | 1,036,252 | 7.55 | Nil | Nil |
| (2) | Non-institutions | | | | | | |
| (a) | Bodies Corporate | 106 | 891,475 | 891,475 | 6.50 | N.A | N.A |
| (b) | Individual Share Holders | 2,410 | 2,251,159 | 2,244,159 | 16.41 | N.A | N.A |
| (c) | Individual NRI / Foreign Nationals | 129 | 112,714 | 112,714 | 0.82 | N.A | N.A |
| (c) | Sub-Total (B)(2) | 2,645 | 3,255,348 | 3,248,348 | 23.73 | N.A | N.A |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 2,652 | 4,291,600 | 4,784,600 | 31.28 | N.A | N.A |
| | TOTAL (A)+(B) | 2,666 | 13,719,582 | 13,712,582 | 100.00 | 1,176,220 | 8.57 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | |
| | | Nil | Nil | Nil | Nil | Nil | Nil |
| | GRAND TOTAL (A)+(B)+(C) | 2,666 | 13,719,582 | 13,712,582 | 100.00 | 1,176,220 | 8.57 |



GENERAL BODY MEETINGS

Locations and time of General meetings

| Date | Year | AGM | Time | Venue |
|------------|-----------|------------------|----------|---|
| 30/05/2009 | 2008-2009 | 9 th | 03.30 PM | Registered Office, No.124, Netaji Road, Madurai-625 001 |
| 24/06/2010 | 2009-2010 | 10 th | 11.30 AM | Chamber of Commerce, 178B, Kamarajar Salai, Madurai - 625 009 |
| 29/06/2011 | 2010-2011 | 11 th | 11.30 AM | Chamber Of Commerce, 178B, Kamarajar Salai, Madurai - 625 009 |

The following are the Special Resolutions passed at the General Meetings held in the past 3 years:

| AGM/EGM Held on | Summery |
|-----------------|--|
| 16/03/2009(EGM) | Issue of Equity Shares on Preferential basis under the SEBI Guidelines. |
| 06/01/2010(EGM) | Issue of Equity Shares on Pre - IPO placement basis under the SEBI Guidelines |
| 29/06/2011(AGM) | Increase in remuneration of M/s B RajeshKanna and B.Prasannan General Managers and Appointment and Remuneration Mr.S.K. Yadeenthuranathan as Executive information officer u/s 314 of the companies act, 1956. |

Top Ten Ordinary Shareholders of the Company as on 31st March, 2012

| S.No | Name of the Shareholder | No of Shares held | % of holding |
|------|--|-------------------|--------------|
| 1 | N.B.Kumar | 28,25,624 | 20.60 |
| 2 | Ba. Ramesh | 28,22,704 | 20.57 |
| 3 | Balarama Govinda Das | 27,99,340 | 20.40 |
| 4 | Thangamayil Gold and Diamond Private Limited | 6,26,929 | 4.57 |
| 5 | Emerald Jewel Industry India Limited | 6,24,450 | 4.55 |
| 6 | N.Ramachandran | 6,14,726 | 4.48 |
| 7 | General Insurance Corporation of India | 4,95,455 | 3.61 |
| 8 | N.Lakshminarayanan | 3,49,706 | 2.55 |
| 9 | FIL Trust Company Private Limited | 2,70,602 | 1.97 |
| 10 | Fidelity Investment Trust | 2,53,192 | 1.85 |

COMPLIANCE WITH NON-MANDATORY DISCLOSURES

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

The Board:

As the Company has the Executive Chairman, the implementation of this non-mandatory requirement does not arise.

No specific tenure has been fixed for the independent directors.

Remuneration Committee:

Details are given under the heading 'Remuneration Committee'.

Shareholder rights:

The Quarterly results of the Company are published in its website www.thangamayil.com. The results are not sent to the shareholders individually.

Audit qualifications:

- 1) The company accounts its expense on **advertisement costs on amortization basis which is not in accordance with Accounting Standards.**
- 2) Costs incurred on advertisement / publicity has been deferred to be amortised as 20% both in the year of incurrence and ensuing year and the balance in equal installment in next two financial years.

This change in treatment as mentioned above, has resulted in increased net profit post taxes by ₹ 640.45 lakhs

Similarly the impact on Deferred Revenue Expenditure would have been higher by ₹ 948.04 lakhs.

Training of Board Members

The present board consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile of the business parameters of the Company and their responsibilities as directors. Hence, in the opinion of the board, they do not require any further training.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management concern about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct and it affirms that no personnel have been denied access to the Audit Committee.



**DECLARATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT
REGARDING ADHERENCE TO THE CODE OF BUSINESS CONDUCT AND ETHICS.**

We have examined the compliance of condition of Corporate Governance of M/s. Thangamayil Jewellery Limited for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the officials of the company we hereby in compliance of conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement Certify that:

- a) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be mis-leading;
 - ii) These statements together present a true and fair view of the Company's Affairs and are in compliance with existing accounting standards, applicable law and regulations.

- a) To the best of our knowledge and belief, there are no transactions entered in to by the company during the year, which are fraudulent, illegal or violative to the Company's code of conduct.

- b) We accept responsibility for establishing and maintaining internal control for financial reports and that we have evaluated the effectiveness of the internal control systems of the company for financial reports and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- c) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes in the internal controls over financial reporting during the year.

- ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- iii) Instances of significant fraud of which we have become aware and the involvement therein, of any employee having a significant role in the company's internal control system of our financial reporting.

For Thangamayil Jewellery Limited

-sd-
BALARAMA GOVINDA DAS
Managing Director

-sd-
Ba. RAMESH
Joint Managing Director

-sd-
N. B. KUMAR
Joint Managing Director

Place – Madurai
Date – 17.05.2012

ANNUAL DECLARATION OF CODE OF CONDUCT BY MANAGING DIRECTOR

This is to confirm that the Board has laid down a code of conduct for all the Board members and senior management of the company. It is further confirmed that all directors and senior management of the company have affirmed compliance with the code of conduct of the company for the year ended 31st March 2012 as envisaged in clause 49 of the listing agreement with the concerned Stock Exchanges.

Place : Madurai
Date: 17.05.2012

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director



**Auditors' certificate on compliance of the provisions of the
Code of Corporate Governance in the Listing Agreement.**

To

The Shareholders of Thangamayil Jewellery Limited, Madurai.

We have examined the compliance of conditions of Corporate Governance by Thangamayil Jewellery Limited, Madurai – 625 001 for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B.Thiagarajan & Co.,**

Chartered Accountants,

F.Reg No: 004371S

-sd-

K.N.Rajagopalan

Partner

M.No: 018463

Place - Madurai

Date – 17.05.2012

AUDITORS' REPORT

To the Members of THANGAMAYIL JEWELLERY LIMITED

We have audited the attached Balance Sheet of M/s. Thangamayil Jewellery Limited as at **March 31, 2012**, the related Profit and Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We report as follows:

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. The company accounts its expense on *advertisement costs on amortization basis (Refer No.13 Significant accounting policies to the financial statement)*. Subject to above in our opinion, the Balance Sheet and Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.



- a) *This change in treatment as mentioned above, has resulted in increased net profit taxes by ₹ 640.45 lakhs*
- b) *Similarly the impact on Deferred Revenue Expenditure would have been higher by ₹ 948.04 lakhs*
- e. On the basis of written representation received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- f. Subject to the reference in Para 3(d) above , In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the other notes thereon and attached thereto given in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India;
- I). in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- II). in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- III). in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. Thiagarajan & Co,

Chartered Accountants

F.Reg No:004371S

-sd-

K.N.Rajagopalan

Partner

M. No -018463

Place – Madurai

Date – 17.05.2012

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of Thangamayil Jewellery Limited on the financial statements for the year ended March 31, 2012).

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the company and no material discrepancies were noticed on such verification. In our opinion, frequency of verification is reasonable, having regard to the size of the company and nature of business.
(c) During the year the company has not disposed off any substantial / major part of fixed assets.
2. (a) The inventories have been physically verified at reasonable intervals during the year by the management, including inventory given to third parties / gold smiths on job work basis. In our opinion the frequency of such verification is adequate.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion, the company has maintained proper records of inventory. We are informed that no major discrepancies were noticed on verification between the physical stock and book records.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub Clause (b), (c) and (d) are not applicable.
(b) The company has not taken any loans, secured or unsecured from firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except Fixed Deposits from its three parties, the year end balance of which was ₹ 330.50 Lakhs (Maximum Balance Outstanding during the year was also ₹ 330.50 Lakhs).
(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under Section 301 of the Companies Act 1956 are not prime facie pre-judicial to the interest of the company. The payment of principal amount and interest thereon are also regular wherever stipulated.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.
(b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding Rupees Five lakhs in respect of each party during the financial year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has complied with the provision of section 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from public.
7. The company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
8. According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of activities carried out by the Company.
9. (a) According to the records provided to us, the company is regular in depositing with the appropriate authorities, undisputed statutory dues and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, there are no undisputed demands in respect of Income tax, Service tax, Sales tax, Customs duty, Excise duty and other material statutory dues as applicable, which have not been deposited with the relevant statutory authority.

10. The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.
11. Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to the financial institutions and banks.
12. Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
13. The company is not a Chit / Nidhi / Mutual benefit fund / Society and as such clause (xiii) of the Order is not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of Clause (xiv) of paragraph 4 of the order are not applicable.
15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks / financial institutions. Therefore, clause (xv) of paragraph 4 of the Order is not applicable.
16. In our opinion, and according to the information and explanations given to us, the Company has not obtained any term loans during the year.
17. On the basis of our examination, the company has not used funds raised on short term basis for long term investment.
18. The company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the year, the company has not issued any secured debentures.



20. The Company has not raised any money by public issue during the year. The Management has disclosed the end use of money raised by public issues in earlier year (Refer Note 27) which has been verified by us.

21. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing procedures in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such cases by the management.

For B. Thiagarajan & Co,

Chartered Accountants

F. Regn No: 004371S

-sd-

K.N.Rajagopalan

Partner

M. No -018463

Place – Madurai

Date – 17.05.2012

BALANCE SHEET AS AT MARCH 31, 2012

All Amounts in ₹

| PARTICULARS | Note | As at March 31, | |
|---|------|----------------------|----------------------|
| | | 2012 | 2011 |
| EQUITY AND LIABILITIES | | | |
| Shareholders Funds: | | | |
| (a) Share Capital | 1 | 137,195,820 | 137,195,820 |
| (b) Reserves and Surplus | 2 | 1,323,907,393 | 844,919,639 |
| Sub-total -Shareholders' funds | | 1,461,103,213 | 982,115,459 |
| Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 3 | 196,152,000 | 91,831,000 |
| (b) Deferred Tax Liabilities (Net) | 3.1 | 76,314,543 | 38,944,151 |
| (c) Other Long Term Liabilities | 4 | 47,442,775 | 9,004,600 |
| (d) Long-Term Provisions | 5 | - | 183,238 |
| Sub-total -Non -Current Liabilities | | 319,909,318 | 139,962,989 |
| Current Liabilities | | | |
| (a) Short-Term Borrowings | 6 | 2,509,315,842 | 1,214,561,056 |
| (b) Trade Payables | | 46,024,806 | 62,531,988 |
| (c) Other Current Liabilities | 7 | 219,304,220 | 133,975,580 |
| (d) Short-Term Provisions | 8 | 159,034,843 | 36,433,341 |
| Sub-total -Current Liabilities | | 2,933,679,711 | 1,447,501,965 |
| TOTAL EQUITY AND LIABILITIES | | 4,714,692,242 | 2,569,580,413 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Fixed Assets | 9 | | |
| (i) Tangible Assets | | 614,120,808 | 235,741,460 |
| (ii) Capital Work in Progress | | 21,790,339 | 24,060,513 |
| Long-Term Loans and Advances | 10 | 67,542,937 | 34,659,529 |
| Other Non Current Assets | 11 | 115,178,014 | 49,988,146 |
| Sub-total - Non - Current Assets | | 818,632,098 | 344,449,648 |
| Current Assets | | | |
| (a) Inventories | 12 | 3,692,298,994 | 2,077,477,097 |
| (b) Trade Receivables | 13 | 4,674,605 | 1,534,806 |
| (c) Cash and Cash Equivalents | 14 | 95,044,410 | 55,849,033 |
| (d) Short-Term Loans and Advances | 15 | 1,872,494 | 1,560,000 |
| (e) Other Current Assets | 16 | 102,169,641 | 88,709,828 |
| Sub-total -Current Assets | | 3,896,060,144 | 2,225,130,764 |
| TOTAL - ASSETS | | 4,714,692,242 | 2,569,580,413 |
| Significant Accounting Policies | | | |
| Notes on Accounts | 1-41 | | |
| The notes referred to above and the notes thereon form integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date. | | | |

For B. Thiagarajan & Co.,

Chartered Accountants

F.Regd No.004371S

-sd-

K.N.Rajagopalan

Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das
Managing Director

-sd-

S. Rethinavelu
Independent Director

-sd-

T.R.Narayanaswamy
Independent Director

-sd-

Ba. Ramesh
Jt Managing Director

-sd-

Lalji Vora
Independent Director

-sd-

V. Vijayaraghavan
Company Secretary

-sd-

N. B. Kumar
Jt Managing Director

-sd-

V. R. Muthu
Independent Director

Date - May 17, 2012

Place - Madurai



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

All Amounts in ₹

| PARTICULARS | Note | Year ended March 31, | |
|--|-------|-----------------------|----------------------|
| | | 2012 | 2011 |
| I. INCOME | | | |
| Revenue from Operations | 17 | 11,315,103,456 | 6,578,795,221 |
| Other Income | 18 | 1,063,117 | 3,828,742 |
| Total Revenue | | 11,316,166,573 | 6,582,623,963 |
| II. EXPENSES | | | |
| Cost of Materials Consumed | 19 | 7,882,420,552 | 3,972,161,110 |
| Purchases of Traded Goods | 20 | 1,870,011,894 | 1,778,261,603 |
| Other Manufacturing Expenses | 21 | 56,364,306 | 39,418,244 |
| Employee benefit Expenses | 22 | 128,662,881 | 81,084,387 |
| Administrative and Selling Expenses | 23 | 198,095,689 | 126,211,235 |
| Total Expenses | | 10,135,555,322 | 5,997,136,579 |
| III. EARNINGS BEFORE INTEREST, DEPRECIATION AND TAXATION | | 1,180,611,251 | 585,487,384 |
| Less: Interest & Finance Charges | 24 | 284,751,909 | 100,248,326 |
| IV. NET PROFIT BEFORE DEPRECIATION AND TAXATION | | 895,859,342 | 485,239,057 |
| Less: Depreciation and Amortisation | 9 | 22,388,709 | 14,808,164 |
| V. NET PROFIT BEFORE TAXATION | | 873,470,634 | 470,430,894 |
| Less: Provision for Taxation: | | | |
| - Current Tax | | 245,495,800 | 144,429,709 |
| - Deferred Tax | | 37,370,392 | 12,678,473 |
| Total Tax Expenses | | 282,866,192 | 157,108,182 |
| VI. NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | | 590,604,442 | 313,322,711 |
| VII. Profit/Loss from Discontinuing Operations | | - | - |
| VIII. Tax Expense of Discontinuing Operations | | - | - |
| IX. Profit/ (Loss) from Discontinuing Operations (after Tax) | | - | - |
| X. NET PROFIT FOR THE YEAR | | 590,604,442 | 313,322,711 |
| Basic / Diluted Earnings per Share of Rs. 10 each | | 43.05 | 22.84 |
| Significant Accounting Policies | | | |
| Notes on Accounts | 1- 41 | | |
| The notes referred to above and the notes thereon form integral part of the Profit & Loss Account. | | | |
| This is the Profit & Loss Account referred to in our report of even date. | | | |

For B. Thiagarajan & Co.,

Chartered Accountants

F.Regd No.004371S

-sd-

K.N.Rajagopalan

Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das

Managing Director

-sd-

S. Rethinavelu

Independent Director

-sd-

T.R.Narayanaswamy

Independent Director

-sd-

Ba. Ramesh

Jt Managing Director

-sd-

Lalji Vora

Independent Director

-sd-

V. Vijayaraghavan

Company Secretary

-sd-

N. B. Kumar

Jt Managing Director

-sd-

V. R. Muthu

Independent Director

Date - May 17, 2012

Place - Madurai

CASH FLOW STATEMENT

All Amounts in ₹

| Particulars | 2011-12 | 2010-11 |
|--|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net Profit before tax | 873,470,634 | 470,430,894 |
| Add/ (Less) Adjustments: | | |
| Depreciation | 22,388,709 | 14,808,164 |
| Finance Charges | 283,031,441 | 99,356,726 |
| Exchange (Gain)/ Loss | 1,720,468 | 891,600 |
| Profit / (Loss) on sale of fixed assets | 496,828 | (4,540) |
| Preliminary Expenses | 150,192 | 198,394 |
| Deferred Expenses on Advertisement | 94,804,525 | 211,989,457 |
| Operating Profit before Working Capital Changes | 1,085,460,091 | 558,292,297 |
| Adjustments for movements in: | | |
| Inventories | (1,614,821,897) | (909,684,284) |
| Trade Receivables | (3,139,799) | (14,543) |
| Loans & Advances | (17,191,250) | 11,447,223 |
| Current Liabilities and Provisions | 103,398,496 | 112,536,939 |
| Cash Generated from Operations | (446,294,358) | (227,422,369) |
| Taxes Paid | | |
| Payment of Direct Taxes | 225,798,529 | 135,783,609 |
| Net Cash Flow From Operating Activities [A] | (672,092,887) | (363,205,978) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets (Inclu Capital Advances) | (399,805,365) | (124,985,115) |
| Proceeds from Sales of Fixed Assets | 1,804,311 | 403,821 |
| Net Cash used in Investing Activities [B] | (398,001,054) | (124,581,294) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from Issue of Share Capital(Including Share Premium) | - | - |
| Proceeds from Short Term Loans from Banks | 1,294,754,786 | 556,126,400 |
| Proceeds from Fixed Deposits(Net) | 103,363,000 | 86,551,000 |
| Dividend Paid (including Corporate Dividend Tax) | (15,945,241) | (79,991,165) |
| Finance Charges Paid | (272,883,226) | (99,356,726) |
| Net Cash flow from Financing Activities [C] | 1,109,289,318 | 463,329,509 |
| Net Increase / (Decrease) in Cash & Cash equivalents [A+B+C] | 39,195,377 | (24,457,763) |
| Cash & Cash Equivalents at the beginning of the year | 55,849,033 | 80,306,796 |
| Cash & Cash Equivalents at the end of the year | 95,044,410 | 55,849,033 |
| Components of Cash and Cash equivalents at the year end | | |
| Cash on Hand | 38,789,837 | |
| Balances with Scheduled Bank | 56,254,573 | |
| | 95,044,410 | 55,849,033 |
| Notes: | | |
| <p>1. The above Cash Flow Statement has been complied from and is based on the Balance Sheet as at March 31, 2012 and the relative Profit and Loss Account for the year ended on that date.</p> <p>2. Out of the above Cash equivalents at the end of the year Rs. 39,92,000 is not available for use for purposes other than repayment of fixed deposits, as the said amount has been invested pursuant to Companies (Acceptance of Deposits) Rules 1974 and Rs. 2,70,00,000 margin money kept under lien.</p> <p>3. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements and the reconciliations required for the purpose are as made by the company.</p> <p>4. Previous year's figures have been regrouped / reclassified wherever necessary in order to confirm with current year's classification.</p> | | |

For B. Thiagarajan & Co.,

Chartered Accountants

F.Regd No.004371S

-sd-

K.N.Rajagopalan

Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das

Managing Director

-sd-

S. Rethinavelu

Independent Director

-sd-

T.R.Narayanaswamy

Independent Director

-sd-

Ba. Ramesh

Jt Managing Director

-sd-

Lalji Vora

Independent Director

-sd-

V. Vijayaraghavan

Company Secretary

-sd-

N. B. Kumar

Jt Managing Director

-sd-

V. R. Muthu

Independent Director

Date - May 17, 2012

Place - Madurai



SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act 1956, to the extent applicable.

Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized. 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

Sales are recognized when goods are supplied and are recorded at net realizable value excluding 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 and work in progress includes cost of conversion and other cost incurred in bringing the Inventories to their present location and condition. Packing materials and Gift items are valued at cost on FIFO basis.

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 made.
- b) Depreciation on Fixed Assets is provided at rates as prescribed under the Companies Act, 1956 on the following basis:

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

- c) Lease hold Building is amortized over a period for ten years being the useful life of the asset.

4. Capital work in progress

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

5. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency Assets and Liabilities are stated at the rate of exchange prevailing at the balance sheet date and the resultant gains/losses are charged to the profit and loss account.

Premium/Discount in respect of foreign exchange contract is amortized as Income/Expense over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward contracts is recognized as Income/Expense for the period. Exchange difference arising on settlement or restatement of foreign currency denominated liability is recognized in the profit & loss a/c.

6. Retirement Benefits

i. Defined Contribution Plan

Company's contribution paid/payable during the year to Provident Fund etc are recognised in the Profit and Loss Account. These are approved/recognised scheme of the Company.

ii. Defined Benefit Plan

Annual Company's liability towards Gratuity is funded on the basis of actuarial valuation furnished by the Life Insurance Corporation of India under Group Gratuity Scheme.

iii. The company does not provide leave encashment and carry forward of accumulated leave to next year to its employees.

7. Leases

Assets taken on lease on or after April 1, 2001 are accounted for as Fixed Assets in accordance with Accounting Standard (AS) 19 on "Leases"

a) Financial Lease

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) Operating Lease

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

8. Intangible Fixed Assets

Intangible Assets are recognized only on cost of acquisition.

**9. Borrowing Cost**

Borrowing costs attributable to the Acquisition/Improvement of qualifying capital assets and incurred till the commencement of commercial use of the assets is capitalized as the cost of the asset as per Accounting Standard (AS) 16- "*Borrowing Costs*" and other borrowing costs are charged to profit and loss account.

10. Expenses

- a) All expenses including interest and finance charges are accounted for on accrual basis.
- b) Prior period items, if material, are disclosed separately.

11. Redemption of Customer Loyalty Points

The un availed Customer Loyalty Points lying in the Value card has been provided as a liability and the amount redeemed during the year is charged to Profit & Loss A/c in the respective years of redemption. Redemption of customer loyalty points costs are accrued in the year of sales of products based on past experience.

12. Advance from Customers

Amounts collected as advances from customers have been recognized as a liability in the year of collection. The accumulated amount along with bonus interest is redeemed in the form of jewellery. The bonus or obligations arising out of these transactions are accounted for in books on accrual basis.

The Company is collecting money from its customers on advance basis by extending easy payment scheme, for various durations and offers in return only ornaments at the rate prevailing on the date of redemption together with predetermined bonus amount as may be applicable and such bonus or obligation to the extent not spent is treated on accrual basis in the books of the Company.

13. Deferred Revenue Expenditure*Advertisement costs*

Costs incurred on advertisement / publicity has been deferred to be amortized as 20% both in the year of incurrence and ensuing year and the balance in equal installment in next two financial years.

Preliminary Expenses

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

14. Taxes on Income

Tax Expenses for the year comprises of Current Income Tax, Deferred Tax.

Provision for income tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised in accordance with Accounting Standard (AS) 22 "*Accounting for Taxes on Income*", issued by the Institute of Chartered Accountants of India.

15. Impairment of assets

The Company reviews the carrying value of assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount as per Accounting Standard (AS) 28- "*Impairment of Assets*". Impairment loss determined at each balance sheet date is charged to respective Profit & loss account in the year in which such impairment of assets is identified. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

16. It is the Company's Policy to take in to the account the impact of any significant event that occurs after the Balance Sheet date but before the finalization of accounts.

17. Provisions, Contingent Liabilities

Provisions are recognized 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 recognized in the accounts.



NOTE FORMING PART OF ACCOUNTS

All Amounts in ₹

| Particulars | As at March 31, | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---------------------|-----------------------------|--------------|-----------------------------|--|--------------|---------------------|--------------|---------------------|-----------|-----------|--------|-----------|--------|------------|-----------|--------|-----------|--------|----------------------|-----------|--------|-----------|--------|------------------------------------|---|---|----------|-------|--|--|
| | 2012 | 2011 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Note 1 - Share Capital</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Authorised: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200,00,000 Equity Shares of Rs. 10 each (Previous Year 200,00,000 Equity Shares) | 200,000,000 | 200,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issued, Subscribed and Paid up capital: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13,719,582 Equity shares (Previous Year 13,719,582 Shares) of Rs.10 each, fully paid. | 137,195,820 | 137,195,820 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Of the above the following shares were issued and allotted for consideration other than cash:</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.1)The paid-up share capital includes 8, 81,000 fully paid up equity shares issued at a premium of ₹ 50 each issued by conversion of redeemable and fully convertible debenture in 2007. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.2) 4,15,000 fully paid up equity shares were issued and allotted at a premium of Rs. 50 each in part satisfaction of debt in relation to purchase consideration payable to an associate company M/s. Thangamayil Gold and Diamond Jewellery Pvt Limited in September 2007 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.3) 43,36,000 fully paid up equity shares were allotted as Bonus share by utilising the balance in Share Premium account in November 2007. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.4) Details of Shareholders holding more than 5% of the Company | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity Shares of Rs. 10 each fully paid | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th rowspan="2">Name of the Persons</th><th colspan="2">31st March 2012</th><th colspan="2">31st March 2011</th></tr><tr><th>No of Shares</th><th>% of Share Holdings</th><th>No of Shares</th><th>% of Share Holdings</th></tr><tr><td>N.B.Kumar</td><td>28,25,624</td><td>20.60%</td><td>26,55,766</td><td>19.35%</td></tr><tr><td>Ba. Ramesh</td><td>28,22,704</td><td>20.57%</td><td>26,32,566</td><td>19.18%</td></tr><tr><td>Balarama Govinda Das</td><td>27,99,340</td><td>20.40%</td><td>26,32,158</td><td>19.18%</td></tr><tr><td>Emerald Jewel Industries India Ltd</td><td>-</td><td>-</td><td>8,07,294</td><td>5.84%</td></tr></table> | Name of the Persons | 31 st March 2012 | | 31 st March 2011 | | No of Shares | % of Share Holdings | No of Shares | % of Share Holdings | N.B.Kumar | 28,25,624 | 20.60% | 26,55,766 | 19.35% | Ba. Ramesh | 28,22,704 | 20.57% | 26,32,566 | 19.18% | Balarama Govinda Das | 27,99,340 | 20.40% | 26,32,158 | 19.18% | Emerald Jewel Industries India Ltd | - | - | 8,07,294 | 5.84% | | |
| Name of the Persons | | 31 st March 2012 | | 31 st March 2011 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | No of Shares | % of Share Holdings | No of Shares | % of Share Holdings | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| N.B.Kumar | 28,25,624 | 20.60% | 26,55,766 | 19.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ba. Ramesh | 28,22,704 | 20.57% | 26,32,566 | 19.18% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balarama Govinda Das | 27,99,340 | 20.40% | 26,32,158 | 19.18% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Emerald Jewel Industries India Ltd | - | - | 8,07,294 | 5.84% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 137,195,820 | 137,195,820 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

All Amounts in ₹

[illegible]



All Amounts in ₹

| Particulars | As at March 31, | |
|--|----------------------|----------------------|
| | 2012 | 2011 |
| Note 4 - Other Long term Liabilities | | |
| Unsecured | | |
| Advance Received from Customers | 47,442,775 | 9,004,600 |
| | 47,442,775 | 9,004,600 |
| (Advance from Customers are repayable within 15 Months from the reporting date) | | |
| Note 5 - Long -Term Provisions | | |
| Provision for Employee Benefits | - | 183,238 |
| | - | 183,238 |
| Current Liabilities | | |
| Note 6 - Short-Term Borrowings | | |
| Secured | | |
| - Cash Credit from Banks | 1,800,123,399 | 1,044,259,956 |
| - FCNRB Loan | 103,066,150 | 170,301,100 |
| - Gold Metal Loan | 602,332,506 | - |
| The above loan is secured by a pari passu charge on stocks and book debts other than indusind Bank. The loan extended by SBI, OBC and Indian Bank are further collaterally secured by equitable mortgage of Company's show room at Madurai , Ramnad ,Tuticorin and salem and also further collaterally secured by property owned by Whole time Directors of and their close relatives. | | |
| 5.80 % promoters share holding in the company has been pledged collaterally secure IDBI loan. | | |
| 3.82 % promoters share holding in the company has been pledged collaterally secured Indusind bank loan and deposit kept for margin money and further secured by residual portion of stock under hypothecation. | | |
| Gold Metal loan includes a sum of Rs.11.51 Crores availed from Nova scotia bank against SBLC guarantee extended by indusind bank | | |
| Hire Purchase Vehicle Loan | 3,793,787 | - |
| (Vehicle Loan is secured by the respective vehicles) | | |
| The cash credit is repayable on demand and carries interest of 12% to 15% p.a | | |
| The Gold Metal Loan is repayable on demand and carries interest of 4.75% to 6% p.a | | |
| | 2,509,315,842 | 1,214,561,056 |
| The above amount includes | | |
| Secured Borrowings | 2,509,315,842 | 1,214,561,056 |
| Unsecured borrowings | - | - |
| | 2,509,315,842 | 1,214,561,056 |

All Amounts in ₹

| Particulars | As at March 31, | |
|--|--------------------|--------------------|
| | 2012 | 2011 |
| Note 7- Other Current Liabilities | | |
| Fixed Deposit Received from Public | 35,272,000 | 36,230,000 |
| Liabilities for expenses | 37,694,138 | 19,278,679 |
| Advance from Customers | 132,114,971 | 71,923,795 |
| Interest accrued but not due on Fixed Deposits | 7,196,294 | 3,710,863 |
| Unpaid Dividends | 126,585 | 128,185 |
| Liabilities for capital goods | 5,097,033 | 2,704,058 |
| Hire Purchase Vehicle Loan | 1,803,199 | - |
| | 219,304,220 | 133,975,580 |
| 7.1) Advance from Customers are repayable within 9-12 Months from the reporting date | | |
| 7.2) ₹ 3,52,92,000 (₹ 3,62,30,000) Fixed Deposits interest @10.50% and are repayable within 12 Months from the reporting date | | |
| Note 8- Short-Term Provisions | | |
| Provision for Employee Benefits | 2,120,000 | 1,550,000 |
| Provision for Income Tax (Net of Advance Tax) | 45,298,155 | 18,938,100 |
| Proposed Equity Dividend | 96,037,074 | 13,719,582 |
| Provision for tax on Proposed Equity Dividend | 15,579,614 | 2,225,659 |
| | 159,034,843 | 36,433,341 |
| Note 10 - Long Term Loans and Advances | | |
| Capital Advances | | |
| Unsecured, Considered good | 34,753,246 | 10,553,445 |
| Advance recoverable in cash or kind | | |
| UnSecured, considered good | 953,631 | 400,478 |
| Rental Advances - Unsecured, Considered Good | 29,751,661 | 18,101,161 |
| Other Loans & Advances | | |
| Deposits with Government / Statutory bodies | 2,084,399 | 1,894,397 |
| Other Advances | | 3,710,048 |
| 10.1) Long term loans and advances include a sum of ₹48,50,000 due from a party for which the company is proceeding legally and no provision is made as in the opinion of Directors the amount is fully recoverable. | - | |
| | 67,542,937 | 34,659,529 |
| Note 11 -Other Non Current Assets | | |
| Preliminary Expenses | - | 150,192 |
| Deferred Revenue Expenses | 115,178,014 | 49,837,954 |
| | 115,178,014 | 49,988,146 |



Note 9 - Fixed Assets and Depreciation
Tangible Assets as on 31st March 2012

| HEAD OF ASSETS | GROSS BLOCK | | | DEPRECIATION/AMORTISATION | | | | NET BLOCK | |
|--------------------------|-----------------------------|----------------------|----------------------|------------------------------|--------|-----------------------------|------------|-----------|------------------------------|
| | Opening as on April 1, 2011 | Additions / Transfer | Deletions / Transfer | Closing as on March 31, 2012 | Rate % | Opening as on April 1, 2011 | Additions | Deletions | Closing as on March 31, 2012 |
| LAND | 73,304,927 | 145,128,368 | - | 218,433,295 | - | - | - | - | 218,433,295 |
| BUILDINGS | 42,609,646 | 68,063,751 | - | 110,673,397 | 1.63% | 1,519,037 | 1,094,968 | - | 108,059,392 |
| LEASEHOLD BUILDING | 2,891,505 | - | - | 2,891,505 | 10.00% | 578,300 | 289,150 | - | 2,024,055 |
| PLANT & MACHINERY | 38,492,814 | 21,686,099 | - | 60,178,913 | 4.75% | 6,032,579 | 2,145,593 | - | 52,000,740 |
| FURNITURE & FITTINGS | 75,395,653 | 123,371,272 | 1,795,193 | 196,971,732 | 6.33% | 10,572,307 | 7,554,278 | 1,249,993 | 180,095,140 |
| COMPUTER EQUIPMENTS | 27,466,440 | 27,845,159 | - | 55,311,599 | 40.00% | 14,804,717 | 7,430,008 | - | 33,076,875 |
| VEHICLES | 15,679,829 | 15,980,890 | 2,090,499 | 29,570,220 | 25.89% | 6,592,413 | 3,874,713 | 1,328,216 | 20,431,310 |
| TOTAL | 275,840,814 | 402,075,539 | 3,885,692 | 674,030,661 | | 40,099,353 | 22,388,709 | 2,578,209 | 614,120,808 |
| CAPITAL ADVANCES AND WIP | 24,060,513 | 14,055,791 | 16,325,965 | 21,790,339 | | - | - | - | 21,790,339 |
| PREVIOUS YEAR | 175,715,968 | 176,320,835 | 52,135,476 | 299,901,327 | | 25,682,584 | 14,808,164 | 391,395 | 259,801,973 |
| | | | | | | | | | 150,033,384 |

9.1) Leasehold Building is amortized over the useful life of the asset, the amortized amount being ₹ 2.89 lakhs.

9.2) Capital work in Progress includes ₹ 38.45 Lakhs (Previous year ₹ 74.95 Lakhs) on account of Capital work in progress and ₹ 179.45 Lakhs (Previous year ₹ 165.66 Lakhs) for Interiors and other assets for upcoming branches.

All Amounts in ₹

| Particulars | As at March 31, | |
|---|-----------------------|----------------------|
| | 2012 | 2011 |
| Current Assets | | |
| <u>Note 12 - Inventories</u> | | |
| Raw Materials | 128,346,830 | 62,794,295 |
| Work-in-Progress | 176,842,128 | 197,129,533 |
| Finished Goods | 3,362,666,352 | 1,809,910,000 |
| Traded Goods | 10,843,907 | 3,352,086 |
| Packing Materials and Gift items | 13,599,777 | 4,291,183 |
| <u>Mode of Valuation</u> | 3,692,298,994 | 2,077,477,097 |
| Inventories including company's stock held with goldsmiths are valued at lower of cost or net realizable value. The cost of raw material ,Work in progress and Finished goods 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. Packing materials and Gift items are valued at cost on FIFO basis. | | |
| <u>Note 13 - Trade Receivables</u> | | |
| Trade Receivables | | |
| Un Secured, Considered Good | | |
| - Outstanding for a period exceeding six months | - | - |
| - Others | 4,674,605 | 1,534,806 |
| | 4,674,605 | 1,534,806 |
| <u>Note 14 -Cash and Cash Equivalents</u> | | |
| Balance with Banks | 24,059,719 | 45,944,267 |
| Cheques/ Drafts on Hand | 1,071,170 | - |
| Cash on Hand (As certified by Management) | 38,789,837 | 7,179,997 |
| Dividend Account | 131,685 | 128,185 |
| Margin Money Deposit under Lien | 27,000,000 | - |
| Deposits with original maturity less than 12 Months | 3,992,000 | 2,596,584 |
| | 95,044,410 | 55,849,033 |
| <u>Note 15 -Short Term Loans and Advances</u> | | |
| Unsecured - Advances to Employees | 1,872,494 | 1,560,000 |
| | 1,872,494 | 1,560,000 |
| <u>Note 16 -Other Current Assets</u> | | |
| Advance Recoverable Cash or kind | 2,969,706 | - |
| UnSecured , considered good | | |
| Advance to Suppliers | 19,454,362 | 40,537,367 |
| Interest Receivable from Banks | 141,066 | - |
| Prepaid Expenses | 8,201,468 | 9,497,829 |
| Advance to Expenses | 8,668,193 | 5,404,251 |
| Deferred Revenue Expenses | 62,734,846 | 33,270,381 |
| | 102,169,641 | 88,709,828 |
| <u>Note 17 -Revenue From Operations</u> | | |
| Sale of Products | | |
| Finished Goods | 9,402,138,496 | 4,737,118,693 |
| Traded Goods | 1,910,837,066 | 1,840,097,189 |
| Other Operating Revenues | 2,127,894 | 1,579,339 |
| | 11,315,103,456 | 6,578,795,221 |



All Amounts in ₹

| Particulars | As at March 31, | |
|---|----------------------|----------------------|
| | 2012 | 2011 |
| Note 18 -Other Income | | |
| Interest Income | 453,071 | 97,412 |
| Other Non-Operating Income | 610,046 | 3,731,330 |
| | 1,063,117 | 3,828,742 |
| Note 19- Cost of Goods Sold | | |
| Opening Stock | 2,073,185,914 | 1,164,557,194 |
| Add : Purchases | 9,487,933,855 | 4,880,789,830 |
| | 11,561,119,769 | 6,045,347,024 |
| Less: Closing Stock | 3,678,699,217 | 2,073,185,914 |
| | 7,882,420,552 | 3,972,161,110 |
| Note 20 - Purchase of Stock-in- trade | | |
| Traded goods | 1,870,011,894 | 1,778,261,603 |
| | 1,870,011,894 | 1,778,261,603 |
| Note 21 - Manufacturing Expenses | | |
| Making Charges | 48,097,218 | 35,934,761 |
| Stores and consumable | 1,754,855 | 850,385 |
| Wages | 6,512,233 | 2,633,098 |
| | 56,364,306 | 39,418,244 |
| Note 22 - Employee Benefit Expenses | | |
| Salaries and Bonus | 79,674,294 | 46,262,273 |
| Contribution to PF and Other Funds | 8,798,953 | 6,185,130 |
| Staff Welfare Expenses | 25,789,634 | 14,236,984 |
| Director's Remuneration | 14,400,000 | 14,400,000 |
| | 128,662,881 | 81,084,387 |
| 22.1) Employee Benefits | | |
| a) Defined Contribution Plan | | |
| Contribution to Defined Contribution Plan, recognized as expense for the year are as under: | | |
| Particulars | Amounts in ₹ | |
| Employer's Contribution to Provident Fund | 55,71,312 | |
| Employer's Contribution to Employees' State Insurance Scheme | 21,75,929 | |
| b) Defined Benefit Plan | | |
| The company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Company. The employee's gratuity funds are managed by Insurance Company. | | |
| Particulars | 31.03.2012 | 31.03.2011 |
| Change in Obligation | | |
| 1. Obligations at the beginning of the year | 2,900,018 | 1,311,321 |
| 2. Add: Current Service Cost | 314,404 | 314,404 |
| 3. Add: Interest Cost | 232,001 | 104,906 |
| 4. Add: Actuarial (Gain)/Losses due to change in assumptions | 664,472 | 1,287,472 |
| 5. Less: Benefits paid | 267,775 | 118,085 |
| 6. Obligations at the end of the year | 3,843,120 | 2,900,018 |

| Particulars | | | As at March 31, | |
|---|-------------------------|-------------------|-------------------|------|
| | | | 2012 | 2011 |
| Particulars | 31.03.2012 | 31.03.2011 | | |
| Fair value of Plan Assets | | | | |
| 1. Fair value of Plan assets at the beginning of the year | 2,716,780 | 1,492,938 | | |
| 2. Add: Expected Return on Plan Assets | 314,783 | 191,287 | | |
| 3. Add: Actuarial Gain/ (Loss) | - | - | | |
| 4. Add: Contribution | 1,369,080 | 1,150,640 | | |
| 5. Less: Benefits paid | 267,775 | 118,085 | | |
| 6. Fair value of Plan assets at the end of the year | 4,132,868 | 2,716,780 | | |
| Actual Return on Plan Assets | | | | |
| 1. Expected Return on Plan Assets | 314,783 | 191,287 | | |
| 2. Actuarial Gain/ (Loss) on Plan Assets | | | | |
| Actual Return on Plan Assets | 314,783 | 191,287 | | |
| Amount Recognized in Balance Sheet | | | | |
| 1. Present value of Obligation as at March 31 | 3,843,120 | 2,900,018 | | |
| 2. Less: Fair value of Plan Assets as at March 31 | 4,132,868 | 2,716,780 | | |
| 3. Net Liability/ (Asset) recognized in the Balance Sheet | (289,748) | 183,238 | | |
| Expenses recognized in Profit and Loss | | | | |
| 1. Current Service cost as per Valuation Report | 314,404 | 314,404 | | |
| 2. Add: Interest cost | 232,001 | 104,906 | | |
| 3. Less: Expected Return on Plan Assets | 314,783 | 191,287 | | |
| 4. Add: Actuarial (Gain) / Loss | 664,472 | 1,287,472 | | |
| 5. Expense recognized in Profit and Loss account | 896,094 | 1,515,495 | | |
| Actuarial Assumptions | | | | |
| Discount Rate (Per Annum) | 8% | 8% | | |
| Expected Rate of Return on Plan Assets (per annum) | - | - | | |
| Salary Escalation (per annum) | 5% | 3% | | |
| <p>a. Contribution to Provident Fund and Other Fund includes Provision for gratuity ₹ 8,96,094</p> <p>b. Advance Recoverable cash or Kind includes ₹ 2,89,748 being the net assets recognized as per actuarial valuation of gratuity fund as per Accounting standard (AS) 15-“Employee Benefits”.</p> <p>c. The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.</p> <p>d. The assumption of future salary increase, are considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.</p> <p>e. Investment Details</p> <p>The company made annual contributions to the Employee Group Gratuity Trust based on the actuarial valuation. The said Trust is in the process of making investment of Gratuity Fund through Life Insurance Corporation of India according to guidelines of IRDA.</p> | | | | |
| 22.2) Directors' Remuneration | | | | |
| | | | (Amount in ₹) | |
| Name | Designation | 2011-12 | 2010-11 | |
| Balarama Govinda Das | Managing Director | 4,800,000 | 4,800,000 | |
| Ba. Ramesh | Joint Managing Director | 4,800,000 | 4,800,000 | |
| N B Kumar | Joint Managing Director | 4,800,000 | 4,800,000 | |
| Total | | 14,400,000 | 14,400,000 | |



All Amounts in ₹

| Particulars | As at March 31, | | | | | | | | | | | | | | | | | | | | | | |
|--|--------------------|--------------------|---------|---------------------|-----------|-----------|---------------|----------------|----------------|--------------------|---------|---------|----------------|---------|---|------------------------------|---------|---------|--------------|------------------|------------------|--|--|
| | 2012 | 2011 | | | | | | | | | | | | | | | | | | | | | |
| Note 23 - Administrative and Selling Expenses | | | | | | | | | | | | | | | | | | | | | | | |
| Rent | 9,156,912 | 4,446,567 | | | | | | | | | | | | | | | | | | | | | |
| Rates & Taxes | 3,042,128 | 1,482,766 | | | | | | | | | | | | | | | | | | | | | |
| Insurance | 6,062,925 | 3,935,300 | | | | | | | | | | | | | | | | | | | | | |
| Power and Fuel | 19,248,977 | 12,262,595 | | | | | | | | | | | | | | | | | | | | | |
| Postage and Telephone charges | 2,991,707 | 2,462,292 | | | | | | | | | | | | | | | | | | | | | |
| Advertisement and Publicity Expenses | 65,289,108 | 36,341,420 | | | | | | | | | | | | | | | | | | | | | |
| Customers Loyalty Card Points Redemption | 4,155,487 | 8,136,322 | | | | | | | | | | | | | | | | | | | | | |
| Selling Promotional Expenses | 47,127,258 | 27,269,259 | | | | | | | | | | | | | | | | | | | | | |
| Travelling Expenses | 6,749,989 | 7,635,907 | | | | | | | | | | | | | | | | | | | | | |
| Director's Sitting Fees | 75,000 | 47,500 | | | | | | | | | | | | | | | | | | | | | |
| Professional Charges | 2,543,857 | 5,121,346 | | | | | | | | | | | | | | | | | | | | | |
| Printing and Stationery | 3,469,908 | 3,105,628 | | | | | | | | | | | | | | | | | | | | | |
| Payment to Auditors | 3,576,316 | 2,098,275 | | | | | | | | | | | | | | | | | | | | | |
| Repairs & Maintenance | | | | | | | | | | | | | | | | | | | | | | | |
| - for Building | 1,783,131 | 1,111,014 | | | | | | | | | | | | | | | | | | | | | |
| - for Vehicles and others | 12,429,919 | 5,549,732 | | | | | | | | | | | | | | | | | | | | | |
| Security Charges | 5,826,438 | 2,364,704 | | | | | | | | | | | | | | | | | | | | | |
| Donation | 2,217,779 | 830,784 | | | | | | | | | | | | | | | | | | | | | |
| Preliminary Expenses written off | 150,192 | 198,394 | | | | | | | | | | | | | | | | | | | | | |
| Other Expenses | 2,198,660 | 1,811,430 | | | | | | | | | | | | | | | | | | | | | |
| 23.1) The details of Audit Fees are as follows: | | | | | | | | | | | | | | | | | | | | | | | |
| | 198,095,689 | 126,211,235 | | | | | | | | | | | | | | | | | | | | | |
| (i) Payment to Statutory Audit (Amount in ₹) | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <th>Nature of Service</th><th>2011-12</th><th>2010-11</th></tr> <tr> <td>For Statutory Audit</td><td>1,500,000</td><td>1,100,000</td></tr> <tr> <td>For Tax Audit</td><td>300,000</td><td>200,000</td></tr> <tr> <td>For Limited Review</td><td>675,000</td><td>450,000</td></tr> <tr> <td>Other Services</td><td>400,000</td><td>-</td></tr> <tr> <td>For Expenses and Service Tax</td><td>371,316</td><td>215,250</td></tr> <tr> <td>Total</td><td>3,246,316</td><td>1,965,250</td></tr> </table> | Nature of Service | 2011-12 | 2010-11 | For Statutory Audit | 1,500,000 | 1,100,000 | For Tax Audit | 300,000 | 200,000 | For Limited Review | 675,000 | 450,000 | Other Services | 400,000 | - | For Expenses and Service Tax | 371,316 | 215,250 | Total | 3,246,316 | 1,965,250 | | |
| Nature of Service | 2011-12 | 2010-11 | | | | | | | | | | | | | | | | | | | | | |
| For Statutory Audit | 1,500,000 | 1,100,000 | | | | | | | | | | | | | | | | | | | | | |
| For Tax Audit | 300,000 | 200,000 | | | | | | | | | | | | | | | | | | | | | |
| For Limited Review | 675,000 | 450,000 | | | | | | | | | | | | | | | | | | | | | |
| Other Services | 400,000 | - | | | | | | | | | | | | | | | | | | | | | |
| For Expenses and Service Tax | 371,316 | 215,250 | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,246,316 | 1,965,250 | | | | | | | | | | | | | | | | | | | | | |
| (ii) Payment to Internal Audit (Amount in ₹) | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <th>Nature of Service</th><th>2011-12</th><th>2010-11</th></tr> <tr> <td>For Internal Audit</td><td>330,000</td><td>133,025</td></tr> <tr> <td>Total</td><td>330,000</td><td>133,025</td></tr> </table> | Nature of Service | 2011-12 | 2010-11 | For Internal Audit | 330,000 | 133,025 | Total | 330,000 | 133,025 | | | | | | | | | | | | | | |
| Nature of Service | 2011-12 | 2010-11 | | | | | | | | | | | | | | | | | | | | | |
| For Internal Audit | 330,000 | 133,025 | | | | | | | | | | | | | | | | | | | | | |
| Total | 330,000 | 133,025 | | | | | | | | | | | | | | | | | | | | | |
| Note 24 - Finance Costs | | | | | | | | | | | | | | | | | | | | | | | |
| Interest on | | | | | | | | | | | | | | | | | | | | | | | |
| - Cash Credit and Working Capital Demand Loan | 200,036,915 | 51,819,447 | | | | | | | | | | | | | | | | | | | | | |
| - FCNRB | 19,820,513 | 27,176,094 | | | | | | | | | | | | | | | | | | | | | |
| - Gold Metal Loan | 16,143,329 | - | | | | | | | | | | | | | | | | | | | | | |
| - Term Loan | - | 1,554,974 | | | | | | | | | | | | | | | | | | | | | |
| - Fixed Deposits | 23,319,849 | 10,334,596 | | | | | | | | | | | | | | | | | | | | | |
| Net Loss on Foreign Currency Loan | 1,720,468 | 891,600 | | | | | | | | | | | | | | | | | | | | | |
| Interest on Short fall of Advance tax | 6,662,784 | - | | | | | | | | | | | | | | | | | | | | | |
| Expenses related to Bank borrowings | 9,856,432 | 1,463,949 | | | | | | | | | | | | | | | | | | | | | |
| Bank Charges and Commission | 7,191,619 | 7,007,666 | | | | | | | | | | | | | | | | | | | | | |
| | 284,751,909 | 100,248,326 | | | | | | | | | | | | | | | | | | | | | |

25. Capital commitments

(₹ in Lakhs)

| Description | 2011-12 | 2010-11 |
|---|---------|---------|
| Estimated value of Contract remaining to be executed on capital account net of advances not provided for. | 80.00 | 75.00 |

26. 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

| | | |
|----|---|---|
| a) | Key Management Personnel (KMP) | <ul style="list-style-type: none"> - Balarama Govinda Das – Managing Director - Ba. Ramesh – Joint Managing Director - N. B. Kumar – Joint Managing Director |
| b) | Relatives of KMP | <ul style="list-style-type: none"> - 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) - S.K.Yadeenthranathan (Son-in-Law of Ba. Ramesh – JMD) - R. Gokul (Son of Ba. Ramesh, JMD) - K. Thamarai Selvi (Wife of N. B. Kumar, JMD) - K. Kishore Lal (Son of N. B. Kumar, JMD) |
| c) | Enterprises over which Key Managerial Personnel (KMP) and their relatives have substantial interest | <ul style="list-style-type: none"> - Thangamayil Gold and Diamond Private Limited - Balusamy Silvers Jewellery Private Limited |



The following are the transactions that were carried out with the related parties in the ordinary course of business:

(₹ in Lakhs)

| S No | Particulars | KMP | Enterprises over which KMP and their relatives have substantial interest | Relatives of KMP | Total |
|------|-----------------------------|--------------------|--|------------------|--------------------|
| 1. | Remuneration Paid | 144.00 (144.00) | - (-) | 45.00 (17.80) | 189.00 (161.80) |
| 2. | Rent Paid | 24.91 (24.91) | - (-) | - (-) | 24.91 (24.91) |
| 3. | Outstanding balance payable | - (-) | - (0.91) | - (-) | - (0.91) |
| 4. | Rent Advance outstanding | 30.00 (30.00) | - (-) | - (-) | 30.00 (30.00) |
| 5. | Fixed Deposit Outstanding | 330.50 (230.50) | - (-) | - (0.40) | 330.50 (230.90) |
| 6. | Interest Paid | 37.67 (2.85) | 5.24 (-) | 0.09 (0.06) | 43.00 (2.91) |
| 7. | Dividend Paid | 79.20 (396.02) | 8.38 (41.93) | 1.71 (8.52) | 89.29 (446.47) |

Note: The above information has been determined to the extent such parties have been identified on the basis of information provided by the company, which has been relied upon by the auditors.

27. IPO FUND UTILISATION

In conformity with the term of prospects, board is empowered to reschedule the place of branch and increase or decrease the CAPEX to be spent for a particular purpose vis -a- vis plans at the discretion of the management. Accordingly certain changes required in the plan got approved by the board time to time and the balance unspent amount in IPO proceeds would be spent for the same purpose with approved modification of place of branch/ manner of expenditure.

Out of the IPO proceeds from public ₹2875.25 lakhs, the Company has utilised fully up to 31/3/2012. The detailed statement of utilization of fund vis-à-vis IPO objects as given in the prospectus is given hereunder:

(₹ in lakhs)

| Objects of IPO as projected in the Prospectus | | | Utilisation till March 31, 2012 |
|---|---|---------|---------------------------------|
| S No | Purpose | Total | |
| 1. | Cost of setting up of retail outlets (Branches) | 2250.59 | 1557.49 |
| 2. | Working capital requirements | 2278.00 | 2944.67 |
| 3. | To meet the expenses of Issue | 255.00 | 281.43 |
| | Total | 4783.59 | 4783.59 |

The above cost of the project as modified got completed out of the following source of finance here under:

Rs. In Lakhs

| Particulars | Amount |
|-----------------------|----------|
| Proceeds from IPO | 2,875.25 |
| Proceeds from Pre IPO | 624.75 |
| Internal Accruals | 1,283.59 |
| Total | 4,783.59 |

Necessary resolution together with explanatory statement for the utilization of IPO funds is enclosed as a special resolution in the ensuing AGM Notice

28. Earnings per Share

The numerators and denominators used to calculate Basic / Diluted Earnings per Share:

| | Particulars | 2011-12 | 2010-11 |
|----|--|------------|------------|
| a) | Amount used as the numerator Profit after tax (A) (₹ in lakhs) | 5906.04 | 3133.23 |
| b) | Basic / Weighted average number of Equity Shares used as the denominator - (B) | 13,719,582 | 13,719,582 |
| c) | Nominal value of Equity shares (₹) | 10 | 10 |
| d) | Basic / Diluted Earnings per share - (A/B) (₹) | 43.05 | 22.84 |

29. 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 (AS) 17- "Segment Reporting" issued by The Institute of Chartered Accountants of India.



30. 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 (AS) 28 “*Impairment of Assets*” issued by the Institute of Chartered Accountants of India.
31. Balances in sundry debtors, including advances given and taken, and creditors (including creditors for expenses) in some cases require reconciliation / confirmation.
32. The Company has entered in to leasing arrangements for its branch show room facilities. These lease are for periods ranging from 1 to 5 years with an option to the company for renewing at the end of the initial term. Rental Expenses for operating lease included in the Profit and Loss Account for the year is ₹ 91.57 Lacs (Previous year ₹ 44.46 Lakhs).

The future minimum lease payments for non – cancelable operating leases are given below;

₹ in Lakhs

| Particulars | 2011- 2012 | 2010- 2011 |
|--|------------|------------|
| With in One Year | 177.97 | 45.86 |
| Due in period between One Year and Five Year | 296.38 | 70.05 |
| Due After Five Years | 243.16 | - |

Finance leases

The Company has taken vehicles on finance lease basis and in respect of these assets the total of minimum lease payments and its present value as at the balance sheet date is as under:

₹ in Lakhs

| Particulars | Minimum Lease payments Due | Present Value |
|--|----------------------------|---------------|
| Not later than 1 year | 22.91 | 20.79 |
| Later than 1 year not later than 3 years | 42.00 | 38.40 |

33. Accounting Standard (AS) - 25 “Interim financial reporting”

The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.

34. The Company has amortized ₹ 1.50 lakhs (Previous Year ₹ 1.98 lakhs) being one-fifth of ₹ 7.51 lakhs being the total expenses incurred in earlier years for increase in Authorized Share Capital.

35.Details of Products Sold – Broad Heads

₹ in lakhs

| Particulars | 2011- 2012 | 2010- 2011 |
|----------------------------|------------------|------------------|
| Finished Goods Sold | | |
| Gold Ornaments | 90,514.11 | 45,588.52 |
| Silver Items | 3,507.27 | 1,782.67 |
| | 94,021.38 | 47,371.19 |
| Traded Goods Sold | | |
| Gold Ornaments | 18,833.13 | 18,216.16 |
| Diamonds | 141.39 | 102.89 |
| Silver Items | 133.84 | 81.92 |
| | 19,108.37 | 18,400.97 |

Details of Materials Consumed -Broad Heads

₹ in lakhs

| Particulars | 2011- 2012 | 2010- 2011 |
|--------------------------------------|------------------|------------------|
| Details of Materials Consumed | | |
| Gold Ornaments | 76,845.48 | 38,549.40 |
| Silver Items and Diamonds | 1,978.73 | 1,172.21 |
| | 78,824.21 | 39,721.61 |

Details of Inventory – Broad Heads

₹ in lakhs

| Particulars | 2011- 2012 | 2010- 2011 |
|----------------|------------------|------------------|
| Pure Gold | 169.73 | 258.87 |
| Gold Ornaments | 33,718.11 | 19,040.69 |
| Silver Items | 2,330.00 | 1,148.51 |
| Diamonds | 569.15 | 283.79 |
| | 36,786.99 | 20,731.86 |

36. Expenditure in Foreign Currency

₹ in lakhs

| Particulars | 31.03.2012 | 31.03.2011 |
|------------------------|---------------|---------------|
| Travelling Expenses | 3.50 | 7.47 |
| Interest on FCNRB Loan | 198.20 | 271.76 |
| Total | 201.70 | 279.23 |



37. The Company has no dues to micro and small enterprises during the year ended March 2012 and March 2011.
38. The Company has during the year, changed the treatment of VAT in its Accounts from “Inclusive method” to “Exclusive method”. Accordingly the Sales and Purchases are restated in the accounts for the current year, after excluding VAT paid/ payable as the case may be. The above change doesn't have any impact on the profit of the Company.
39. Consequent to revised Schedule VI as notified under Companies Act, 1956 for the year ended 31st March 2012 becoming applicable to the Company; the Company has prepared and presented these financial statements in accordance with the requirement of the revised Schedule VI. The Company has also reclassified/ represented previous year figures to bring the same in accordance with the revised Schedule VI presentation requirement.
40. Figure in the brackets pertains to previous year.
41. All figures have been rounded off to the nearest rupee.

SUBJECT TO OUR REPORT OF EVEN DATE

For B. Thiagarajan & Co.,

Chartered Accountants

F.Regd No.004371S

-sd-

K.N.Rajagopalan

Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das

Managing Director

-sd-

Ba. Ramesh

Jt Managing Director

-sd-

N. B. Kumar

Jt Managing Director

-sd-

S. Rethinavelu

Independent Director

-sd-

Lalji Vora

Independent Director

-sd-

V. R. Muthu

Independent Director

-sd-

T.R.Narayanaswamy

Independent Director

-sd-

V. Vijayaraghavan

Company Secretary

Date - May 17, 2012

Place - Madurai

Balance Sheet Abstract & Company's General Business Profile

a) Registration details

| | |
|--------------------|-----------------------------|
| Registration No. | 18- 44514 |
| State Code | 18 |
| Balance Sheet Date | 31 st March 2012 |

b) Capital raised during the year

| | |
|-------------------|-----|
| Public Issue | Nil |
| Bonus Issue | Nil |
| Rights Issue | Nil |
| Private Placement | Nil |

c) Position of mobilization and deployment of funds (Rs in Crores)

| | |
|-------------------|--------|
| Total liabilities | 471.47 |
| Total Assets | 471.47 |

Sources of Funds

| | |
|-------------------------|--------|
| Paid up Capital | 13.72 |
| Reserve & Surplus | 132.39 |
| Non Current Liabilities | 24.36 |
| Current Liabilities | 293.37 |
| Deferred Tax Liability | 7.63 |

Application of Funds

| | |
|--------------------|--------|
| Non Current Assets | 81.87 |
| Current Assets | 389.60 |

d) Performance of the Company

| | |
|-----------------------------------|----------|
| Turnover (including Other Income) | 1,131.62 |
| Total Expenditure | 1,044.27 |
| Profit before taxation | 87.35 |
| Profit after tax | 59.06 |
| Earnings per share (Rs.) | 43.05 |
| Dividend Rate (%) | 70.00% |

e) Generic names of principal products of the Company Item Code No.

| | |
|--------------------------------|------|
| Product Description (ITC Code) | |
| Gold and Diamond Jewellery | 7113 |
| Silver | 7106 |



The following is a summary of the effects that revised Schedule VI had on presentation of balance sheet of the company for the year ended 31st March 2011.

| Working Notes | | Rs. In Lakhs |
|---|-------|---------------|
| 1 Long Term Borrowings | | |
| Fixed deposits (unsecured) as per pre revised schedule VI | | 1280.61 |
| Less: Original maturity Less than 12 Months as regrouped as short term borrowings | | 362.3 |
| Long Term Borrowings | | 918.31 |
| 2 Long Term Loans and Advances | | |
| Capital Advances (Unsecured) | | |
| Advances Recoverable cash or Kind (Unsecured) as per pre revised schedule VI | | 214.63 |
| Less: Receivable from Govt and others | 4.00 | |
| Other Advances -regrouped as other loans and advances | 37.10 | |
| Prepaid Expenses - Regrouped as other current assets | 52.39 | |
| Advance to Employees as regrouped as Short term Loans and advances | 15.60 | 109.10 |
| | | |
| | | 105.53 |
| | | |

| | | |
|--|--------|--------|
| 3 Other Long term Liabilities (Unsecured) Advance From Customers Advance from Customers as per pre revised schedule VI Less: Advance from customers -payable with in 12 months regrouped as other current liabilities | | 809.28 |
| | | 719.24 |
| | | 90.04 |
| | | |
| 4 Long term Provisions Provision for employees benefits Sundry creditors for expenses as per pre revised schedule VI liabilities for expenses payable with in 12 months regrouped as Other Current Liabilities Provision for employees benefits -regrouped as short term provisions | | 210.12 |
| | 192.79 | |
| | 15.50 | 208.29 |
| | | 1.83 |



Thangamayil Jewellery Limited

124, Nethaji Road, Madurai - 1.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

FOLIO No :

I hereby record my presence at the 12th ANNUAL GENERAL MEETING, held at Tamil Nadu Chamber Of Commerce No. 178 B, Kamarajar salai, Madurai - 625009, on Wednesday the 18th July 2012 at 11.30 a.m as a Shareholder / Proxy *

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE OF THE SHAREHOLDER / PROXY

* Strike whichever is not applicable

SCHEDULE IX

FORM OF PROXY

THANGAMAYIL JEWELLRY LIMITED

I / We of in the district of being a member / members of the above-named Company hereby appoint of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting / General Meeting (not being an annual general meeting) of the company to be held on the day of and at any adjournment thereof.

Affix
Reveue
Stamp

Signed this day of 20

