



THANGAMAYIL JEWELLERY LIMITED

14th Annual Report

2013-2014



BOARD OF DIRECTORS



Balarama Govinda Das
CHAIRMAN AND
MANAGING DIRECTOR



Ba. Ramesh
JOINT MANAGING DIRECTOR



N. B. Kumar
JOINT MANAGING DIRECTOR



S. Rethinavelu
INDEPENDENT DIRECTOR



Lalji Vora
INDEPENDENT DIRECTOR



V. R. Muthu
INDEPENDENT DIRECTOR



T.R.Narayanaswamy
DIRECTOR



CS. V. Vijayaraghavan
COMPANY SECRETARY

REGISTRAR AND TRANSFER AGENT

S.K.D.C Consultants Ltd.,
Kanapathy Towers,
1391/A-1 Sathy Road,
Ganapathy,
Coimbatore – 641 006.

AUDITORS

B. Thiagarajan & Co.
Chartered Accountants
Chennai

COST AUDITORS

Dr. I. Ashok
Cost & Management Accountant
Madurai

BANKERS

State Bank of India
Oriental Bank of Commerce
IDBI Bank Ltd
Indusind Bank Ltd
Yes Bank Ltd
Karur Vysya Bank
ING Vysya Bank

REGISTERED OFFICE

**No.124, Nethaji Road
Madurai - 625 001.**
CIN - L36911TN2000PLC044514

CORPORATE OFFICE

**25/6, Palami Centre,
New Natham Main Road,
Madurai - 625 014.**

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Annual General Meeting

Wednesday, 30th July 2014

Time: 11.45 a.m

Venue: Tamilnadu Chamber of Commerce & Industry,
No. 178 B, Kamarajar Salai, Madurai - 625009.

BOOK CLOSURE DATE:

23rd July, 2014 to 30th July, 2014



Chairman's Letter

Dear Shareholders,

It gives me great pleasure to present the enclosed financial statement for the financial year 2013-14 and to update you on the progress of your company which is into the fifth year of listing post IPO. The year passed by witnessed so many adverse macro changes in fundamentals of the conduct of business. Due to pronounced decline in GDP growth, the disposable surplus normally used for purchase of discretionary consumer durables got marginalised.

Apart from this sagging general economic scenario, in particular Jewellery industry was put into testing times. Near ban on import of Gold, sudden withdrawal of Metal Loan facilities that acted as a natural hedge for gold price fluctuation by the bankers and restriction imposed on the extent of leverage entitlement for old ornaments to the customers affected the fortune of the industry adversely. The demand recession caused by extra ordinary regressive regulatory policies followed by the government that was necessitated in order to curtail the widening current account deficit.

All these factors cumulatively have resulted in demand compression and led to a period of continuous recession witnessed in the recent history of jewellery trade.

In this backdrop the turnover recorded at ₹ 1191.30 Crores is satisfactory. However due to conservative adoption of AS-2 for Inventory valuation at net realisable value being lesser than the cost incurred compelled the Company to report a net loss of ₹ 12.57 Crores for the year.

As a skilled sailor in a turbulent sea your management team navigated the business with agility and absorption. Agility is demonstrated at the speed at which the Company could rearrange its sources and deploy them effectively in order to sustain the business in the long run. Absorption of all shocks and pains caused by regulatory realities, in an enduring manner resulted in consolidation of strength embedded in the operating system of the Company.

I cannot articulate the situation better, than to quote the immortal words of Rudyard Kipling

“If you can keep your head when all about losing theirs :

If you can trust yourselves when all men doubt you but make allowance for doubting you

If you can wait and not be tired by waiting yours is the earth and everything in it”

We have fought the pessimism of the heart with optimism of intellect in achieving certain mile stones both quantitatively and qualitatively in certain critical areas of performance indicators of the company.

✓ Loyal customer base has increased to 127,064 from 83,009 registering 53% growth that would vindicate the confidence reposed by them in the integrity values we care for;

✓ The aggregate advance money received for different schemes from customers registered a growth of 63% in a difficult year went by, enabling a timely swap of perpetual advance with that of working capital bank finance;

✓ Effective working capital management paved ways to significantly improve the stock turnover times both in gold and silver products;

✓ Effective cost management initiatives taken in the year resulted in more than break even sales for substantial Branch outlets;

✓ The staff productivity has increased by registering 54% improvement in sales per head over the last year;

✓ The aggregate bills raised of 531,050 have shown a rise of 7 % than previous year, in spite of decline in sales by 22%

Your Company has not pledged the future for the glory of the present. Its long term debt is absolutely negligible indicating the capability for long tenor leverage in case required for growth in future. The incremental inventory requirement on better market conditions could be sourced from supplier's credit as huge potentials exist as the Company enjoys an excellent rapport and goodwill among vendors.

While we have focussed to deleverage the drawing power based borrowings by contracting inventory level at the same time improving Stock Rotation Ratio we have also nearly doubled, the in house production of gold and trebled silver production capabilities with a marginal CAPEX spending. This will effectively bring down the cost of ornaments manufactured. I am also happy to share the fact that our customized software with unique features has resulted in capturing highly intricate comparable data that facilitated the conduct of the business in a resourceful manner.

It is gratifying to note that your whole time Directors surrendered a sum of ₹ 126 Lakhs collectively even though they are otherwise entitled within the legal frame in order to empathetically create bondage with the Company and its shareholders in a year of adverse performance. In order to uphold the credential of uninterrupted dividend payment philosophy of the Company a dividend of ₹ 1/- per share is proposed by the Board.

The outlook going forward looks moderate and we plan to build on our strengths of brand loyalty, better product mix, networking etc., in order to improve our market share in the areas we operate.

The current financial year 2014-15 will be a year of



business consolidation. We would like to fill operational gaps and fully realize the true potential of the strategies developed in the past couple of years

We have set goals to achieve in 2014-15 in the areas of market share improvement, improving customer base, better the current stock rotation and return on Capital Employed with a view to demonstrate our commitments towards long term sustainability of the business model of the Company.

I would like to reiterate with conviction that our business fundamentals and aspirations of the people who engineered the momentum are intact. We have already taken to our strides; the adverse impact resulted due to hostile regulatory frame work. I am happy to report that in the first Fifty five Days of the current year a lot of positive signals are emerging for the betterment of performance for the whole year including a recent relaxation notification by RBI on extension of metal loan facility to jewellery trade that will ensure both has natural hedging tool and also substantially reduce interest cost.

Before I conclude, I would like to place on record my heartfelt gratitude to all my employees' whose dedication & commitment is one of the key reasons for the company to muster adequate strength to navigate the turbulent period we witnessed in the year went by in the history of the Company. My thanks are also due to our consortium bankers and all our shareholders who have extended their valuable support, informed feedback and advise.

True to the immortal words of Thiruvalluvar

**“Vaari perukki valampaduthu uttrvai
arraivaan seika vinai”**

which means “ Let him do the work who can enlarge the sources of revenue, increase wealth and considerately prevent the risks which would mitigate it.

Thangamayil, as a company is committed to create a sustainable wealth by following strict Corporate Governance standards to enhance shareholder value.

With Warm Regards,

Balarama Govinda Das

Chairman and Managing Director

FIVE YEARS REVIEW OF FINANCIALS

(₹ In lakhs)

Year ended 31st March		2013-14	**2012-13	2011-12	2010-11	2009-10
1	Sales	1,19,130	1,52,298	1,13,130	65,826	45,141
2	Other Income	481	181	32	-	-
3	Cost of materials	1,11,376	1,35,952	98,088	57,504	40,515
4	Salaries, Wages and Bonus	1,774	2,181	1,287	811	519
5	Other Expenses	4,503	5,879	1,981	1,657	1,014
6	Finance Cost	3,470	3,702	2,848	1,002	650
7	Depreciation	565	459	224	148	91
8	Tax expenses	(820)	1,342	2,829	1,571	745
9	Profit/(Loss) after Tax	(1,257)	2,963	5,905	3,133	1,607
10	Dividend (including tax)	161	797	1116	799	642
11	Non Current Assets	8,849	7,751	6,359	2,598	1,500
12	Deferred Tax Assets	543	-	-	-	-
13	Long Term Loans and Advances	1,038	986	675	347	154
14	Other Non Current Assets	-	-	1,152	500	561
15	Current Assets	37,424	50,776	38,961	22,251	13,373
16	TOTAL ASSETS	47,855	59,514	47,147	25,696	15,588
17	Share Capital	1,372	1,372	1,372	1,372	1,372
18	Reserves & Surplus	13,988	15,405	13,239	8,449	6,115
19	Long Term Borrowings	1,861	1,657	1,962	919	415
20	Deferred Tax Liability	-	276	763	389	263
21	Other Long Term Liabilities	1,380	1,780	474	92	-
22	Current Liabilities	29,255	39,022	29,337	14,475	7,423
23	TOTAL LIABILITIES	47,855	59,514	47,147	25,696	15,588



Financial Highlights

Key Financial Highlights Performance at a Glance

Year ended	2013-14	**2012-13	2011-12	2010-11	2009-10
Sales and Income (₹ In lakhs)	1,19,130	1,52,298	1,13,130	65,826	45,141
EBIDTA Profits (₹ In lakhs)	1,959	8,467	11,806	5,854	3,093
Profit /(Loss) before tax (₹ In lakhs)	(2,077)	4,306	8,735	4,704	2,352
Profit/(Loss) after tax (₹ In lakhs)	(1,257)	2,963	5,906	3,133	1,607
Net worth Adjusted(₹ In lakhs)	15,360	16,777	12,832	8,989	6,927
Equity Capital (₹ In lakhs)	1,372	1,372	1,372	1,372	1,372
Book value per share (₹)	112	122	94	66	50
Dividend (Incl. DDT) (₹ in lakhs)	161	797	1,116	799	642
Total outside Liabilities Adjusted (₹ in lakhs)	32,380	39,557	30,822	14,927	7,035
No of Branches in lease property	25	26	15	9	7
No of branches in own Property	5	5	5	3	2

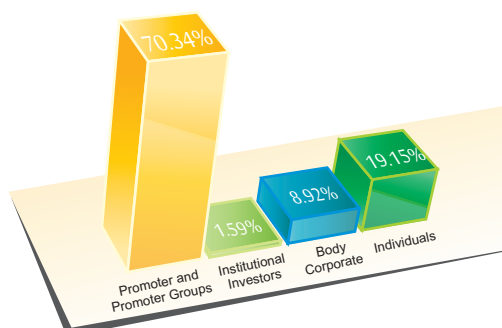
No	Financial Ratios	2013-14	**2012-13	2011-12	2010-11	2009-10
1	EBITDA / Turnover (in %)	1.64	5.56	10.44	8.87	6.85
2	PBT/ Turnover (in %)	-1.74	2.83	7.72	7.15	5.21
3	Return on Capital Employed	2.60	15.27	25.67	23.23	20.58
4	Return on Net worth	-8.18	17.66	46.03	34.86	23.20
5	Net Debt to Equity	1.43	2.01	1.87	0.81	0.64
6	Current Ratio	1.28	1.30	1.33	1.54	1.80
7	Net Worth Per Share	111.95	122.28	93.53	65.51	50.00
8	Earnings Per Share	-9.16	21.60	43.05	22.84	11.71
9	P/E Ratio (based on 31st March quote)	-14.74	9.51	4.07	6.98	6.96

**Hence Profit is understated by Rs.2817 lakhs (before taxes) in 2012-13 due to change in Accounting policy on Advertisement and Publicity Expenses in all profit related indicators. The performance indicators are captured by considering the effect to one time write off in Advertisement and publicity under DRE

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

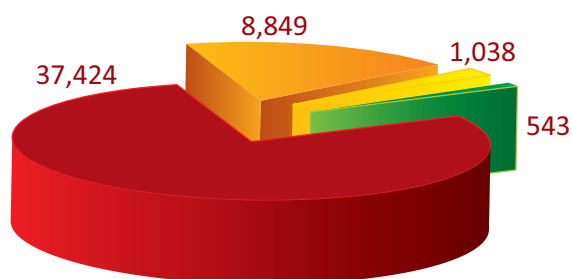


DISTRIBUTION SCHEDULE OF SHAREHOLDINGS



Year ended 31st March, 2014	No. of Shares	Percentage (%)	No of Share Holders
Promoter and Promoter Group	9,650,951	70.34%	14
Institutional Investors	218,503	1.59%	2
Body Corporate	1,223,397	8.92%	95
Individuals	2,626,731	19.15%	2365
Total	13,719,582	100.00%	2,476

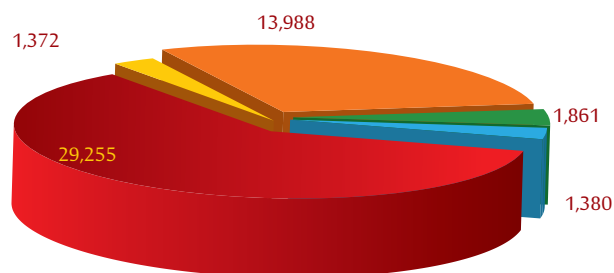
Assets – ₹ in lakhs



- Non Current Assets - Net Block
- Deferred Tax Assets
- Long Term Loans and Advances
- Current Assets

Equity and Liabilities - ₹ in lakhs

- Share Capital
- Reserves & Surplus
- Long Term Borrowing
- Other Long Term Liabilities
- Current Liabilities



Source and Utilisation of Funds

(₹. In lakhs)

Year ended 31st March	2013-14	2012-13	2011-12	2010-11	2009-10
Source of Funds					
1. Funds Generated from operation					
(a) Profit/(Loss) after Taxes (Net profit Before Tax Minus Tax outflow)	(2,286)	1,835	6,477	3,346	1,650
(b) Depreciation	565	459	224	148	91
(c) Miscellaneous Expenditure ##	-	1,779	-	-	-
(d) Other Income and Adjustments	20	34	115	11	-107
Total	(1,701)	4,107	6,816	3,506	1,634
2. Share Capital (Including Premium)	-	-	-	-	3,219
3. Net Increase/ Decrease Borrowings	(216)	(2,244)	13,981	6,427	2,768
	(1,917)	1,863	20,797	9,932	7,620
Utilisation of Funds					
4. Capital Expenditure	1,683	1,849	3,980	1,246	581
5. Dividends pay out including DDT	797	1,116	159	800	587
6. Net Increase / Decrease in Working Capital #	(3,397)	(1,102)	15,710	7,613	6,491
7. Miscellaneous Expenditure ##	-	-	948	274	(40)
	(1,917)	1,863	20,797	9,932	7,620

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

Deferred Revenue Expenditure and Preliminary Expenses



NOTICE TO THE SHARE HOLDERS

NOTICE IS HEREBY GIVEN THAT THE 14th ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, 30th JULY 2014 AT CHAMBER OF COMMERCE NO: 178-B, KAMARAJAR SALAI, MADURAI-625009 AT 11.45 AM TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account made up to that date along with the report of the Directors and auditors there on.
2. To appoint a Director in place of Shri. Ba. Ramesh 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 Shri. T.R. Narayanaswamy 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 reappoint M/s.B.Thiagarajan & Co., Chartered Accountants Chennai, as statutory auditors of the Company and fix their remuneration and in this regards pass with or without modifications(s) the following resolution as an ordinary resolution:

Resolved that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 224 and other applicable provisions, if any, of the Companies Act, 1956), M/s.B.Thiagarajan & Co., (Firm Registration No. 004371S) Chartered Accountants, Chennai be and are hereby re-appointed as the statutory auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of 3rd Annual General Meeting (after commencement of the Companies Act, 2013), subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors.

SPECIAL BUSINESS

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.S.Rethinavelu (holding DIN 00935338), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st July, 2019.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Lalji Vora (holding DIN 01899070), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st July, 2019.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.R.Muthu (holding DIN 01908841), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st July, 2019.

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

RESOLVED THAT pursuant to Sec.198 and all other applicable provisions of the Companies Act, 1956, if any, and Sch..XIII of the said act amended up to date of its existence, with regard to remuneration approved by the Shareholders to Mr. Balarama Govinda Das, Managing Director of the Company at the Annual General Meeting held on 18.07.2012 as per the limits prescribed and payable by Companies having profits stands revised from ₹ 7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 due to inadequate profit in that year as approved by the Board in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch..XIII of the Companies act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period, the Shareholders of the Company do hereby ratify the act of revision of remuneration to Mr.Balarama Govinda das, Managing Director from ₹ 7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 by the Board in their power to alter,vary,reduce or enhance the remuneration and to do all such things in connection with such revision of remuneration under the said Act.



RESOLVED FURTHER THAT pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch.V of the said act, consent of the Shareholders be and is here by accorded for revision of remuneration to Mr. Balarama Govinda Das, Managing Director of the Company to ₹ 5 lakhs per month with effect from 01.04.2014 under the Companies Act, 2013 and as specified under Sch.V of the act and or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits with permission to the Board of Directors to increase, reduce or 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 Sch.V of the act or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits from ₹ 4 lakhs per month hitherto paid under the erstwhile Companies Act,1956 and also do hereby ratify the act of the Board in this connection for such revision of remuneration under the Act.

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, 2013 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.

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

RESOLVED THAT pursuant to Sec.198 and all other applicable provisions of the Companies act, 1956, if any, and Sch..XIII of the said act amended up to date of its existence, with regard to remuneration approved by the Shareholders to Mr. Ba. Ramesh, Joint Managing Director of the Company at the Annual General Meeting held on 18.07.2012 as per the limits prescribed and payable by Companies having profits stands revised from ₹ 7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 due to inadequate profit in that year as approved by the Board in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch..XIII of the Companies Act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period, the Shareholders of the Company do hereby ratify the act of revision of remuneration to Mr.Ba. Ramesh, Joint Managing Director from ₹ 7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 by the Board in their power to alter, vary, reduce or enhance the remuneration and to do all such things in connection with such revision of remuneration under the said Act.

RESOLVED FURTHER THAT pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch..V of the said act, consent of the Shareholders be and is here by accorded for revision of remuneration to Mr. Ba. Ramesh, Joint Managing Director of the Company to ₹ 5 lakhs per month with effect

from 01.04.2014 under the companies Act, 2013 and as specified under Sch.V of the act and or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits with permission to the Board of Directors to increase, reduce or 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 Sch.V of the act or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits from ₹ 4 lakhs per month hitherto paid under the erstwhile Companies act,1956 and also do hereby ratify the act of the Board in this connection for such revision of remuneration under the Act.

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, 2013 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.

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

RESOLVED THAT pursuant to Sec.198 and all other applicable provisions of the Companies Act, 1956, if any, and Sch..XIII of the said act amended up to date of its existence, with regard to remuneration approved by the Shareholders to Mr. N.B.Kumar, Joint Managing Director of the Company at the Annual General Meeting held on 18.07.2012 as per the limits prescribed and payable by Companies having profits stands revised from ₹7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 due to inadequate profit in that year as approved by the Board in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch..XIII of the Companies act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period, the Shareholders of the Company do hereby ratify the act of revision of remuneration to Mr.N.B.Kumar, Joint Managing Director from ₹ 7.50 lakhs per month to ₹ 4 lakhs per month for the Financial year ended 31.03.2014 by the Board in their power to alter, vary, reduce or enhance the remuneration and to do all such things in connection with such revision of remuneration under the said Act.

RESOLVED FURTHER THAT pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch.V of the said act, consent of the Shareholders be and is here by accorded for revision of remuneration to Mr. N.B.Kumar, Joint Managing Director of the Company to ₹ 5 lakhs per month with effect from 01.04.2014 under the Companies Act, 2013 and as specified under Sch.V of the act and or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits with permission to the Board of Directors to increase, reduce or 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 Sch.V of the act or any amendment that may be notified by the Government for the Companies having inadequate profits/no profits from ₹ 4 lakhs per month hitherto paid under the erstwhile Companies Act, 1956 and also do hereby ratify the act of the Board in this connection for such revision of remuneration under the Act.

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, 2013 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.

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

RESOLVED THAT pursuant to the provisions of Sec.73 and 76 of the Companies act, 2013 read with Companies (acceptance of deposits) rules, 2014 and all other applicable provisions if any, as recommended by the Board of directors of the Company and subject to other approvals and sanctions under the Companies Act, 2013, consent of the Shareholders of the Company be and is hereby accorded to the Company to invite, accept and renew deposits from the Public and Shareholders of the Company up to a sum of Rs. 3840 lakhs from the Public and Rs. 1536 lakhs from the Shareholders of the Company which will be within the limits prescribed under rule 3 of the Companies (acceptance of deposits) rules, 2014 on the basis of audited accounts for the year ended 31.03.2014.

RESOLVED FURTHER THAT the Company do hereby comply with all the formalities as per the Companies (acceptance of deposits) rules, 2014 and under the Companies Act, 2013 with regard to acceptance of deposits from the Public and Shareholders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do any such act or deeds in connection with acceptance of deposits and as empowered by the Board of Directors with regard to the same under the Companies Act, 2013 and Companies (acceptance of deposits) rules, 2014."

"RESOLVED FURTHER THAT the Board do hereby comply with all requirements under the act and said rules with regard to rating of Fixed Deposits, insurance of deposits, trustee appointment and security to be created for such deposits and such other formalities necessary in this connection under the act.

**By Order of the Board of Directors
For Thangamayil Jewellery Limited**

Place: Madurai

Date: May 26, 2014

(CS.V.Vijayaraghavan)
Company Secretary

NOTES:

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.

1. Members are requested to bring their copies of the Annual Report for the meeting.
2. 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 agents M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore- 641 006 or to the Registered office of the Company at 124, Nethaji Road, Madurai-625 001, in respect of their physical share folios.
3. The register of members and share transfer books of the company will remain closed from 21st JULY 2014 TO 30th JULY 2014. (Both days inclusive) as per the requirements of the listing agreement.
4. 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
5. Members are requested to quote their folio numbers in their correspondence always.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participants of the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company/Registrars.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent account number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrars.

Electronic copy of the annual report for 2013-14 is being sent to all the members whose E-mail IDs are registered with the depository participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered the E-mail address physical copies of the annual report for 2013-14 is being sent in the permitted mode.



Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 14th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:

In case of members receiving e-mail:

- I. Log on to the e-voting website www.evotingindia.com
- ii. Click on "Shareholders" tab.
- iii. Now, select "Thangamayil Jewellery Limited" from the drop down menu and click on "SUBMIT".
- iv. Now enter your User ID (For CDSL: 16 Digits beneficiary ID, for NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- v. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi. Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical form
PAN*	Enter your 10 digit alpha-numeric * PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account in dd/mm/yyyy format or Folio.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or Folio.	

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field.

- vii. After entering these details appropriately, click on 'SUBMIT' tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen, however, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for Resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For members holding shares in Physical form, the details can be used only for e-voting on the resolutions contained in the notice.
- x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi. On the voting page, you will see Resolution Description and against the same the options "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "Resolution File Link" if you wish to view the entire Resolutions.
- xiii. After selecting the Resolution you have decided to vote on. Click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If Demat account holder has forgotten the changed password then enter the User Id and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- xvii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.,) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.



In case of members receiving the physical copy:

- (A) Please follow all steps from Sl. No. (i) to Sl. No. (xvii) above to cast vote.
- (B) The voting period begins 24th July 2014, 10.00 A.M IST and ends 26th July 2014 6.00 P.M IST. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date 30th June 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- II. (a) Mr. S. Muthuraju ACS, Practicing Company Secretary (CP No. 4181) has been appointed as scrutinizer to scrutinize voting process in a fair and transparent manner.
- (b) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company
- (c) The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be available for inspection and also placed on the website of the Company within prescribed period.
- (d) The notice of the Annual General Meeting and this communication are also available on the website of the Company www.thangamayil.com

**By Order of the Board of Directors
For Thangamayil Jewellery Limited**

Place: Madurai

Date: May 26, 2014

(CS.V.Vijayaraghavan)
Company Secretary

Annexure to items 2,3,6,7 & 8 of the notice

Details of Directors seeking appointment / re-appointment at the Annual General Meeting

(In pursuance of Clause 49 of Listing Agreement)					
Name of the Director	Mr. Ba. Ramesh	Mr. T.R.Narayanaswamy	Mr. S. Rethinavelu	Mr. LajjiVora	Mr.V.R.Muthu
Date of Birth	10.08.1960	14.03.1977	21.12.1942	13.10.1943	07.10.1953
Nationality	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	24.03.2000	15.07.2010	26.09.2007	26.09.2007	30.11.2007
Qualification	SSLC	M.Com .,	B.A., B.L.,	B.Com .,	B.Com .,
Experience in functional areas	3 decades of experience in the jewellery industry	Rich experience in business/ Industry /commercial spheres	Rich experience in business/ commercial spheres	Rich experience in Business/ Commercial Spheres	Rich experience in Business/ Commercial Spheres
Number of Shares held in the company	2881603	Nil	Nil	Nil	Nil
List of Directorships held in other Companies	-	Amararaja Batteries Ltd (Independent Director)	-	-	V.V.V. & Sons Edible Oils Ltd.,
Chairman/Member in the Committees of the Boards of Companies in which he is a Director.	Member	Chairman	Chairman	Chairman	Member
		Audit Committee- Amararaja batteries Ltd.,	Audit Committee Remuneration Committee	Investors Grievance Committee Member Remuneration Committee	Audit Committee, Remuneration Committee

Directorship / Committee members exclude Directorships in private / foreign companies and companies incorporated under section 25 of the Companies Act, 1956

By Order of the Board of Directors

For **Thangamayil Jewellery Limited**

(**CS.V.Vijayaraghavan**)

Company Secretary

Place: Madurai

Date: May 26, 2014

EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SEC.102 OF THE COMPANIES ACT, 2013

ITEM NO.6

Mr.S.Rethinavelu is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2007. Mr. S.Rethinavelu is Chairman of the Remuneration Committee and also Chairman of the Audit Committee of the Board of Directors of the Company. He has been associated with the Company since 2007 as a Non-Executive and Independent Director in the Board and he has contributed immensely towards the development of the activities and has been a source of prudent advice for the Company during these years. As Chairman and Member of various committees he has been able to render good guidance to the Management during the Company's expansion activities especially after the Company embarked for public issue and listing of its shares in the Stock exchanges. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. S.Rethinavelu is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. S.Rethinavelu being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st July, 2019. A notice has been received from a member proposing Mr.S.Rethinavelu as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. S.Rethinavelu fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director setting out the terms and conditions would be available for inspection without

any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Sunday. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S.Rethinavelu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S.Rethinavelu as an Independent Director, for the approval by the Shareholders of the Company.

Memorandum of Interest:

Except Mr. S.Rethinavelu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO.7

Mr.Lalji Vora is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2007. Mr. Lalji Vora is Chairman of the Investor Grievance Committee and Member of remuneration and Share transfers Committees of the Board of Directors of the Company. He has been associated with the Company since 2007 as a Non- Executive and Independent Director in the Board and he has contributed a lot towards the growth of the business of the Company and has been a source of competent advise for the Company during these years. As Chairman of Investors Grievance Committee and Member of various committees he has been able to

render good guidance to the Management during the Company's expansion activities especially after the Company embarked for public issue and listing of its shares in the Stock exchanges. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. Lalji Vora is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Lalji Vora being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st July, 2019. A notice has been received from a member proposing Mr. Lalji Vora as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Lalji Vora fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Lalji Vora as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Sunday. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Lalji Vora as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Lalji Vora as an Independent Director, for the approval by the Shareholders of the Company.

Memorandum of Interest:

Except Mr. Lalji Vora, being an appointee, none of the Directors and Key Managerial Personnel of the

Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO.8

Mr. V.R. Muthu is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in November, 2007. Mr. V.R. Muthu is Member of Audit Committee and Remuneration Committee of the Board of Directors of the Company. He has been associated with the Company since 2007 as a Non- Executive and Independent Director in the Board and he has contributed adequately for the business development activities and has been a source of active and dynamic contributor during these years. As Member of various Committees he has been able to render good guidance to the Management during the Company's expansion activities especially after the Company embarked for public issue and listing of its shares in the Stock exchanges. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Mr. V.R. Muthu is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. V.R. Muthu being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st July, 2019. A notice has been received from a member proposing Mr. V.R. Muthu as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. V.R. Muthu fulfils the conditions specified in the Companies Act, 2013 and rules made there under for



his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr.V.R.Muthu as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Corporate Office of the Company during normal business hours on any working day, excluding Sunday. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. V.R.Muthu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V.R.Muthu as an Independent Director, for the approval by the Shareholders of the Company.

Memorandum of Interest:

Except Mr. V.R.Muthu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO.9

Mr. Balarama Govinda Das is the Managing Director of the Company since inception actively guiding the Board Members in all aspects of the Company's activities. The remuneration drawn by him as per the resolution passed at the 12th Annual General Meeting for the year 2011-12 was approved based on the calculations U/S.198 and Sch.XIII of the erstwhile Companies act, 1956 with a salary of ₹ 7.50 lakhs per month in terms of remuneration payable by Companies having profits and accordingly he was eligible for the same. Due to inadequate profits for the Financial year ended

31.03.2014, the Board after assessment in its Board meeting held on 05.02.2014 has revised the salary of Mr.Balarama Govinda Das, Managing Director of the Company to ₹ 4 lakhs per month in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch.XIII of the erstwhile Companies act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period. Accordingly Mr.Balarama Govinda Das, Managing Director has surrendered a sum of ₹ 42 lakhs being the excess received by him to the Company.

The same was discussed in the Board Meeting held on 26.05.2014 and the matter has been taken up with Shareholders as per the resolution stated herein for their ratification.

Subsequently pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch.V of the said act, the Board has recommended at its Board meeting held on 26.05.14 an enhanced remuneration of ₹ 5 lakhs per month to Mr.Balarama Govinda Das with effect from 01.04.2014 with permission to the Board of Directors to increase, reduce or 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 Sch.V of the Companies Act, 2013 or any amendment that may be notified by the Government.

The above said changes in the remuneration as recommended by the remuneration committee and ratified by the Board is placed before the Shareholders with their due recommendation of 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.10

Mr. Ba.Ramesh is the Joint Managing Director of the Company since inception actively guiding the Board Members in all aspects of the Company's activities. The remuneration drawn by him as per the resolution passed at the 12th Annual General Meeting for the year 2011-12 was approved based on the calculations U/S.198 and Sch..XIII of the erstwhile Companies act, 1956 with a salary of ₹ 7.50 lakhs per month in terms of remuneration payable by Companies having profits and accordingly he was eligible for the same. Due to inadequate profits for the Financial year ended 31.03.2014, the Board after assessment in its Board meeting held on 05.02.2014 has revised the salary of Mr. Ba.Ramesh, Joint Managing Director of the Company to ₹ 4 lakhs per month in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch..XIII of the erstwhile Companies Act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period. Accordingly Mr. Ba.Ramesh, Joint Managing Director has surrendered a sum of ₹ 42 lakhs being the excess received by him to the Company.

The same was discussed in the Board Meeting held on 26.05.2014 and the matter has been taken up with Shareholders as per the resolution stated herein for their ratification.

Subsequently pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch..V of the said act, the Board has recommended

an enhanced remuneration of ₹ 5 lakhs per month to Mr. Ba.Ramesh with effect from 01.04.2014 with permission to the Board of Directors to increase, reduce or 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 Sch..V of the Companies Act, 2013 or any amendment that may be notified by the Government.

The above said changes in the remuneration as recommended by the remuneration committee and ratified by the Board is placed before the Shareholders with their due recommendation of 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.11

Mr. N.B.Kumar is the Joint Managing Director of the Company since inception actively guiding the Board Members in all aspects of the Company's activities. The remuneration drawn by him as per the resolution passed at the 12th Annual General Meeting for the year 2011-12 was approved based on the calculations U/S.198 and Sch..XIII of the erstwhile Companies Act, 1956 with a salary of ₹ 7.50 lakhs per month in terms of remuneration payable by Companies having profits and accordingly he was eligible for the same. Due to inadequate profits for the Financial year ended 31.03.2014, the Board after assessment in its Board meeting held on 05.02.2014 has revised the salary of Mr. N.B.Kumar, Joint Managing Director of the Company to ₹ 4 lakhs per month in its power to reduce or vary or alter or enlarge or enhance in conformity



with the provisions of Sch..XIII of the erstwhile Companies Act,1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period. Accordingly Mr. N.B.Kumar, Joint Managing Director has surrendered a sum of ₹ 42 lakhs being the excess received by him to the Company.

The same was discussed in the Board Meeting held on 26.05.2014 and the matter has been taken up with Shareholders as per the resolution stated herein for their ratification.

Subsequently pursuant to Sec.197 and all other applicable provisions of the Companies Act,2013 if any, and Sch..V of the said act, the Board has recommended an enhanced remuneration of ₹ 5 lakhs per month to Mr. N.B.Kumar with effect from 01.04.2014 with permission to the Board of Directors to increase, reduce or 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 Sch..V of the Companies Act, 2013 or any amendment that may be notified by the Government.

The above said changes in the remuneration as recommended by the remuneration committee and ratified by the Board is placed before the Shareholders with their due recommendation of 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.12

Under the Companies Act, 2013 read with acceptance of deposits rules, 2014 under section 73 and 76 of the act, it has become mandatory to the Company to obtain prior consent of the Shareholders of the Company with regard to acceptance of deposits under the Companies act,2013 which is effective from 01.04.2014 onwards.

Under the Companies Act,2013 vide section76, our Company is an eligible Company to accept deposits from public since we are fulfilling the criteria of networth of ₹ 100 crores or more and turnover of ₹ 500 crores or more as prescribed for the eligible public Companies under the act. We are eligible to accept public deposits under the erstwhile Companies Act,1956 and acceptance of deposits rules,1975 of the act.

Accordingly the said resolution duly recommended by the Board is placed before the Annual General Meeting for your approval.

Memorandum of Interest:

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

BY ORDER OF THE BOARD
For Thangamayil Jewellery Limited

(CS.V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: May 26, 2014

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

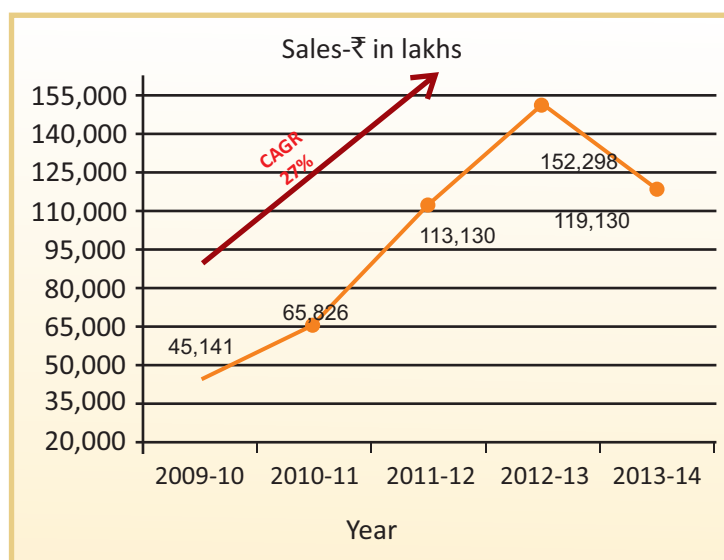
Your Directors have pleasure in presenting their **14th Annual Report** and the Audited Accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS

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

(₹. in Lakhs)

Particulars	2013-2014	2012-2013
Sales and Other Operating Income	1,19,611	1,52,479
Gross Profit	8,236	16,527
Earnings before Interest, Depreciation and Taxation (EBITDA)	1,959	8,467
Finance Cost	3,476	3,702
Depreciation	565	459
Profit/(Loss) Before Tax (PBT)	(2,077)	4,306
Tax	(820)	1,342
Profit/(Loss) After Tax (PAT)	(1,257)	2,963



Financial Performance

Sales and Other Income at ₹ 119,611 lakhs were 22% lower than that of previous year's ₹ 152,479 lakhs. However on a comparable basis net sales (Net of Traded Goods) has come down by 16%. Apart from value compression, the quantity sold also declined in 2013-14 due to pronounced demand recession witnessed in the later part of the year. This reduction is mainly due to wide fluctuations in gold price movement and failed monsoon in southern part of the Tamilnadu that crippled the discretionary spending surplus income in the hand of the customers.

The company incurred a net loss (PAT) of ₹ 1,257 lakhs in 2013-14 as against a PAT of ₹ 2,963 lakhs in 2012-13.



The major reasons for adverse performance are summarized hereunder:

- + Withdrawal of metal loan facility (natural hedge) all of a sudden in August 2013 when the effective gold price was at peak forced the company to fix the price at the highest level. Post fixation, gold price declined by 15% that compelled the company to realize lesser amount on subsequent customer sales.
- + Most of the early purchases were made by the customers in the first 4 months of the financial year when the gold price was at recent historic bottom (around ₹ 2,550 per grams) and in the next 8 months due to demand recession and fluctuating gold price movement public by and large refrained from buying. This has resulted in 16% drop in sales where as for the industry as a whole the drop was around 35% at the national level.
- + Due to non availability of gold the premium for the metal in the local market shot up. This factor together with increase in customs duty to 10% from 6% and steep reduction of INR by 12% contributed to the widening of the local price parity upto 20% compared to international price. This in turn prompted the customers to source it from Middle East and Singapore markets at a cheaper price.
- + The monsoon has failed for a continuous second year in succession. All our branches are located in rural/ semi urban area where the agricultural income is one of the main sources available for discretionary spending. In the absence of that, heavy weight ornament items sales drastically dwindled. In fact our average sale weight per invoice has come down from 12.28 grams to 8.25 grams in 2013-14. Even though, the customers base and aggregate bills have improved it has not resulted in increase in the volume based offtake.
- + Absence of viable hedging mechanism as an alternative for metal loan withdrawal that acted as a natural hedge together with nearly 200% increase in interest cost due to opting for cash credit leverage as against withdrawal of concessional metal loan credit resulted in nearly 2.50% drop in profit margin. This has in fact resulted in negative EBIDTA margin in the second half of the year.
- + The inventory valuation in accordance with AS-2 method (Cost or net realizable value whichever is lower) also contributed to mark to market losses on the inventory carried forward on the date of reporting ie 31st March 2014 as net realizable value was lower than the cost of gold ornaments as on that date.

Consequent to these adverse factors, the company could not effectively utilize its extended infrastructure facilities created in the earlier years and in some recently opened branches it could not even recover the operational cost.

All these factors cumulatively resulted in the reporting of net loss of ₹ 1,257 lakhs for 2013-14 as against net profit after tax of ₹ 2,963 lakhs in 2012-13.

CONTINUING CHALLENGES

The industry is facing challenges on a continuous manner from July 2013 onwards. No tangible shift is noticed till now in the critical area of removal of ban on import of gold, extension of metal loan facilities, improvements in demand & relaxation of controls imposed directly and indirectly by the lenders.

Apart from these macro issues, the ground realities are far from satisfactory in conduct of operations on a sustainable basis. Due to prolonged demand recession the competitors were left with no option except to offer unhealthy discounts to retail customers. This has become a trend now and most of the leading organized players are compelled to forgo profits in the long term interest of sustenance of business. We do not see any perceptible change for better gold business and the fact remains that the challenges are extraordinary and continuing till date. However as a breather to ailing industry the RBI has come out with a recent notification dated 21st May 2014 where in it has restored metal loan facilities hitherto extended by banks subject to continuation of 80:20 policy for import of gold.

HEDGING FOR GOLD PRICE FLUCTUATIONS:

The jewellery industry for the past several years went through a secular bull run. Therefore, no need was felt to hedge the price to protect the capital intact. Of late, things are changing internationally as the gold price started to decline gradually after hitting a peak price of 1921US\$ per ounce in August 2012. Currently, it is quoting around 1310US\$ thereby registering a drop of 32% so far. Thanks to scores of restrictions brought in by Government and RBI Authorities, we could see only a marginal drop in local price of gold. It looks like the Government is in no hurry to relax the ban imposed on import of gold and to reduce the customs duty from 10% to original level. However, RBI by its recent notification permitted the banks to extend metal loan facilities to the jewellery trade borrowers so that substantial part hedging problem could be resolved in future.

In this back drop, the availability of metal in the local organized market continues to be dearer. Therefore, this structural shift at macro level made by the Government will ensure a stable price at escalated level for some more time as the pricing is left to the local demand / supply factors and not governed by international pricing. Due to demand recession and non availability of metal matched with international price, the industry is left with no option except to contract the balance sheet so that a lesser inventory could be rotated faster that would ensure a reasonable profits to the enterprise. Moreover, in the Indian context, we don't have a viable effective hedging platform that would ensure least cost and ensure better liquidity other than the metal loan facility.

On our part, we did resort to some hedging mechanism in the last year but it could not serve any purpose due to sudden withdrawal of metal loan facility and also due to steep devaluation of INR Vs US \$. In case, metal loan / consignment sales are permitted, we may take advantage of the same in lifting delivery under price "unfixed basis".

We arrange with suppliers to fix the price at the time of actual sales to customers currently. We are also



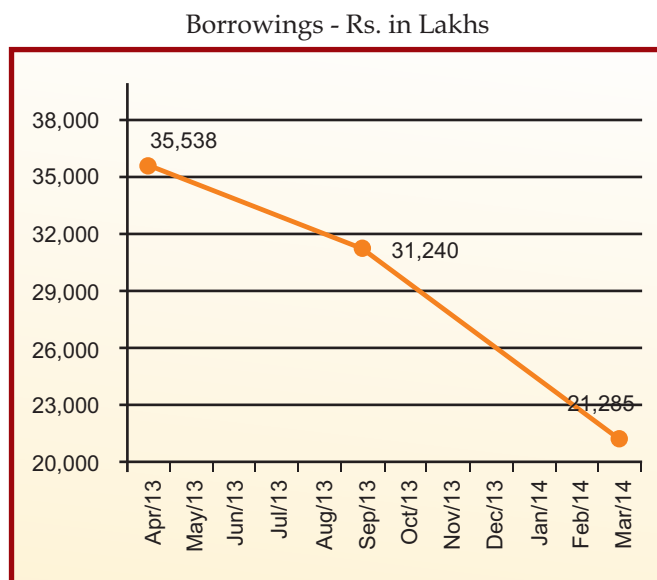
operating metal savings scheme where in price risk associated with the gold price fluctuations is borne by the customers. However, a better part of the inventory at any point is left fixed. We do not anticipate any big / sudden fall in gold price in local market for the reasons stated above. In the past, whenever gold prices steeply reduced, it bounced back to its support level and it is also a fact that we are not going to sell our entire inventory at the reduced price in one single day or a week.

The long term average of price realization will ensure better stability to price behaviour even though booking of notional losses as the one witnessed in second half of the year 13-14 couldn't be avoided in the absence of natural hedging product like metal loan facility. Nevertheless, your company will watch and monitor the movement of gold price closely and take an appropriate call based on the requirement to ensure no real time erosion to the net worth of the company.

MANUFACTURING FACILITIES

The company during the year increased its own manufacturing facilities to produce gold ornaments like chains and other low value mass volume items from 5 kg per day to 10 kg per day at its Madurai and Coimbatore outlets. This incremental production capacity will increase effective margin by 0.5% on sales. Similarly, the silver articles manufacturing capacity at its Salem facility is increased from 10kg to 30kg per day. This incremental production capacity will reduce the cost of making by at least 3% in the value of the items sold.

IMPACT ON CONTRACTION/DELEVERAGE OF BALANCE SHEET



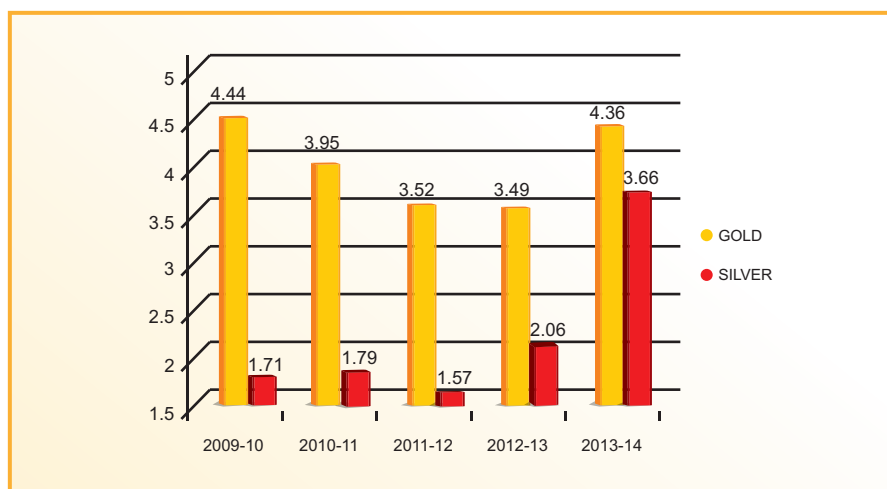
In consonance with decline in volume due to demand recession, your Company has taken a judicious call to reduce the stock of finished ornaments of gold by bringing it down to 975 kgs by 31st March 2014 as against inventory of 1288 kgs of last year. Consequent to this strategy, the bank borrowing has also declined steeply from higher level of ₹35,538 lakhs to ₹ 21,285 lakhs by 31st March 2014. This proactive action helped the Company to improve the stock turnover ratio and also enabled the management to bring down the associated interest cost to a viable level. The fullest impact of these dual decisions would be significantly felt in the current year 2014-15. This strategy will also help to consolidate the business at the current level but facilitate the company to

improve the absolute contribution in this year. In the absence of any tangible proposal for expansion of branches the entire cash accretion will be retained in the system to improve the net working capital deployed.

KEY INITIATIVES TAKEN BY THE MANAGEMENT IN 2013-14

- ⚙ Better Stock turnover & lower absolute inventory helped the company to curtail expenses including cost on Hedging mechanism.
- ⚙ Slow moving stock were systematically removed, melted and converted into fast moving items ensuring better cost recovery by improvement in stock rotation.
- ⚙ Increased the beaten gold portion of procurement to 40% as against 25% of earlier years, in order to partially remove the constraints caused by non availability of virgin metal in the market.
- ⚙ Launched E-CAT and E-Commerce platforms to fall in line with customer's requirements/preferences.
- ⚙ Gold stock turnover ratio improved from 3.46 rotations to 4.39 rotations. Similarly, improvement in the silver stock rotation is established from 2.06 to 3.66 times.

Stock Turnover Ratio (Times)



GAME CHANGE PLAN 2014 - 15

The business plan to be followed by the company includes the following:

- ⚙ De-leverage the balance sheet by making use of stable gold price scenario and demand recession witnessed currently.
- ⚙ Improve the “Product Mix” basket with bias on high volume low price products.
- ⚙ Concentrate on further improvement in “Silver Articles” in rural area outlets.
- ⚙ Continue to concentrate on synergy optimisation issues to get the optimum utilisation of resources.
- ⚙ To retain and enlarge customer base, the selling price rationalisation shall be effected that would result in improved volume of business and significant increase in absolute contribution.
- ⚙ Contract the size of the Balance sheet so that exceptional carrying cost on inventory could be moderated.

Position the company in order to enlarge market share as a low price deliverer of gold and silver ornaments.



FUTURE PROSPECTS

The initial trend in the first two months so far of the current year is encouraging in all aspects. The year started well with seasonal demand picking up. The initiatives taken by the company in the recent past started to yield results. A perceptible change has taken place in improvement of market share in the areas we operate. The change in product mix has resulted in better stock turnover ratio. Post rationalization of pricing policy, a moderate improvement is noticed in the volume off take of gold ornaments. In fact, silver volume sales have increased by 47% in the first two months of the current year 2014-15 as compared to the similar period in 2013-14. Most of the branches have surpassed BEP level of sales and started contributing to the bottom line of the company. Currently, the local gold price is stabilised. But for unforeseen adverse price movement in the later part of the quarter due to INR appreciation that could be caused by the change in Governance at the centre, the company is likely to realise notional valuation loss in the first half of the year 2014-15.

As no concrete positive steps taken by the regulators in relaxation of import ban (80:20 rationale) and reduction in customs duty, we do not expect a steep price correction locally as already recession parameters affecting the industry is priced in the local gold price. In case the regulators take steps to ease out restrictions in a phased manner the resultant possible underrealisation of existing inventory will be compensated by expected volume improvement in sales.

Your company has not only identified the areas that affected the growth and also positioned itself correctly in gaining market share by following appropriate strategies and planning in the area like improvement in the share of own manufacturing, competitive pricing, effective inventory management, systematic deleveraging initiatives taken to improve stock rotation, fuller utilization of operational leverage created that would facilitate the company to deliver better results in future.

POTENTIAL RISKS, CONCERNS AND MITIGATION PLAN

Risk of loss of Positioning in the market place

Due to severe competition in the retail trade there is a possibility that our market share from a particular place of operation or region may decline. A lot of new entrants to the retail trade suffer from lack of knowledge of customer's preference and on quality parameters and price war. Therefore, your company with its fuller penetration to rural market is well placed to participate in the rural success story of the country. In order to maintain/improve market share in the areas we operate in the light of sagging regressive demand trends, we have cautiously brought down the mark up value for our products moderately.

Monsoon

Monsoon failure for successive years in southern parts of Tamilnadu adversely affected the company's business. The purchasing power with rural people who depend on agriculture substantially got marginalized. This has resulted in demand compression and led to a period of continuous recession

unparallel in the recent history of jewellery trade. Rising inflation and high interest rates are other areas of concern that would deplete the residual income of the people to be spent on discretionary items like gold ornaments. This has resulted in customer opting for light weight items. The company has decided to stock more of such items in order to get better share from sagging market.

Gold price fluctuation risks

Gold price fluctuation risk could arise on account of frequent changes in gold prices either up or downside momentum. It could have adverse impact on earnings. Withdrawal of metal loan facility forced the industry to establish hedge against gold price movement with commodity exchange instruments which are cost prohibitive. Therefore in the absence of natural hedging facility, the trade is left with no viable alternative except to leave a large portion of gold un-hedged. Your Board will take appropriate action in managing the fluctuation impact in gold price movement from time to time.

Human Capital Risks

Human Resources risk could arise from the non-availability of an adequately trained workforce. In order to mitigate this risk, the Company has in-house training programs and operational development workshops and organised mentoring from management to motivate employees/supervisors and to attract and retain skilled/ trained personnel.

Cost management

The Company is improving meticulously its focus on cost through a resourceful operating system, increase in the production Capacity and strengthening of manufacturing units and various sourcing points are being pursued to reduce manufacturing costs and also delivering quality of product at lower price.

Information technology

The Company values the necessity of an efficient and robust Information Technology system to aid the operations of the Company. The internal IT department has developed GRAMS ERP and Q LINK application, which is a state of the art jewellery add-on, on top of SAP Business One. The application used for Inventory rotations, identification of slow moving stock as well as branchwise product rotation and arriving at re- order level of each product. SAP strengthening of Supply chain module, POS module and a financial module seamlessly interlinked which provides data on-the-go about each and every store including sales, inventory levels and the like. We are currently working on re-architecting the Grams solution as a cross platform application with enhanced features and functionality. During the year, the Company has successfully launched E-commerce, e-catalogue and bank payment solutions to Grams++ ERP using a middle ware solution.

DIVIDEND

The Board of Directors of the Company are pleased to recommend a dividend of ₹ 1 /- (10%) per equity share for 2013-14 (₹ 5 in 2012-13) on 1,37,19,582 equity shares of Rs. 10 each. In order to augment resources in the changed difficult environment of business, the Board has decided to recommend a reduced payment of ₹161 lakhs for the year 2013-14 as against ₹ 797 lakhs in 2012- 13 (including DDT).

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 of the company will remain closed from 21st July 2014 to 30th July 2014 (Both days inclusive).

Transfer to Reserve

We propose to transfer ₹ 200 lakhs to the General Reserve. The balance is carried forward to the Profit and Loss Account.

CAPITAL EXPENDITURE

During the year, we capitalized ₹ 1,367 lakhs to our gross block comprising ₹ 572 lakhs for Plant & Machinery and Furniture & Fittings and others and the balance of ₹ 795 lakhs for Computer Equipments including Software.

For the previous year, we capitalized ₹ 1,720 lakhs to our gross block comprising ₹1,116 lakhs for show rooms opened during previous year and the balance of ₹ 604 lakhs for Plant and Machinery, Vehicles and other assets for existing branches and corporate office Capex additions.

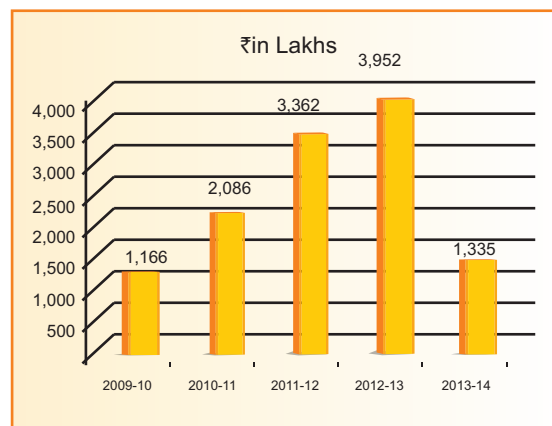
FINANCE

The Secured borrowings of the Company as on March 31, 2014 stood at ₹ 21,285 lakhs (previous year ₹ 32,610 lakhs). The phased reduction is on account of reduction in inventory in line with business realities. It is also due to withdrawal of metal loan extended by bankers in the past. The company is able to manage its requirement comfortably.

Cash and cash equivalents as on 31st March 2014 stood at ₹ 1,685 lakhs (previous year ₹ 2,902 lakhs). Customer advances supported the company to manage to maintain its working capital requirement.

CONTRIBUTION TO EXCHEQUER

The Company is a regular payer of taxes and other duties to the Government. During the year under review, due to lower profit, your Company paid ₹ 200 lakhs towards Income Tax as compared to ₹ 2,470 lakhs paid during the last financial year. The Company also paid Value Added Tax of ₹1,135 lakhs for financial year 2013-14, as compared to ₹1,482 lakhs paid for last financial year.



OPENING OF BRANCHES

Your Company has opened five more branches during the year as against eleven branches in the previous financial year. These branches have been well equipped with lots of choicest varieties to suit the preference of the customers and enhancing market penetration in and around tier II cities. The above branches are moderately doing well with potential for better future prospects in the years to come. For operational reasons, the company has merged the Vellakovil branch with that of Dharapuram by transferring the inventory and the customer base to Dharapuram. As at the end of 31st March 2014 total branches in operation are thirty consisting of medium/ small formats.

DIRECTORS

Retirement by Rotation

At the ensuing Annual General Meeting, Shri. Ba.Ramesh Joint Managing Director and Shri. T.R. Narayanaswamy, Director of the Company retires by rotation and are being eligible seeks re-appointment. Your Board commends their re-appointment.

MANAGERIAL REMUNERATION

Due to inadequacy of profits, Managing Director and two Joint Managing Directors being whole time Directors of the Company could not draw remuneration as approved by the shareholders. As per Schedule XIII of the Companies Act 1956, they are entitled to draw only up to ₹ 48 lakhs each. The remuneration that was paid in excess of the eligibility criterion under the Act, even though it permits the full payment subject to Central Government permission, the three whole time Directors of the company surrendered such excess payment of ₹ 126 lakhs voluntarily to the Company.

(₹. in Lakhs)

Name	Designation	As approved by Shareholders	Restricted to Inadequacy of profit	Excess amount surrendered
Balarama Govinda Das	Managing Director	90	48	42
Ba.Ramesh	Jt. Managing Director	90	48	42
N.B.Kumar	Jt. Managing Director	90	48	42

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, 2014, 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 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 2014-15 have been paid to these Stock Exchanges. The Shares of the companies are compulsorily tradable in dematerialized form.

INSURANCE

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 as amended, the Directors confirm that:

- i) In the preparation of the accounts for the financial year ended March 31, 2014, the applicable accounting standards have generally been followed along with proper explanation relating to material departures, if any.
- 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 as on 31st March 2014, and of the statement of profit and loss account and cash flow of the company for the year ended 31st March 2014.
- 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, 2014 on a going concern basis.

AUDITORS

The Company's Statutory Auditors, M/s. B.Thiagarajan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. They have confirmed their eligibility for reappointment in terms of the provisions of Companies Act, 2013 and rules made there under.

The Audit Committee and the Board of Directors recommend appointment of M/s. B.Thiagarajan & Co., as the Company's Statutory Auditors for a residual period of three years from the conclusion of the ensuing Annual General Meeting. However, such re-appointment is to be confirmed in every Annual General Meeting to be held thereafter on a yearly basis.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not require any further comments under Section 217 (3) of the Companies Act, 1956.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company is taking initiatives to form a CSR activity committee to explore various avenues to implement the plan as adopted by the Board from the current year 2014-15 in order to participate in the discharge of Corporate Social Responsibility particularly in the areas of education, health care and care for environment program either by the company itself or as sponsors of such developers.

FIXED DEPOSITS

Fixed Deposits from the public and shareholders stood at ₹ 1,968 lakhs as at March 31, 2014 (Previous year ₹ 2,210 lakhs). Matured deposits for which disposal instructions had not been received from the depositors concerned stood at ₹13 lakhs as at March 2014.

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

The Company is taking necessary steps to fall in line with mandatory requirement of the Companies Act, 2013 that are applicable to renewal, acceptance of fixed deposits as governed by Section 73 to 76 of the said Act and appropriate rules made there under. The Directors are happy to inform that our company is an eligible company under section 76 of the said act for acceptance of deposits from general public and members of the company upto 35% collectively of the effective net worth of the company as per the financial position reported as at 31.03.2014. Your company is taking all necessary steps to confirm to the conditions laid out in the Act and Rules framed for acceptances of deposits.

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) forms 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 2014.

INTERNAL CONTROL AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded, information provided to management is reliable & timely and statutory obligations are adhered to.



Your Company believes that internal control is a necessarily associated with the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

Well established and robust internal audit processes, both at business and corporate levels, continuously monitoring the adequacy and effectiveness of the internal control environment across your company and the status of compliance with operating systems, internal policies, process and regulatory requirements. In the networked IT environment of your Company, validation of IT security continues to receive focused attention of the internal audit team which includes IT specialists.

The Audit Committee of your Board met four times during the year. It reviewed, inter-alia, the adequacy and effectiveness of the internal control environment and monitored implementation of internal audit recommendations including those relating to strengthening of your Company's risk management policies and systems. It also engaged in overseeing financial disclosures.

COMPANIES ACT 2013

The Companies Act 2013 which replaces more than five decades old Companies Act, 1956 was passed by the parliament. Subsequent to receiving the president's assent, the Ministry of Corporate Affairs notified 283 sections and also put up various rules under the new Act for the public comment. The objective behind the Companies Act, 2013 is lesser government approvals and enhanced self regulations coupled with emphasis on corporate democracy. The Companies Act, 2013 delinks the procedural aspects from the substantive law and provides greater flexibility in Rules making to enable adoption to the changing economic environment. This will lead to improved compliance and accountability from the corporate sector and will provide further transparency on the disclosure. Your Company takes into cognizance the relevant modified / new regulatory framework and will strictly follow the same with greater transparency in Corporate Governance.

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.

HUMAN RESOURCE DEVELOPMENT

Human resource development is geared through structured approaches for employee encouragement and development, resourcing, performance & compensation management, competency based development, career & succession planning and organization building.

Leadership development is one of the primary key initiatives of the Company. Primary personnel development program has been taken up as long term strategy of the Company. Your Company continues to work to develop capabilities and help its people realize their best potential. Your Company takes great pride in the commitment, competence and vigour shown by its workforce across all business realms.

The Company continues to maintain cordial relations without any interruption in work. As on 31st March 2014, the Company has 1053 employees on its rolls as against 1433 employees in previous year.

HUMAN RESOURCES

No employee of the company was in receipt of remuneration during the year, in excess of sum prescribed under Sections 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975, as amended vide notification dated 31st March 2011.

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, Adaptation 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	2013-14	2012-13
Travelling Expenses	12.03	9.58
Interest on FCNRB Loan	-	94.50
Purchase of Goods	2,568.70	-
Purchase of Capital Goods	-	60.42



FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words “expect”, “consider”, “estimation”, “anticipate”, “propose”, “will” and other similar expressions as they relate to the Company and/or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of now.

This Report should be read in conjunction with the financial statements included herein and the notes thereto.

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

BALARAMA GOVINDA DAS

Managing Director

Ba. RAMESH

Joint Managing Director

N.B.KUMAR

Joint Managing Director

Place – Madurai

Date – May 26, 2014

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2014

**TO,
THE MEMBERS,
THANGA MAYIL JEWELLERY LIMITED
MADURAI**

I have conducted the secretarial audit of the compliance of applicable statutory provisions of the Acts, rules and regulations as mentioned below and the adherence to good corporate practices by **THANGA MAYIL JEWELLERY LIMITED** (hereinafter called the company) secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliance and expressing my opinion thereon

Based on my verification of the company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company its officers agents and authorized representations during the conduct of secretarial audit I hereby report that in my opinion, the company has , during the audit period covering the financial year ended on March 31 2014 complied with the statutory provisions listed hereunder and also that the company has proper board-processes and compliance –mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books papers, minute books, forms and returns filed and other records maintained by **THANGA MAYIL JEWELLERY LIMITED**, Madurai (the company) for the financial year ended on March 31, 2014 according to the provisions of:

- i. The companies act,1956/2013 (the act) and the rules made there under as applicable
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- iv. Foreign exchange management act. 1999 and the rules and regulations made thereunder to the extent of foreign direct investment and overseas direct investment
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (as amended upto 2011)
 - c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the company with NSE Ltd and BSE Ltd

I report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

The Company was not required to comply with the provisions of other regulations listed in the Form no. MR-3 prescribed under the Companies Rules 2014, as there were no instances/events falling within the purview of these regulations during the financial year.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and as informed by the company, there were no dissenting views of members of the Board at any Board/Committee meeting held during the Financial year.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc.

Place : Madurai

**-Sd-
S.Muthuraju**

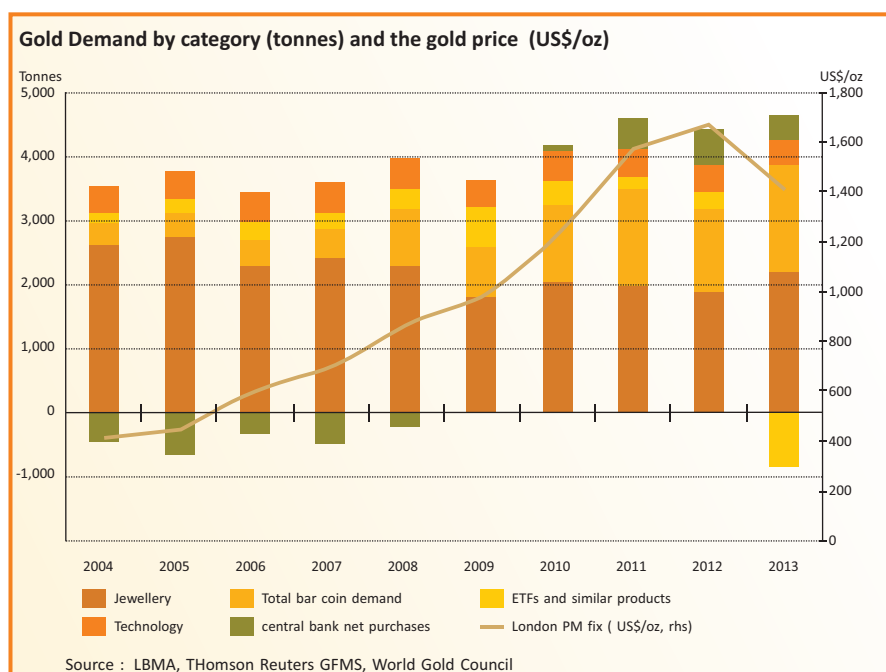
Date – May 26, 2014

**Company Secretary
(C.P No: 4181)**

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL TREND

2013 proved to be the year of the consumer, with gold jewellery demand close to pre-crisis levels and investment in small bars and coins hitting a record high. The result was annual gold demand of 3,756.10 tonnes, valued at US\$170bn. However, outweighing the impressive consumer demand, were the effects of Exchange Traded Funds (ETF) outflows and lower central bank buying, resulting in 2013 demand 15% below the strong volumes recorded in 2012.



The gold market became polarised in 2013 as 21% growth in demand from consumers and value-seeking investors contrasted with large-scale outflows from ETFs. The net result was a 15% decline in full-year gold demand in a year where jewellery, bar and coin demand reached an all-time high. Chinese consumers set a new annual record, while India was resilient in the face of import restrictions. The sharp fall in the gold price in the second quarter elicited a strong and swift response from consumers in Asia and the Middle East, an effect that extended out to western markets in the final quarter of the year.

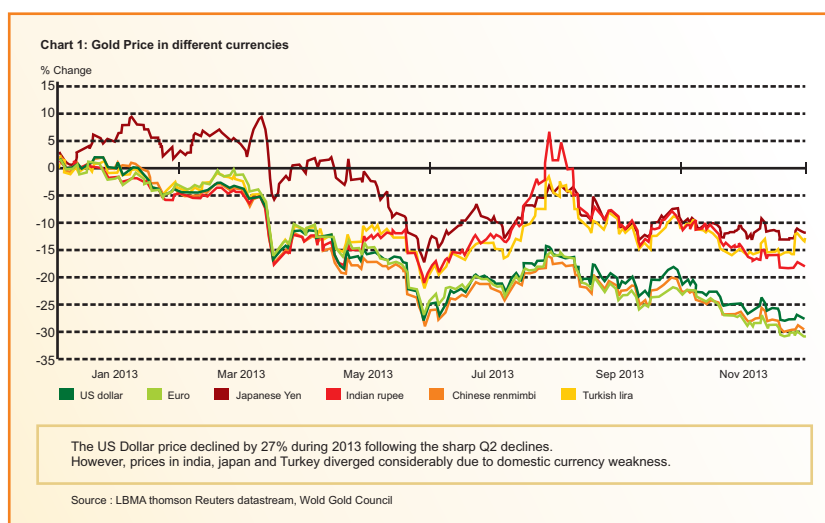


Table – 2013 - Gold demand overview:

	Tonnes				US\$mn			
	2012	2013*	5 Year Average	2013 Vs 2012 % change	2012	2013*	5 year Average	2013 Vs 2012 % change
Jewellery	1,896.1	2,209.5	1,983.3	17	101,745	100,248	87,617	(1)
Technology	407.5	404.8	427.8	(1)	21,864	18,365	18,836	(16)
Investment	1,568.1	773.3	1,410.5	(51)	84,144	35,085	62,462	(58)
Total Bar and coin Demand	1,289.0	1,654.1	1,292.8	28	69,169	75,049	58,686	9
ETFs and Similar products	279.1	(880.8)	117.7	-	14,975	(39,964)	3,776	-
Central Bank net purchases	544.1	368.6	282.6	(32)	29,193	16,724	14,198	(43)
Gold Demand	4,415.8	3,756.1	4,104.3	(15)	236,946	170,422	183,113	(28)
* Provisional					Source : LBMA, Thomson Reuters, GFMS, World Gold Council			

Q4 saw a similar pattern to much of 2013, with demand down by 29% compared with the near-record Q4 in 2012. Annual gold supply contracted by 2% for the second year running, as a drop in recycling activity exceeded moderate growth in mine production. The sharp drop in the gold price in the second quarter, and subsequent price weakness through the remainder of the year, had a marked impact on the value of gold demand in 2013.

The average annual gold price in a number of currencies – including the US Dollar, Euro, British Pound and Chinese Renminbi – was around 16% lower than 2012. However, a number of key markets, notably Japan, India and Turkey experienced markedly different price moves, due to sizeable currency depreciation (Chart1).



Consumers put on an impressive show of strength last year, generating a 21% increase in demand for jewellery, small bars and coins (collectively referred to as 'consumer demand') to a historic high of 3,863.5 tonnes (t). Much of the growth was concentrated in the first half of the year, unsurprisingly given the sharp declines in the price in April and June, which prompted a swift and strong reaction from consumers in the more price-sensitive markets such as India and China. The second half of the year saw this trend continue as the impact of lower prices was felt more globally, particularly in the jewellery sector. No review of 2013 would be complete without a mention of the unprecedented flow of gold from western vaults to eastern markets, via refiners in North America, Switzerland and Dubai.

As we have detailed previously, this flow was a function of large-scale selling of more tactical ETF positions among western investors as macro sentiment in the US improved. Gold flooding onto the market as a result was used to feed the voracious appetite for physical metal among consumers in India, China and numerous Asian and Middle Eastern markets. These shifts resulted in the shipment and transformation – on an epic scale – of 400oz London Good Delivery (LGD) bars into smaller denominations more suitable for consumers' pockets.

ETFs generated further outflows in the fourth quarter, taking the total for the year to 880.8t. Three quarters of these outflows were absorbed by growth in annual consumer demand of 678.4t – the largest year-on-year increase since our records began and a demonstration of the strength of physical demand for jewellery, bars and coins.

INDIAN ECONOMY

The Indian economy in GDP term is estimated to have grown less than 5% in the year 2013, the lowest in the last ten years. The decline in the GDP growth was attributable to the continued global economic slow-down coupled with the poor performance in the domestic sectors – manufacturing, infrastructure, service and agriculture. High levels of inflation and the continued depreciation of rupee were clearly impacting the growth. The slowdown in growth significantly impacted the country's fiscal deficit and widened the Current Account Deficit. The Capital goods sector remained weak. High interest rates and inflation resulted in reduction of disposable income of households contributing to the decline of growth in consumer durables and other discretionary spends having its impact in the Gems and Jewellery industry as well.

JEWELLERY SCENARIO IN INDIA

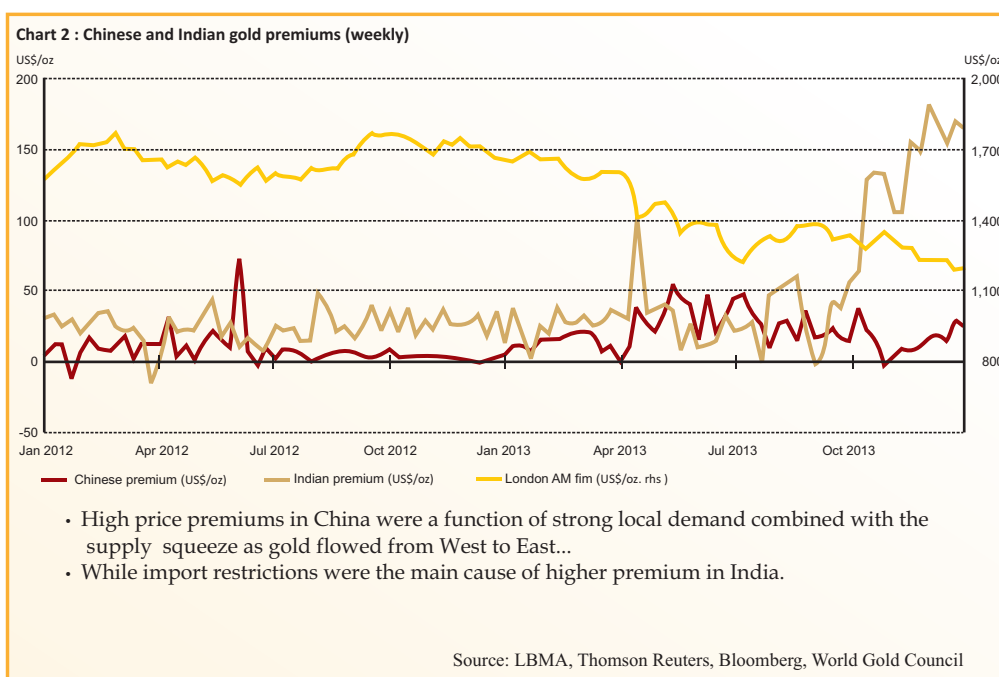
Indian consumers expressed their strong affinity with gold in 2013: demand of 974.8t was the third highest annual volume. This was in spite of the government introducing a range of measures to limit demand. Higher import duties, strict import quotas and restrictions on gold-related lending and coin sales led to a contraction of supply to the domestic market as the government attempted to reduce the current account deficit.



In considering Indian demand over the course of the year, it is important to understand the impact of these particular dynamics on the domestic gold price. After dropping sharply in line with the international gold price in April, the Indian rupee price of gold soon decoupled from the US dollar price due to a combination of local currency weakness and demand/supply pressure. As supply restrictions took hold, premiums were pushed up, thereby inflating already high local prices (compared to the international price). Indian consumers therefore missed the opportunity to buy gold at lower levels during the second half of the year, unlike consumers in many other markets. (Chart 2)

Official statistics show a 63% year-on-year decline in gold imports between July and October 2013 following the introduction of the government's measures to limit gold imports.

However, the Indian gold market is fed by a number of alternative sources including recycled gold, domestic production and unofficial imports. As the underlying level of demand among Indian consumers remained robust, the sharp decline in the official import of gold into India led to an increasing amount of this demand being met by gold imported through unofficial channels. By its very nature, this element of the market is opaque and so difficult to quantify accurately. As a result, estimates of the extent of gold smuggling in India vary widely; market analysts have suggested it could have added between 20 -30tonnes per month, while the Indian Finance Minister is considerably more conservative, having been reported as saying it was between 1-3tonnes per month in the second half of the year. In their Gold Survey 2013 Update 2, Thomson Reuters GFMS indicates annual flows in excess of 150t. However, our independent estimation, based on our own analysis of the market, is that these unofficial flows may be considerably higher. We have previously been on record with our estimate of between 150 -200tonnes for 2013, and we feel that the total for 2013 was closer to the top end of this range.

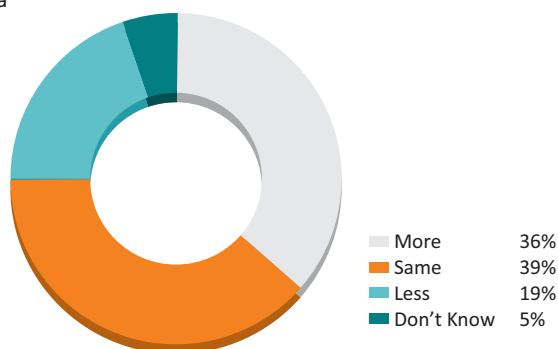


There is optimism that the gold import measures are having the intended consequence of reducing the current account deficit in India. Nevertheless, import restrictions are likely to remain in place at least until the end of the first quarter of 2014 and perhaps beyond, keeping supply from this source constrained. Unofficial gold will undoubtedly continue to supplement official inflows, as latent demand among Indian consumers remains healthy. This has been confirmed by consumer research conducted on behalf of the World Gold Council, which shows that consumers in both India and China intend to spend either the same or more on gold jewellery over the next 12 months (Chart 3). The caveat with India would be that the first half of 2014 may not match the exceptional levels of demand seen in same period of 2013.

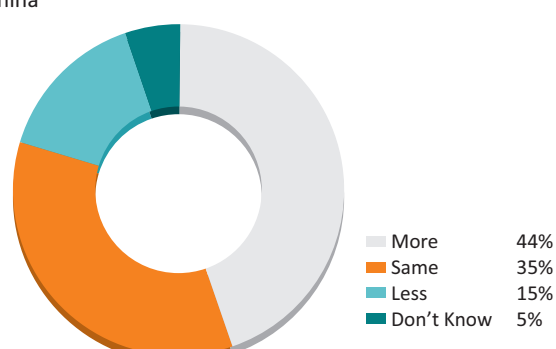
Although the focus for much of the year has been on eastern markets – in particular India and China – the fourth quarter was notable for an improvement in consumer demand in western markets, especially in the jewellery sector. Unlike the eastern markets, jewellery consumers in Europe and the US did not react immediately to the sharp Q2 price drop. This was primarily a function of the length of time it takes for lower international prices to feed through to the retail level, unlike in India and China where prices are adjusted on a daily basis to reflect changes in market rates. However, the sustained environment of lower prices, coupled with improving consumer sentiment and the onset of the main Q4 buying season resulted in a pick up across a number of western markets.

Chart 3 : Compares to the last months, do you think you will spend more, less or the same in the next 12 months on gold jewellery?

India



China



● Consumers in India and China indicate a strong intention to purchase gold jewellery over the coming year

Note: survey of 2,002 Indian and Chinese consumers and their attitude towards gold conducted by the world gold council during January 2014. totals may sum to 100% due to rounding

Source : world Gold Council

INDUSTRY STRUCTURE AND DEVELOPMENTS

Gems and Jewellery is an important emerging sector in the Indian Economy. Ranked among the fastest growing sectors, it is also a leading sector for foreign exchange generation. (Source: www.indianbusiness.nic.in)

According to a recent study, India and China are now emerging as one of the leaders in the global jewellery industry in terms of consumption besides production and trade. The countries jointly would account for over 30 percent of global diamond market in 2015. India possesses world's most competitive gems and jewellery market due to its low cost of production, highly skilled, low-cost and best artisan force for designing and crafting jewellery. (Source: www.ibef.org)

In spite of the above facts the Indian Government had to take certain drastic steps in curtailing the Current Account Deficit by increasing the Import duty from 6% in Jan 2013 to 10% by Aug 2013 with rapid and sudden increase from time to time on the Gold metal. In fact it was 2% in Jan 2012. As a gesture to support the Government's CAD concern All India Gems and Jewellery Trade Federation (GJF) supported by advising all its members to stop selling Gold Coins during the year under review. These factors had its impact in the Company's performance.

INDIA'S RURAL AND MIDDLE CLASS POPULATION DEMAND

The total population of the Country as a whole is 1.21 billion with 51 head counts added every minute as per latest Census 2011 data. From out of the present 28 states, Tamil Nadu is one of the most important states in the country being 11th largest in terms of area. It is the seventh most populous state in the country with a density of about 555 every Sq KM. with a growth rate of 15% in the state whilst the median age of the citizen being 25 years. Literacy rate is 80% and sex ratio is 995:1000. Both exceed the national average as per latest census 2011 data. Further Income earning population is expected to grow from the present level of 40% to 50% in the financial year 2014-15.

All above factors will certainly fuel consumption growth of Jewellery industry as the middle class population spends half of the earnings for day to day household requirements while the balance is the 'nest egg' with Gold and Jewellery as a part of the nest.

With rising young population combined with above intriguing facts, 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.

BRANDED JEWELLERY

Jewellery retailing in India is undergoing a slow and steady 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, outlet in the Shopping Malls and gold souks are emerging for jewellery retail.

Branded jewellery has been a relatively recent phenomenon in India but is growing in robust pattern. The regional outlets are getting upgraded to national level and some of the house names that were conservative in the past have become aggressive players in last couple of years. This trend is fast gaining momentum with middle level retail players. The trend is very positive considering that popular celebrities are tagged as ambassadors to the brand which is a new trend well taken by the branded jewellery as compared to peers in the unorganized segment of the jewellery industry. In the near future with the present trend of consumers preference to organized sector the transformation would take place and more organized players would emerge as successful outlets thus paving way for bigger market share for the organized sector which in turn will augur for a healthy competition.

SEASONAL FLUCTUATIONS IN SALES

We have experienced and expect to continue to experience seasonal fluctuations in our sales as a result of the Diwali and the Christmas holiday season and we expect this seasonality to continue in the future. We also experience considerable fluctuations in sales in the periods preceding other special annual occasions such as Diwali, Akshaya Tritiya, Aadi Perukku, Chittrai Festival and New Year festivities.

In anticipation of increased sales activity during above festivities we may incur significant additional expenses on advertisement publicity, higher inventory of jewellery and additional staffing in our customer support operations. If we were to experience lesser than expected sales during the above mentioned festivities, it would have a disproportionately large impact on our operating results and financial condition for the 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.

PRODUCT QUALITY

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.

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, work-in-progress and finished products. This inventory is maintained to meet the production requirements as per the production plan.

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

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 14 years. This brand value has accrued through consistent efforts that include 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 neighbouring semi rural areas, the Company expanded its business and established retail outlets at each of other locations in order to service the customers better by eliminating customer's travel time and thereby increasing the stickiness quotient.

The brand building efforts of the past have helped the Company to 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:

- (a) Build Thangamayil's image as one with the best in the trade state wide rather than only in southern and western parts of Tamil Nadu;
- (b) Extend Thangamayil's footprint to other cities;
- (c) 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, Coimbatore and other cities.

- (d) Target the correct audience, maximize impact on this targeted segment and create a strong and long lasting bond between the customer and the Brand image created by Thangamayil.
- (e) 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 showrooms in the name and style of Thangamayil.
- (f) The brand building has got a tremendous cost of requiring considerable funding.

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.

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 that 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 showroom is necessary to be carried at all times with festive period and wedding seasons spread in moods and behaviour of customers.

An increasing retail competition, customer's requirements, tastes and preference dictates a proportionate increase in quantity of gold ornaments in each showroom. Considering higher 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 showroom locations to other parts of Tamil Nadu and opening branches in rural areas to the extent possible to tow in line with Government Regulations on Gold Industry and their import policy to facilitate the industry to augment with our expected volume of Sales turnover with cautious approach to avoid huge competition in Tier II cities and also optimization of raw material sourcing from customers. This plan helps the Company to reduce inventory from each such branch.

The steps initiated include revisit and redistribution of slow moving inventory, as well as improvements in product life cycle management to phase out underperforming designs quickly.



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.

BUSINESS OVERVIEW

On the backdrop of a challenging economic environment in 2013-14 and India's domestic bottlenecks, the Company's sales ended at ₹ 1,190 Crores as against ₹ 1,523 Crores in the year 2012-13. Net loss for the year under review was ₹ 20.77 Crores as against profit before tax of ₹ 43.06 Crores in the year 2012-13.

FUTURE OUTLOOK

Traditionally, the Indian gems & jewellery industry was highly fragmented with consumers typically buying from their family jewellers. However, in the last decade the industry has undergone a structural change and more jewellery players are moving up the value chain towards an increasing focus on branded jewellery.

The market is hugely underpenetrated and there is ample scope for all new entrants. Given rising media and western influences people are more inclined towards branded jewellery and are willing to pay a premium for the same. In the past few years, many domestic companies have opened gems and jewellery specialty stores in India to meet the changing taste of local populace.

CRISIL believes that Tier-II and Tier-III towns will drive growth for the branded gold jewellery retailers over the medium term. Around two-thirds of the new outlets that these retailers set up over the medium term will be in such small towns. The demand for gold jewellery in these centres is strong and growing, buoyed by increasing affluence and preference for branded jewellery.

Currently, the domestic gems & jewellery market is fragmented across the value chain. There are approximately 4,50,000 unorganized players across the gems & jewellery sector who operate on small margins. The organized market accounts for approximately 5% to 6% of the jewellery retail markets, if the national level players in the organized market are considered whereas the organized market accounts for approximately 16% to 18% of the jewellery retail market, in the event the regional players are also included. It is expected that the organized jewellery retail market in India is expected to grow more than 30% in the next couple of years given the changing lifestyle and urbanization. (Source: CARE Report)

KEY CHALLENGES

Some of the key challenges facing the jewellery retail industry are as follows:

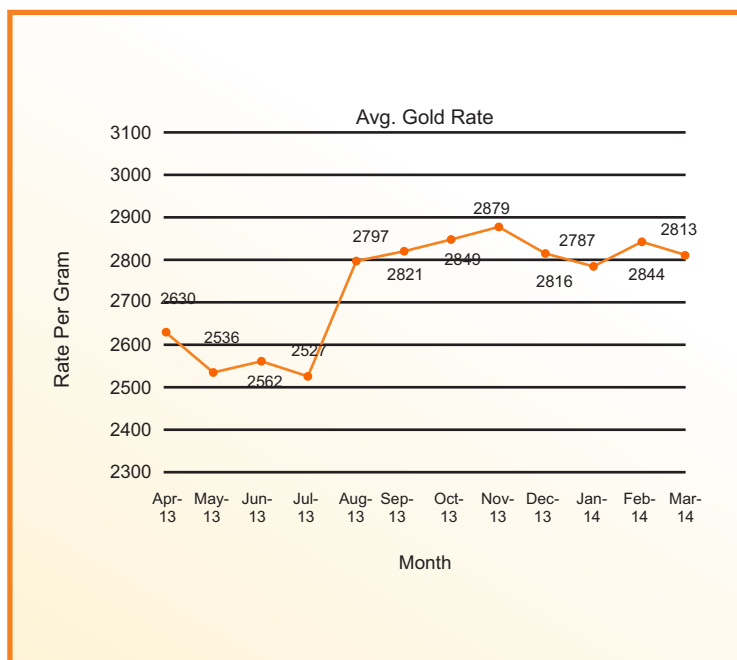
- (a) Adapting to changing consumer preferences including regional preferences.
- (b) Any adverse change in the specific conditions of the Ministry of Commerce and Industry,

Government of India and the applicable RBI regulations regarding procurement of gold.

- (c) Volatility in the market price of gold, silver and diamonds.
- (d) Sale of artificial jewellery and inferior standard quality products by competitors.
- (e) Limited availability of high end real estate and trained retail staff.

GOLD PRICE MOVEMENT

The year witnessed heavy fluctuation in the gold price. In the first quarter of the year there was a steep reduction in gold price and it has dropped to ₹ 2,520 as against ₹ 2,786 dropping 9.50%. Thereafter in 2nd quarter it started to move up steadily and again reached a peak of ₹2,879 in October 2013. However due to regulatory restrictions imposed by the Government the price of gold in the domestic market has started to move up to ₹2,820 and finally settled towards the end of the financial year at ₹ 2,700 per gram. The chart annexed reveals the exact movement of gold rate on a monthly basis. Though we are not able to predict the movement of gold price for the current year it is expected to behave with a



downward bias upto 5% from the current price of ₹ 2,820 mainly due to expected reduction in International gold price and also due to expected INR appreciation post election environment.

RISKS AND CONCERNS

It is essential to correctly assess the risk in each segment so that the risk is mitigated before it becomes a possible threat. General risk segments are statutory compliances, economy, financials, Government policies, market related, operational, products and technology etc.,

The management has a rapid review of likely risk areas with the objective to define a framework for identification, evaluation and mitigating the risk in the decision making process and to encourage proactive management and not reactive management. From the perspective of the company the risks are of the following nature:

- (a) Strategic risk: Those risks associated with operating in a particular industry and includes risks arising from demand changes, changes in customers and industry changes. These risks pose threats or opportunities which materially affect the ability of the organization to survive.
- (b) Compliance risk: Those risks associated with the need to comply with laws and regulations. They



also apply to the need to act in a manner which stakeholders and customers expect.

- (c) Operational risk: Those associated with the company's operational and administrative procedures which inter alia include accounting controls, regulations, recruitment, IT systems, board composition, contractual risks and exposures, organizational risks and exposures.
- (d) Financial risk: Those associated with financial structure of the company, its transactions and the financial system in place.
- (e) Environmental risk: Those associated with release of polluting materials, environmental performance/ compliance limits, business opportunities and breach of regulations.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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:

- X Corporate policies on accounting and major processes.
- X Well-defined processes for formulating and reviewing annual and long term business plans.
- X Preparation and monitoring of annual budgets for all trading activities.
- X Having introduced and continually upgraded, improved and fine tuned 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.
- X Monthly meeting of the top management committee to review operations and plans in key business areas.
- X 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 efficiency and effectiveness of operations and the key process risks.
- X 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.
- X A comprehensive information security policy and continuous upgrades to IT system.
- X Documenting Major Business Process including financial reporting, Computer Controlling, Security Checks and Top Committee level Plans.

○ Anti-fraud program

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.

INFORMATION TECHNOLOGY

Thangamayil Jewellery Limited has a jewellery retail based information technology savvy department deploying the best retail solutions in the market to enhance, develop, support and maintain our retail business activity across all our showrooms.

Thangamayil has developed an information technology team to test and maintain our own solutions across the showrooms. As a base platform for our ERP we used SAP Business One solution across the showrooms. End to end application to meet the requirements of Jewellery retail business needs, right from purchase of ornament to sale of it, customer management and inventory handling.

Thangamayil jewellery E-commerce is a first of its kind in online jewellery retail segment with an in-store experience of selling 22kt gold ornaments, silver articles, diamond and platinum jewels. The in-store experience to a customer is to view more variety ornaments on every online visit (not a confined catalog) with the store price. The ornaments are real photographed pictures with exact product details and real time priced based on the market rate of gold and silver.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, equality and accountability at functional levels.

With the changing and turbulent business scenario, the Company's basic focus is to upgrade the skill and knowledge level of the existing human assets to the required level by providing appropriate leadership at all levels motivating them to face the hard facts of business, inculcating the attitude for speed of action and taking responsibilities.

In order to keep the employee's skill, knowledge and business facilities updated, ongoing in house and external training is provided to the employees at all levels. The effort to rationalize and streamline the work force is a continuous process. The industrial relations scenario remained harmonious throughout the year.



Note:

Forward looking statements embedded in the Management Discussion and Analysis above is based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

SWOT ANALYSIS

Strengths

- Well established powerful brand loyalty in southern and western parts of Tamil Nadu to support the retail expansion plan.
- Customer loyalty coupled with quality assurance aspects on a sustainable manner.
- Synergy optimization on various functional areas.
- Excellent network of branches with well organised marketing strategies.

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 and western 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 in other Tier II/III 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 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 due to Global trend or due to Indian Government's Import regulations or otherwise and increase in Bank's 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 in the medium term to have adverse impact on customer's preference for jewellery items.

FINANCIAL OPERATIONS

RESULTS OF OPERATIONS

1. Net Revenue from Operations

(₹ in lakhs)

	FY 2013 - 14	FY 2012 - 13	Change	% of Change
Sale of Products	119,130	152,298	(33,168)	-22%

Sales for the year 2014 decreased by 22% due to so many macro changes in fundamentals caused by demand recession.

2. Other Income

(₹ in lakhs)

	FY 2013 - 14	FY 2012 - 13	Change	% of Change
Other Operating Income	481	181	300	166%

The increase in other income is due to restatement of saving scheme liability to the tune of ₹ 357 lakhs.

3. Gross Profit

(₹ in lakhs)

	FY 2013 - 14	FY 2012 - 13	Change	% of Change
Revenue from Operations (including other income)	119,611	152,479	(32,868)	-27%
Less: Cost of Consumption	111,375	135,952	(24,577)	-22%
Gross Profit	8,236	16,527	(8,291)	

Gross profit reduction was mainly due to steep reduction in top line caused by adverse demand scenario in the industry and due to mark to market loss booked on account of valuation of closing inventory as at 31st March 2014.

4. Profit/(Loss) After Taxation

(₹ in lakhs)

	FY 2013 - 14	FY 2012 - 13	Change	% of Change
Profit After Taxation	(1,257)	2,963	(4,220)	142%

During the year company incurred net loss of ₹ 1,257 lakhs as against profit of ₹ 2,963 lakhs. This steep reduction was on account of wide fluctuations in gold price movement and failed monsoon in southern parts of Tamilnadu.



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, 2014 stood at ₹ 1, 371.96 lakhs. There was no fresh infusion of capital during the year.

2) Reserves and surplus

Reserves and surplus stood at ₹ 13, 988 lakhs as against ₹15, 405 lakhs in the previous year.

3) Fixed Assets

During the year we capitalized ₹1,367 Lakhs to our gross block comprising ₹572 lakhs for Plant & Machinery, Furniture & Fittings and others and the balance of ₹795 lakhs for Computer Equipments including Software.

4) Inventories

Inventories amounted to ₹ 34,237 lakhs as at 31st March 2014 as against ₹ 46,527 lakhs as at the previous year end. The decrease was primarily on account of effective use of inventory rotations and slow moving stock being converted into fast moving ornaments.

5) Trade Receivables

Trade Receivables amounted to ₹ 24 lakhs as at 31st March 2014 as against ₹ 89 lakhs as at 31st March 2013.

6) Cash and Cash equivalents

Cash and bank balances with banks amounts to ₹ 1,685 lakhs as against ₹ 2,902 lakhs in the previous year. The decrease was on account of closure of margin money kept for gold metal.

7) Short Term Loans and Advances and Other Current Assets

Short term Loans and advances amounted to ₹ 1,479 lakhs as against ₹ 1,258 lakhs in the previous year. Loans and Advances includes advances paid for raw material and pre-paid insurance, advance to expense, advance payment of taxes and other advances.

8) Current Liabilities & Provisions

Current liabilities excluding provisions amounting to ₹ 29,059 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 amounted to ₹ 196 lakhs including provision for dividend and dividend tax thereon.

9) Net Working Capital

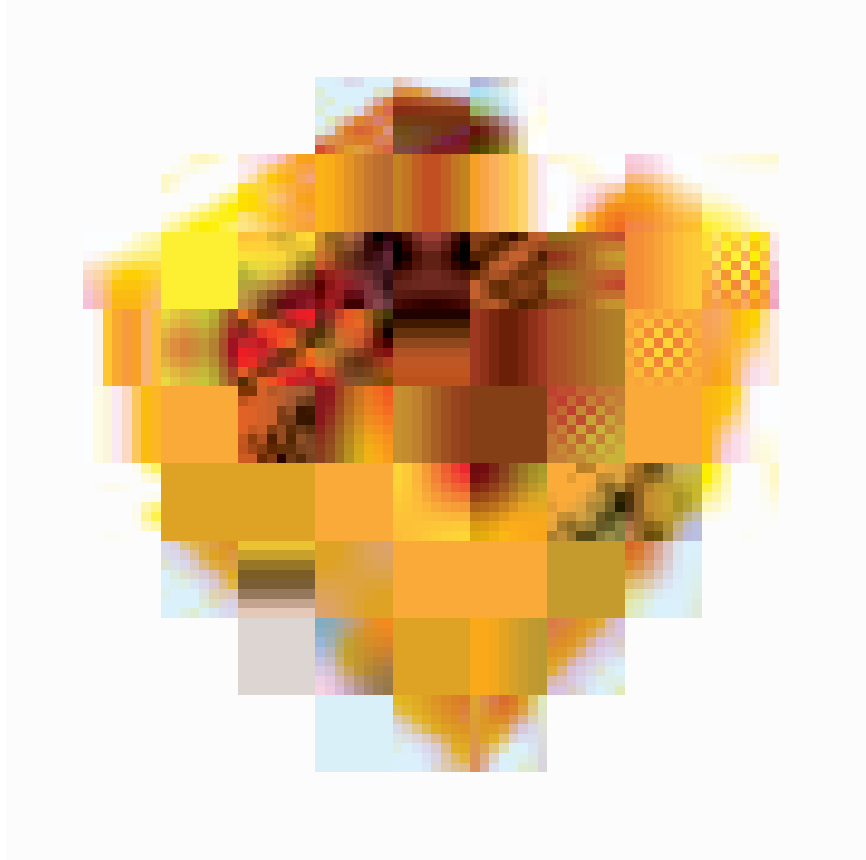
The Company has a Working Capital (including cash and bank balances) of ₹ 8,170 lakhs as at 31st March 2014 as against ₹ 11,754 lakhs as at 31st March 2013. The decrease in working capital was due to notional loss of closing inventory.

10) Return on Capital employed

The return on capital employed (average) during the year has decreased to 2.60% from 15.27% 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

Net Debt Equity ratio stood at 1.43 as at 31st March 2014 as against 2.01 as at 31st March 2013.





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 endeavor 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:
 - o Strive towards enhancement of Shareholder value through;
 - i) Sound business decisions
 - ii) Prudent financial management and
 - iii) High standards of ethics throughout the organization.
 - o Ensure transparency and professionalism in all decisions and transactions of the company.
 - o 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 Shareholders, 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 shareholders 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 shareholders.

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 products and services.
- (5) Being a good corporate citizen.
- (6) Ethical conduct.
- (7) Commitment to enhance shareholder 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.

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive Directors .As at March 31, 2014 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 Non- executive Independent Directors. None of the Directors on the Company's Board is a Director in more than 15 Companies, neither a Chairman of more than five Committees nor a member of more than 10 Committees. All the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other Companies.

The appointment of the Chairman and Managing Director and Joint Managing Director including the tenure and terms of remuneration are approved by the members at their general meetings.

Seven Board meetings were held during 2013-14 and the gap between two meetings did not exceed four months. The dates, on which the Board meetings were held, are as follows:

26 April 2013, 24 May 2013, 22 July 2013, 13 September 2013, 28 October 2013, 30 December 2013 and 5 February 2014.



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 22nd July 2013.

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	7	7	Yes	-	-
Mr. Ba.Ramesh (Joint Managing Director)	Executive	7	7	Yes	-	-
Mr. N. B. Kumar (Joint Managing Director)	Executive	7	6	Yes	-	-
Mr. S. Rethinavelu	Non-executive	7	6	Yes	-	-
Mr. Lalji Vora	Non-executive	7	5	Yes	-	-
Mr. V.R. Muthu	Non-executive	7	3	No	1	-
Mr. T.R.Narayanawamy	Non-executive	7	1	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.

During the year, four meetings of the Audit Committee were held on 24 May 2013, 22 July 2013, 28 October 2013 and 5 February 2014.

The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

The following table summarises attendance of Audit Committee members during the year under review:

Name of the person	Designation	No. of meetings held during the tenure	No. of Meetings Attended
Sri. S. Rethinavelu	Chairman	4	4
Sri. Ba.Ramesh	Member	4	4
Sri. V. R. Muthu	Member	4	2

The Company Secretary acts as the Secretary to the Committee.

The role of the Committee shall be as under:



- 1) 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.
- 2) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 3) 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.
- 4) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- 5) 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.
- 6) Discussion with internal auditors any significant findings and follow up there on.
- 7) 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.
- 8) Discussion with external auditors before the audit commences nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- 9) Reviewing the company's financial and risk management policies.
- 10) Reviewing the Management Discussion and Analysis of financial condition and results of operation.
- 11) Recommending to the Board the appointment and fixation of remuneration of Cost Auditors.
- 12) Reviewing reports of Cost audit and discussion with Cost Auditors on any significant findings by them.
- 13) Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
- 14) 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.

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.
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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. Vijayaraghavan, Company Secretary is the Secretary of the Committee.

The terms of reference of the Remuneration Committee are:

- o The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- o 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.
- o Considering, approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- o Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- o 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, macroeconomic 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 and committee, is paid to its Members (excluding Whole-time Directors).

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 2013-14 is given below:

₹ in lakhs

Name	Designation	Remuneration – Salary up to a Maximum
Balarama Govinda Das	Managing Director	48
Ba.Ramesh	Joint Managing Director	48
N.B.Kumar	Joint Managing Director	48

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.

The Whole time Directors were paid Rs. 7.5 lakhs per month remuneration package as followed by AGM held on 18/07/2012 as computed under section 198 of the Act read with Schedule XIII, under the profit earning companies for which they were entitled under the Companies Act 1956. But due to inadequate profit for the financial year ended 31/03/2014, the Board after assessment in the Board meeting held on 05/02/2014 reviewed the remuneration of the Whole time Directors to Rs. 4 lakhs per month in its power to reduce or vary or alter or enlarge or enhance in conformity with the provisions of Sch. XIII of the erstwhile Companies Act, 1956 and any amendments to the relevant provisions and or rules and regulations made there under and or such guidelines as issued by the Government from time to time during the above said period. Accordingly Whole time Directors have surrendered a sum of Rs.42 lakhs each being the excess received by them to the Company.

Subsequently pursuant to Sec.197 and all other applicable provisions of the Companies Act 2013, if any, and Sch. V of the said act, the Board has recommended an enhanced remuneration of Rs.5 lakhs per month to Whole time Directors with effect from 01.04.2014.

Particulars of Sitting Fees paid and Details of Share holding of independent directors during the financial year 2013-14.

Name of the Directors	Sitting Fees (in ₹)	No. of Equity Shares Held
Sri. S. Rethinavelu	30,000	-
Sri. Lalji Vora	25,000	-
Sri. V.R. Muthu	15,000	-
Sri. T.R.Narayanaswamy	5,000	-
Total	75,000	-

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.

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
Sri. Lalji Vora	Chairman
Sri. Balarama Govinda Das	Member
Sri. Ba. Ramesh	Member
Sri.V.Vijayaraghavan	Compliance Officer

All the investors' complaints were resolved as on 31st March 2014 and no complaints were pending at the year end.

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.

Proceeds from public issues, right issues, preferential issues

During 2013-14, the Company did not raise capital through public, rights and/or preferential issue.

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.

Management

i) The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid down in Clause 49 of the Listing Agreement.

ii) No material transaction was entered into by the Company with the Promoters, Directors or the Senior Management that may have a potential conflict with the Company's interests.

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, 2014 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, 2014, 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. Business Line, The Hindu, Indian Express, and the Tamil version of the Financial Results in a Tamil daily viz., Dinamalar, Dhina Thanthi and Dhina Mani.

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, Coimbatore 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.

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 company_secretary@thangamayil.com and thangamayil.acc@gmail.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, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at March 31, 2014 99.95% of our shares were held in dematerialized form and the rest in physical form.

Category	Number of Share Holders(on Folio Basis)	Number of Shares	% to Total Equity
NSDL	1,766	12,356,269	90.06
CDSL	709	1,356,313	9.89
Physical Mode	1	7,000	0.05
Total	2,476	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, 2014 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 & Showroom Locations

Madurai (Regd. & Corp. Office, Showroom and Manufacturing)
Salem (Showroom, Silver Manufacturing Unit)

Branches

- o Rajapalayam
- o Ramnad
- o Theni
- o Tuticorin
- o Cumbum
- o Salem
- o Palani
- o Valliyoor
- o Namakkal
- o Ottanchatram
- o Kovilpatti
- o Tiruppur
- o Gobi Chettipalayam
- o Sankarankovil
- o Villupuram
- o Karaikudi
- o Dindigul
- o Sivakasi
- o Anna Nagar (Madurai)
- o Aruppukottai
- o Tenkasi
- o Coimbatore
- o Dharapuram
- o Krishnagiri
- o Dharmapuri
- o Tirunelveli
- o Udumalpet
- o Sivagangai
- o Eral

Address for investor correspondence

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

(ii) For any query on annual report

(iii) For investors grievance & general correspondence

S.K.D.C. Consultants Limited
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore -641 006.
Tel: 0422 -6549995
Fax: 0422 -2539837
Shri. V. Vijayaraghavan
Company Secretary
Mobile :9894149200

companysecretary@thangamayil.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.

As a responsible corporate citizen, the Company welcomes and supports the '**Green Initiative**' taken by the Ministry of Corporate Affairs, Government of India (MCA), enabling electronic delivery of documents including the Annual Report / Notices etc., to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/ Company/ Registrars & Share Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with M/s. SKDC Consultant at Coimbatore, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

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
30.07.2014	11.45 AM	Tamilnadu Chamber Of Commerce & Industry 178B, Kamarajar Salai, Madurai – 625 009



Financial Year: 1st April 2014 to 31st March 2015

Financial calendar (Tentative and subject to change):

Financial reporting for the quarter ending	
30 th June 2014	Before 31 st July 2014
30 th September 2014	Before 10 th November 2014
31 st December 2014	Before 5 th February 2015
31 st March 2015	between 9 th May and 27 th May 2015

Date of Book Closure - 23rd July 2014 to 30th July 2014 (both days inclusive)

Particulars of dividend payment

Dividend of ₹ 5/- per share for the year ended 31st March 13 amounting to a sum of ₹ 797 lakhs including dividend distribution tax was paid.

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

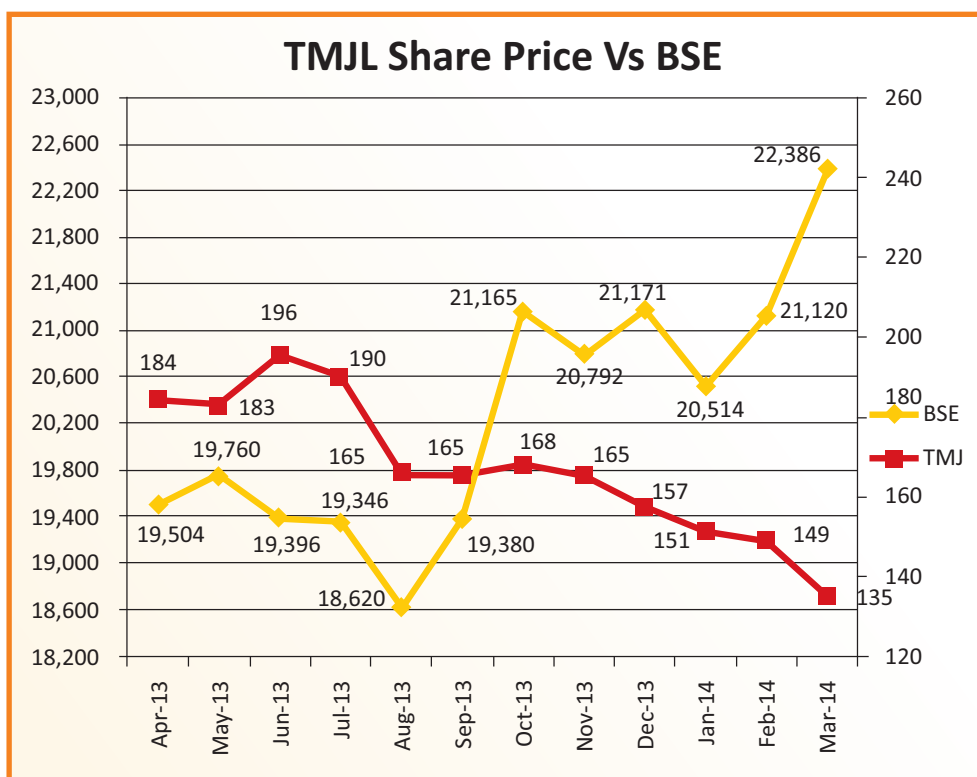
Code No. 533158

National Stock Exchange of India Limited

Code No. THANGAMAYL

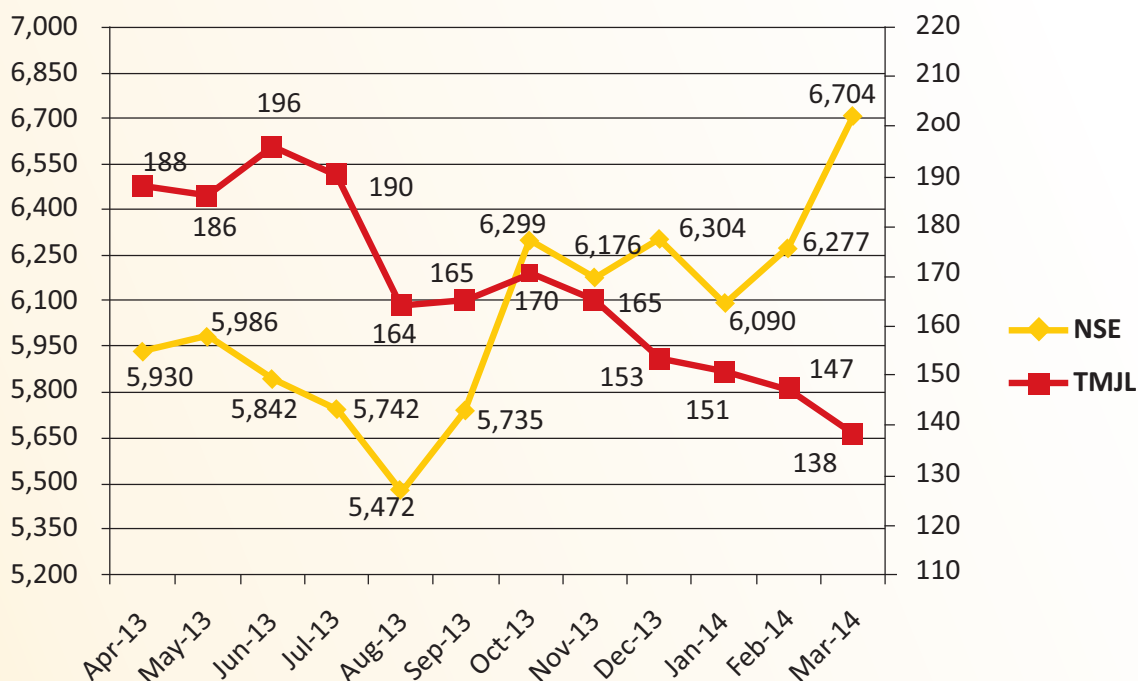
Stock Market Data- High and Low Quotations of equity shares for 2013-2014

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-13	234.95	184.00	234.90	185.10
May-13	200.00	177.00	205.00	179.15
Jun-13	213.95	179.90	236.00	175.00
Jul-13	215.00	189.00	218.75	174.50
Aug-13	197.35	157.00	199.00	159.00
Sep-13	193.05	159.10	197.90	159.50
Oct-13	190.00	160.20	196.60	162.65
Nov-13	189.45	155.00	199.00	162.50
Dec-13	170.25	146.00	172.00	145.70
Jan-14	170.00	138.00	171.75	148.10
Feb-14	165.00	139.70	156.00	142.10
Mar-14	157.75	125.00	154.95	132.00





TMJL Share Price Vs NSE



Distribution of Share Holding as on 31st March, 2014

Sl.No	Range of Shares (in No.)	Number of share holders (on Folio Basis)	No. of Shares Held	% to total Shares
1	2	3	4	5
1	1 to 5,000	2,164	1,78,594	1.30
2	5,001 to 10,000	99	76,096	0.55
3	10,001 to 20,000	90	1,29,842	0.95
4	20,001 to 30,000	28	72,997	0.53
5	30,001 to 40,000	18	28,261	0.21
6	40,001 to 50,000	8	37,352	0.27
7	50,001 to 100,000	26	209,324	1.53
8	100,001 and above	53	1,29,87,116	94.66
	Total	2,476	1,37,19,582	100.00

Pattern of Share holdings as on 31st March, 2014

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
		3	4	5	6	7	8
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian Promoters	14	9,650,951	9,650,951	70.34	1,476,220	15.30
(2)	Foreign Promoters	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	14	9,650,951	9,650,951	70.34	1,476,220	15.30
(B)	Public shareholding						
(1)	Institutions						
(a)	Indian Institutions	1	56,172	56,172	0.41	-	-
(b)	Foreign Institutions	1	162,331	162,331	1.18	-	-
	Sub-Total (B)(1)	2	218,503	218,503	1.59	-	-
(2)	Non-institutions						
(a)	Bodies Corporate	95	1,223,397	1,223,397	8.92	-	-
(b)	Individual Share Holders	2,228	2,067,955	2,067,955	15.08	-	-
(c)	Individual NRI / Foreign Nationals	137	558,776	558,776	4.07	-	-
	Sub-Total (B)(1)	2,460	3,850,128	3,843,128	28.07	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2,462	4,068,631	4,061,631	29.66	-	-
	TOTAL (A)+(B)	2,476	13,719,582	13,712,582	100.00	1,476,220	10.76
	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	2,476	13,719,582	13,712,582	100.00	1,476,220	10.76



GENERAL BODY MEETINGS

Locations and time of General meetings

Date	Year	AGM	Time	Venue
29/06/2011	2010-2011	11 th	11.30 AM	Chamber of Commerce, 178B, Kamarajar Salai, Madurai – 625 009
18/07/2012	2011-2012	12 th	11.30 AM	Chamber of Commerce, 178B, Kamarajar Salai, Madurai – 625 009
22/07/2013	2012-2013	13 th	11.45 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	Summary
29/06/2011 (AGM)	Increase in remuneration of M/s B. RajeshKanna and B.Prasannan General Managers and Appointment and Remuneration of Mr.S.K. Yadeenthathan as Executive Information officer u/s 314 of the Companies Act, 1956.
18/07/2012 (AGM)	a) Keeping statutory records at the corporate office of the company at 25/6, Palami Centre, New Natham Road, Madurai – 625 014. b) Cost of the Project as modified and usage of IPO funds.

Top Ten Ordinary Shareholders of the Company as on 31st March, 2014

S.No	Name of the Shareholder	No of Shares held	% of holding
1	Ba. Ramesh	28,81,603	21.00
2	Balarama Govinda Das	28,57,329	20.82
3	N.B.Kumar	28,41,241	20.71
4	Thangamayil Gold and Diamond Private Limited	7,01,671	5.11
5	Emerald Jewel Industry India Limited	6,24,450	4.55
6	N.Ramachandran	6,04,725	4.41
7	Panna Lal C Kothari HUF	3,78,500	2.76
8	Balusamy Silvears Jewellery Private Limited	2,25,337	1.64
9	N.Lakshminarayanan	1,94,492	1.42
10	Fidelity Investment Trust	1,62,331	1.18

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.

The tenure has been fixed for five years for Independent Directors under the Companies Act, 2013.

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

The Company endeavours to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended 31st March, 2014.

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, 2014 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.

b) 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.

c) 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.

d) 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

BALARAMA GOVINDA DAS

Managing Director

Ba. RAMESH

Joint Managing Director

N.B.KUMAR

Joint Managing Director

Place – Madurai

Date – May 26, 2014

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 2014 as envisaged in clause 49 of the listing agreement with the concerned Stock Exchanges.

For Thangamayil Jewellery Limited

Place : Madurai

Date : May 26, 2014

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 2014, 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. Regn No: 004371S

D.Aruchamy

Partner

M.No: 219156

Place - Madurai

Date – May 26, 2014



INDEPENDENT AUDITOR'S REPORT

To the Members of Thangamayil Jewellery Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Thangamayil Jewellery Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- b) in the case of the Profit and Loss Account, of the **loss** for the year ended on that date and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other and Legal Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

D.Aruchamy
Partner
M.No:219156

Place - Madurai

Date – May 26 ,2014



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other legal and Regulatory Requirements' section of our report even date)

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 program 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 one party and unsecured loan from three parties, the year end balance of which was ₹ 320.50 Lakhs (Maximum Balance Outstanding during the year was ₹ 500.50 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. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records in respect of Gold Ornaments and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

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 were in arrears as at 31st March 2014 for a period of more than six months from the date they become payable.

c) According to the information and explanations given to us, the following are the details of the disputed dues that were not deposited with the relevant statutory authority.

Name of the Statute	Nature of Dues	₹ in lakhs	Period to which the amount relates	Forum where disputes is pending
Tamil Nadu Value Added Tax, 2006	Disallowance of Input tax, disputes related classification of sale of Goods	50.70	2006-07 to 2009-10	High Court of Madras and Commissioner (Appeals) of Sales Tax
Customs Act, 1962	Customs Duty	154.00	2011-12	Commissioner of Central Excise (Appeals)

10. The company does not have any accumulated losses at the end of the financial year. The company has *incurred cash loss* during the year but it has not incurred cash losses in the immediately preceding financial 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.
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

D.Aruchamy
Partner
M. No -219156

Place – Madurai
Date – May 26, 2014

THANGAMAYIL JEWELLERY LIMITED BALANCE SHEET AS AT MARCH 31, 2014

₹ in lakhs

PARTICULARS	Note	As at March 31,	
		2014	2013
EQUITY AND LIABILITIES			
Shareholders Funds:			
(a) Share Capital	1	1,371.96	1,371.96
(b) Reserves and Surplus	2	13,987.88	15,405.28
Sub-total -Shareholders' funds		15,359.84	16,777.24
Non-Current Liabilities			
(a) Long-Term Borrowings	3	1,860.58	1,657.29
(b) Deferred Tax Liabilities (Net)	4	-	276.35
(c) Other Long Term Liabilities	5	1,379.82	1,780.39
Sub-total -Non -Current Liabilities		3,240.40	3,714.03
Current Liabilities			
(a) Short-Term Borrowings	6	21,285.48	21,632.77
(b) Trade Payables	7	604.43	12,571.52
(c) Other Current Liabilities	8	7,169.08	3,990.72
(d) Short-Term Provisions	9	195.52	827.26
Sub-total -Current Liabilities		29,254.51	39,022.27
TOTAL EQUITY AND LIABILITIES		47,854.75	59,513.54
ASSETS			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		7,465.77	7,281.46
(ii) Intangible Assets		694.15	112.59
(iii) Capital Work in Progress		689.04	356.90
(b) Deferred Tax Assets	11	543.36	-
(c) Long-Term Loans and Advances	12	1,037.94	986.38
Sub-total - Non - Current Assets		10,430.26	8,737.33
Current Assets			
(a) Inventories	13	34,237.00	46,527.44
(b) Trade Receivables	14	24.20	88.65
(c) Cash and Cash Equivalents	15	1,684.52	2,902.48
(d) Short-Term Loans and Advances	16	24.25	14.01
(e) Other Current Assets	17	1,454.52	1,243.63
Sub-total -Current Assets		37,424.49	50,776.21
TOTAL - ASSETS		47,854.75	59,513.54
Significant Accounting Policies			
The accompanying notes are integral part of the financial statements	1 to 41		

As per our attached report of even date

For B. Thiagarajan & Co.,
Chartered Accountants

D.Aruchamy
Partner
M.No.219156

Place - Madurai
Date - May 26, 2014

For Thangamayil Jewellery Limited

Balarama Govinda Das	}	Managing Director
Ba. Ramesh		Joint Managing Directors
N.B.Kumar	}	
S. Rethinavelu		
Lalji Vora	}	Director
V. R. Muthu		
T.R.Narayanaswamy		Company Secretary
V. Vijayaraghavan		



THANGAMAYIL JEWELLERY LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

₹ in lakhs

PARTICULARS	Note	Year ended March 31, 2014	2013
I.INCOME			
Revenue from Operations	18	119,130.05	152,297.87
Other Income	19	481.42	181.29
Total Revenue		119,611.47	152,479.16
II.EXPENSES			
Cost of raw materials consumed	20	93,014.27	127,556.77
Purchases of stock -in- Trade	21	5,400.65	16,100.18
Changes in Inventories of finished goods, work in progress and stock in trade	22	12,122.17	(8,166.11)
Manufacturing expenses	23	838.66	461.56
Employee benefit expenses	24	1,773.71	2,180.88
Finance costs	25	3,470.31	3,702.45
Depreciation and Amortisation	10	564.85	458.87
Other expenses	26	4,503.44	5,879.00
Total Expenses		121,688.06	148,173.60
III. NET PROFIT/ (LOSS) BEFORE TAXATION		(2,076.60)	4,305.56
Less: Provision for Taxation:			
- Current Tax		-	1,828.88
- Deferred Tax		(819.71)	(486.79)
Total Tax Expenses		(819.71)	1,342.09
IV. NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(1,256.89)	2,963.47
V.Profit/Loss from Discontinuing Operations		-	-
VI.Tax Expense of Discontinuing Operations		-	-
VII. Profit/ (Loss) from Discontinuing Operations (after Tax)		-	-
VIII. NET PROFIT FOR THE YEAR		(1,256.89)	2,963.47
Basic / Diluted Earnings per Share of Rs. 10 each		(9.16)	21.60
Significant Accounting Policies			
The accompanying notes are integral part of the financial statements	1 to 41		

As per our attached report of even date

For B. Thiagarajan & Co.,
Chartered Accountants

D.Aruchamy
Partner
M.No.219156

Place - Madurai
Date - May 26, 2014

For Thangamayil Jewellery Limited

Balarama Govinda Das	}	Managing Director
Ba. Ramesh		Joint Managing Directors
N.B.Kumar	}	Independent Directors
S. Rethinavelu		
Lalji Vora		
V. R. Muthu		Director
T.R.Narayanaswamy		Company Secretary
V. Vijayaraghavan		

THANGAMAYIL JEWELLERY LIMITED CASH FLOW STATEMENT FOR THE YEAR 2013-14

₹ in Lakhs

Particulars	2013-14	2012-13
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	(2,076.60)	4,305.56
Add/(Less) Adjustments:		
Depreciation	564.85	458.87
Finance Charges	3,470.31	3,702.46
Impairment of Assets	19.99	-
Profit /(Loss) on sale of fixed assets	-	(1.21)
Deferred Expenses on Advertisement	-	1,779.12
Operating Profit before Working Capital Changes	1,978.55	10,244.80
Adjustments for movements in:		
Inventories	12,290.44	(9,604.45)
Sundry Debtors	64.45	(41.90)
Loans & Advances	(62.83)	(966.62)
Current Liabilities and Provisions	(9,111.84)	13,666.61
Cash Generated from Operations	5,158.77	13,298.44
Taxes Paid		
Payment of Direct Taxes	209.85	2,470.77
Net Cash Flow From Operating Activities [A]	4,948.92	10,827.67
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Inclu Capital work in progress and Advances)	(1,699.23)	(1,858.87)
Proceeds from Sales of Fixed Assets	16.37	9.38
Net Cash used in Investing Activities [B]	(1,682.86)	(1,849.49)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Share Capital(Including Share Premium)	-	-
Proceeds from Short Term Loans from Banks	(347.28)	(2,139.64)
Proceeds from Fixed Deposits(Net)	130.83	(104.17)
Dividend Paid (including Corporate Dividend Tax)	(797.26)	(1,116.17)
Finance Charges Paid	(3,470.31)	(3,666.17)
Net Cash flow from Financing Activities [C]	(4,484.02)	(7,026.15)
Net Increase / (Decrease) in Cash & Cash equivalents [A+B+C]	(1,217.96)	1,952.03
Cash & Cash Equivalents at the beginning of the year	2,902.48	950.45
Cash & Cash Equivalents at the end of the year	1,684.52	2,902.48
Components of Cash and Cash equivalents at the year end		
Cash on Hand	783.29	
Balances with Scheduled Bank	901.23	
	1,684.52	2,902.48

Notes:

- The above Cash Flow Statement has been complied from and is based on the Balance Sheet as at March 31, 2014 and the relative Profit and Loss Account for the year ended on that date.
- Out of the above Cash equivalents at the end of the year ₹ 108.99 lakhs 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 1975 and ₹ 540.10 lakhs as deposited with Scheduled Bank.
- 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.
- Previous year's figures have been regrouped / reclassified wherever necessary in order to confirm with current year's classification.

As per our attached report of even date

For B. Thiagarajan & Co.,
Chartered Accountants

D.Aruchamy
Partner
M.No.219156

Place - Madurai
Date - May 26, 2014

For Thangamayil Jewellery Limited

Balarama Govinda Das	}	Managing Director
Ba. Ramesh		Joint Managing Directors
N.B.Kumar	}	
S. Rethinavelu		
Lalji Vora	}	Director
V. R. Muthu		
T.R.Narayanaswamy		Company Secretary
V. Vijayaraghavan		



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.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

Cost is generally determined on FIFO basis and wherever required, appropriate direct on cost are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Hedging mechanism of entering into forward contract against appropriate underlying assets is primarily used by the company to hedge the price fluctuation exposure of those underlying assets. The fair value adjustment arising out of such transactions is forming part of cost of assets procured.

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	<ul style="list-style-type: none"> - Building - Plant & Machinery - Furniture and Fittings - Office equipments 	Straight Line
ii.	<ul style="list-style-type: none"> - 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. Certain directly attributable pre-operative expenses during construction period are included under Capital Work in Progress. These expenses are allocated to the cost of Fixed Assets when the same are ready for intended use.

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 stated at cost less accumulated amortization and impairment loss, if any. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

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. **Research and Development**

Expenditure incurred during research and development phase is charged to revenue when no intangible asset arises from such research. Assets procured for research and development activities are generally capitalized.

12. **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.

13. **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 applicable bonus amount is redeemed in the form of jewellery. The bonus or obligations arising out of these transactions are accounted for in books on accrual basis on a consistent basis.

The Company is collecting money from its customers on advance basis by extending easy payment scheme, for various durations and offers in return gold ornaments at the rate prevailing on the date of redemption without any charges towards making and wastage cost. The concession if any will be accounted in the year in which it is redeemed as discount to sales realisation.

The Company is operating a scheme by which customer fixes the gold price to the extent of amount paid on the date of remittance. The liability that would arise to the company due to adverse price fluctuations if any or the benefits that would arise due to favourable price marked to market as on the last date of financial year will be dealt with accordingly in the books on the year in which such transactions were put through.

14. **Gold Metal Loan**

The company has an arrangement with its banker for lifting gold under metal loan terms against a limit under "price unfixed basis" and opts to fix the price for gold taken under loan within 180 days at delivery. However, based on business expediencies the company fixes the price within 180 days, whenever the price is favorable and carried the transaction under the forward cover to be settled for payment of money on the specified date. The price difference arising out of such transactions accounted in the head of cost of sales and adjusted accordingly. The interest if any payable to bankers on such outstanding is treated as expenses on accrual basis.

The outstanding metal loan position if any as on reporting date is marked to market and the resulting difference is any is adjusted to the notional purchase account and the value as on that date is adjusted as cost for AS - 2 Inventory valuation consideration.

15. **Advertisement costs**

Costs incurred on advertisement / publicity has been fully written off in the year of incurrence.

Preliminary Expenses

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

16. **AS 30 - Financial instruments: Recognition and Measurement**

Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments and foreign currency and interest rate exposures relating to foreign currency loan. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions. All such derivative financial instruments are supported by an underlying transaction and are not for trading or speculative purposes.

The use of derivative financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss.

Changes in the fair value of derivative financial instruments that have not been designated as hedging instruments are recognised in the statement of profit and loss as they arise.

17. **Taxes on Income**

Tax expense comprises of current income and deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certain that sufficient future taxable income will be available against which such deferred tax assets can be

realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

18. **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.

19. 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 board meeting in which the accounts are adopted.

20. **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.



**THANGAMAYIL JEWELLERY LIMITED
NOTES FORMING PART OF ACCOUNTS**

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Notes 1 - Share Capital		
Authorised:		
200,00,000 Equity Shares of ₹10 each (Previous Year 200,00,000 Equity Shares)	2,000.00	2,000.00
Issued, Subscribed and Paid up capital:		
13,719,582 Equity shares (Previous Year 13,719,582 Shares) of ₹ 10 each, fully paid.	1,371.96	1,371.96
	1,371.96	1,371.96
Reconciliation of Number of Shares	No. of Shares	No. of Shares
Balance as at the Beginning of the year (₹ 1,371.96 lakhs)	13,719,582	13,719,582
Movement during the year (Nil)	-	-
Balance as at the end of the year (₹ 1,371.96 lakhs)	13,719,582	13,719,582
Shares in the Company held by each shareholder holding more than 5 percent shares		
As at 31st March 2014		
Equity Shares of ₹ 10 each fully paid	No. of Shares	% of Shareholding
Ba. Ramesh	2,881,603	21.00%
N.B.Kumar	2,841,241	20.71%
Balarama Govinda Das	2,857,329	20.82%
As at 31st March 2013	No. of Shares	% of Shareholding
Equity Shares of ₹ 10 each fully paid		
Ba. Ramesh	2,833,784	20.66%
N.B.Kumar	2,804,512	20.44%
Balarama Govinda Das	2,791,090	20.34%
<u>Terms/ Rights attached to Equity Shares</u>		
Rights, preferences and restrictions attached to shares		
The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.		
In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.		
<u>Of the above the following shares were issued and allotted for consideration other than cash:</u>		
for last five years the company has not allotted any shares other than in cash.		

THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 2 - Reserves and Surplus		
(a) Share Premium		
As per last Balance Sheet	3,175.80	3,175.80
	3,175.80	3,175.80
(b) General Reserve		
As per last Balance Sheet	1,581.95	1,281.95
Add: Transfer from Profit and Loss Account	200.00	300.00
	1,781.95	1,581.95
(c) Surplus i.e. Balance in the Statement of Profit & Loss		
As per last Balance Sheet	10,647.54	8,781.32
Add: Profit / (Loss) for the year	(1,256.89)	2,963.47
Less: Appropriations		
Proposed Dividend on Equity Shares	137.20	685.98
Corporate Tax on Dividend	23.32	111.28
Transfer to General Reserve	200.00	300.00
Net Surplus in the statement of Profit and Loss	9,030.13	10,647.54
Total Reserves and Surplus	13,987.88	15,405.28
<p>The Board of Directors, in their meeting on 26th May, 2014, proposed a dividend of ₹ 1 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 30th July 2014, and if approved, would result in a cash outflow of approximately ₹ 161 lakhs inclusive of corporate dividend tax. Dividend recognized as distribution to equity shareholders for the year ended March 31, 2013 was ₹ 5 per share.</p>		
Non Current Liabilities		
Note 3 - Long term borrowings		
Other Loans and Advances		
Fixed Deposits (unsecured)		
Fixed Deposits from Public	1,439.08	1,608.81
Fixed Deposits from Directors	30.50	30.50
Loans from Directors and Others	391.00	-
Hire Purchase Vehicle Loan	-	17.98
<i>(Vehicle Loan is secured by the respective vehicles)</i>		
₹487.45 lakhs (₹56 lakhs) Fixed Deposit carry interest @11% and are repayable 2 years from the respective years.		
₹ 982.13 lakhs (₹ 1583 lakhs) Fixed Deposit carry interest @12.5% and are repayable 3 years from the respective years		
	1,860.58	1,657.29



**THANGAMAYIL JEWELLERY LIMITED
NOTES FORMING PART OF ACCOUNTS**

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 4 - Deferred Tax Liabilities (Net)		
The breakup of net deferred tax liability is provided below:		
Opening at		
Related to Fixed Assets	-	163.19
Disallowance under Section 43B of Income Tax Act, 1961	-	15.10
Deferred Revenue Expenditure	-	584.86
Total Deferred Tax Liability	-	763.15
Movement During the year		
Related to Fixed Assets	-	94.94
Disallowance under Section 43B of Income Tax Act, 1961	-	3.12
Deferred Revenue Expenditure	-	(584.86)
	-	(486.80)
Closing at		
Related to Fixed Assets	-	258.13
Expenditure Disallowance (Net)	-	18.22
	-	276.35
Note 5 - Other Long term Liabilities		
Unsecured		
Advance Received from Customers	1,379.82	1,780.39
	1,379.82	1,780.39
(Advance from Customers are repayable beyond 12 Months from the reporting date)		
Current Liabilities		
Note 6 - Short-Term Borrowings		
Secured		
- Working Capital Demand Loans from Banks	3,921.24	-
- Cash Credit from Banks	17,064.24	21,632.77
- Loan Against Deposits	300.00	-
The above bank loans are secured by a pari passu charge on stock and book debts of the company. The loan extended by banks are further collaterally secured by equitable mortgage of Company's properties at Madurai, Ramnad, Tuticorin, Coimbatore, Salem, Trichy and movable properties to the extend not specifically hypothecated and also further collaterally secured by property owned by Whole time Directors.		
5.66 % promoters share holding in the company has been pledged collaterally to secure IDBI loan.		
3.73 % promoters share holding in the company has been pledged collaterally to secure Indusind bank loan.		
3.11 % promoters share holding in the company has been pledged collaterally to secure Yes bank loan.		
The cash credit is repayable on demand and carries interest of 11.75% to 14% p.a.		
	21,285.48	21,632.77
The above amount includes		
Secured Borrowings	21,285.48	21,632.77
Unsecured Borrowings	-	-
	21,285.48	21,632.77

THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 7 - Trade Payables		
For Goods	604.43	12,571.52
	604.43	12,571.52
Trade Payables includes a sum of ₹ Nil (Previous year ₹ 10,977 lakhs) as Gold Metal loan availed from Axis Bank and Nova Scotia bank against SBLC guarantee extended by Banks.		
Note 8- Other Current Liabilities		
Current maturities -Fixed Deposit Received from Public	498.30	570.77
Liabilities for expenses	202.11	382.14
Advance from Customers	6,250.23	2,888.10
Interest accrued but not due on Fixed Deposits	112.45	108.25
Unpaid Dividends	0.60	1.27
Liabilities for capital goods	87.41	20.25
Hire Purchase Vehicle Loan	17.98	19.96
	7,169.08	3,990.72
Advance from customers includes an amount of ₹ 6,169.41 lakhs (Previous Year ₹ 2,888.10 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.		
Advance from Customers are repayable within 12 Months from the reporting date		
Fixed Deposits from public are repayable within 12 Months from the reporting date		
Note 9- Short-Term Provisions		
Provision for Employee Benefits	35.00	30.00
Proposed Equity Dividend	137.20	685.98
Provision for tax on Proposed Equity Dividend	23.32	111.28
	195.52	827.26
Note 11- Deferred Tax Assets		
The breakup of net deferred tax assets is provided below:		
Opening at		
Related to Fixed Assets	(258.13)	-
Disallowance under Section 43B of Income Tax Act, 1961	(18.22)	-
Total Deferred Tax Liability	(276.35)	-
Movement During the year		
Related to Fixed Assets	(126.34)	-
Disallowance under Section 43B of Income Tax Act, 1961	15.57	-
Unabsorbed losses	930.48	-
	819.71	-
Closing at		
Related to Fixed Assets	(384.47)	-
Disallowance under Section 43B of Income Tax Act, 1961	(2.66)	-
Unabsorbed losses	930.48	-
	543.36	-



THANGAMAYIL JEWELLERY LIMITED
NOTES FORMING PART OF ACCOUNTS - Note -10 - Depreciation and Amortisation

HEAD OF ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK	
	Opening as on April 1, 2013	Additions / Transfer	Deletions / Transfer	Closing as on March 31, 2014	Rate %	Opening as on April 1, 2013	Additions	Deletions	Closing as on March 31, 2014	Closing as on March 31, 2013
Land	2,276.55	-	-	2,276.55	-	-	-	-	2,276.55	2,276.55
Buildings	1,149.04	-	-	1,149.04	1.63%	44.45	18.73	-	1,085.86	1,104.59
Leasehold Building	50.88	30.70	-	81.58	10.00%	12.50	6.98	-	62.10	38.39
Plant and Machinery	901.56	219.39	6.54	1,114.41	4.75%	117.14	50.55	1.76	948.48	784.42
Computer Hardware	758.17	210.22	-	968.39	-	379.50	236.21	-	352.69	378.67
Furniture and Fittings	2,805.34	299.91	21.35	3,083.90	6.33%	319.62	190.31	1.81	2,575.77	2,485.72
Vehicles	350.61	22.00	38.39	334.22	25.89%	137.48	58.76	26.35	164.33	213.13
Total	8,292.15	782.22	66.27	9,008.10		1,010.70	561.54	29.92	7,465.77	7,281.46
Intangible Assets as on 31st March 2014										
Computer Software	151.71	584.87	-	736.58	40.00%	39.12	3.31	-	42.43	694.15
Capital Work in Progress (Including Advances)										
Previous Year	6,740.31	1,719.87	16.32	8,443.86	-	599.10	458.87	8.14	1,049.82	6,141.21

Lease hold Building is amortized over the useful life of the asset, the amortized amount being ₹ 6.98 lakhs.

Capital work in Progress includes ₹ 124.58 Lakhs (Previous year ₹ 62.93 Lakhs) on account of work in progress and ₹ 564.46 Lakhs (Previous year ₹ 293.97 Lakhs) for Interiors and other assets for upcoming centralised purchase division.

Addition to Computer Software includes Salaries of ₹457.50 Lakhs (₹ 76.67 Lakhs) pertaining to revenue expenses capitalized during the year.

THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 12 - Long Term Loans and Advances		
Capital Advances		
Unsecured , Considered good	314.12	397.74
Advance recoverable in cash or kind		
UnSecured , considered good	46.00	9.57
Rental Advances - Unsecured , Considered Good	644.66	558.57
Deposits with Government / Statutory bodies	33.16	20.50
	1,037.94	986.39
Long term loans and advances includes a sum of ₹ 46.58 lakhs 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.		
Current Assets		
Note 13 - Inventories		
Raw Materials	2,428.03	2,654.78
Work-in-Progress	273.89	77.18
Finished Goods	31,273.56	43,592.45
Packing Materials and Gift items	261.52	203.03
	34,237.00	46,527.44
<u>Mode of Valuation</u>		
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.		
Cost is generally determined on FIFO basis and wherever required, appropriate direct on cost are taken into account. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.		
Hedging mechanism of entering into forward contract against appropriate underlying assets is primarily used by the company to hedge the price fluctuation exposure of those underlying assets. The fair value adjustment arising out of such transactions is forming part of cost of assets procured.		
Packing materials and Gift items are valued at cost on FIFO basis.		
Note 14 - Trade Receivables		
Trade Receivables		
Un Secured, Considered Good		
- Outstanding for a period exceeding six months	-	-
- Others	24.20	88.65
	24.20	88.65



THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 15 -Cash and Cash Equivalents		
Balance with Banks	187.24	468.67
Cheques/ Drafts on Hand	58.64	10.06
Cash on Hand (As certified by Management)*	783.29	758.08
Dividend Account	0.60	1.27
Fixed Deposit / Margin Money Deposit under Lien	540.10	1,598.77
Deposits with original maturity less than 12 Months	114.65	65.63
	1,684.52	2,902.48
* Sale collection on March 29th to 31st March was deposited in the banks on the next working day		
Note 16 -Short Term Loans and Advances		
Unsecured - Advances to Employees	24.25	14.01
	24.25	14.01
Note 17 -Other Current Assets		
Advance Recoverable Cash or kind	75.28	71.29
Unsecured , considered good		
Advance to Suppliers	564.65	689.54
Prepaid Expenses	133.37	125.87
Advance to Expenses	282.46	168.02
Advance Payment of Income Tax (Net of Provisions)	398.76	188.90
	1,454.52	1,243.63
Note 18 -Revenue From Operations		
Sale of Products		
Finished Goods - Gold and Silver	113,373.52	135,201.85
Traded Goods	5,756.53	17,096.02
	119,130.05	152,297.87
Note 19 -Other Income		
Interest Income (TDS ₹9.85 lakhs - P.Y ₹11.75 lakhs)	97.50	119.47
Other Operating Income	383.92	61.82
	481.42	181.29
Note 20 - Cost of raw materials consumed		
Opening Stock	2,654.78	1,283.47
Add : Purchases	92,787.52	128,928.08
	95,442.30	130,211.55
Less: Closing Stock	2,428.03	2,654.78
	93,014.27	127,556.77

THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS			₹ in lakhs
Particulars	As at March 31,		
	2014	2013	
Note 21 - Purchase of Stock-in- trade			
Traded Goods	5,400.65	16,100.18	
	5,400.65	16,100.18	
Note 22 - Changes in Inventories of finished goods, work in progress and stock in trade			
Closing Stock			
Work in Progress	273.89	77.18	
Finished Goods	31,273.57	43,592.45	
	31,547.46	43,669.63	
Opening Stock			
Work in Progress	77.18	1,768.42	
Finished Goods	43,592.45	33,735.10	
	43,669.63	35,503.52	
Increase /Decrease in Work in Progress and Finished Goods	12,122.17	(8,166.11)	
Note 23 - Manufacturing expenses			
Making Charges	766.63	254.17	
Stores and consumable	23.14	13.14	
Manufacturing Wages	48.89	194.25	
	838.66	461.56	
Note 24 - Employee benefit expenses			
Salaries and Bonus	1,118.41	1,269.90	
Contribution to PF and Other Funds	170.97	167.89	
Staff Welfare Expenses	340.33	473.09	
Director's Remuneration	144.00	270.00	
	1,773.71	2,180.88	
Note 25 - Finance costs			
Interest on			
- Cash Credit and Working Capital Demand Loan	2,755.38	2,476.11	
- FCNRB	-	94.50	
- Gold Metal Loan	226.68	602.96	
- Fixed Deposits	247.97	268.71	
Bank Charges and Commission	240.28	260.18	
	3,470.31	3,702.46	



THANGAMAYIL JEWELLERY LIMITED NOTES FORMING PART OF ACCOUNTS

₹ in lakhs

Particulars	As at March 31,	
	2014	2013
Note 26 - Other expenses		
Rent	298.50	205.44
Rates & Taxes	52.16	45.16
Insurance	157.69	103.87
Power and Fuel	391.44	373.59
Postage and Telephone charges	77.11	32.76
Advertisement and Publicity Expenses	1,964.28	3,860.32
Customers Loyalty Card Points Redemption	1.14	6.59
Selling Promotional Expenses	814.61	560.60
Travelling Expenses	113.62	131.07
Director's Sitting Fees	0.75	0.85
Professional Charges	43.08	63.11
Printing and Stationery	31.02	43.85
Payment to Auditors	38.48	37.64
Repairs & Maintenance		
- for Building	39.02	19.00
- for Vehicles and others	267.90	231.02
Impairment of Assets	19.99	-
Security Charges	149.46	101.68
Donation	2.50	27.18
Other Expenses	40.69	35.27
	4,503.44	5,879.00
The details of Audit Fees are as follows:		
(i) Payment to Statutory Audit	2013-14	2012-13
Nature of Services		
For Statutory Audit	16.50	16.50
For Tax Audit	4.00	4.00
For Limited Review	9.75	9.00
For Certification Work etc	4.00	4.00
For Expenses and Service Tax	4.23	4.14
	38.48	37.64

NOTES FORMING PART OF ACCOUNTS

27. Contingent Liabilities

a) Capital commitments

Description	₹ in lakhs	
	2013-14	2012-13
Estimated value of Contract remaining to be executed on capital account net of advances not provided for.	75.00	100.00

b) Show cause notice for a demand of less payment of customs duty on imported goods pertaining to last year for ₹ 154 lakhs received by the company. The company has filed an appeal against the aforesaid show cause notice with appropriate authority. The company is advised that it has got more than reasonable chance for success and hence no provision is made in the books. Therefore, the liability if any is contingent in nature.

c) In respect of – outstanding Letter Credit given to bankers ₹ Nil (previous year ₹10,977 lakhs)

d) The Commercial Tax office, Nethaji Road Circle, Madurai has issued a notice of demand/ recovery notice under the TNVAT, 2006 for the year 2006-07 to 2009-10 for the payment of ₹ 50.70 lakhs towards liability of disallowance of input tax and classification of goods. The company has filed an appeal against the aforesaid notice. The matter is currently pending with the High court of madras under Writ and with various appellate authorities.

28. 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 and 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)



		<ul style="list-style-type: none"> - 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 Silvears Jewellery Private Limited

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

Transactions with Key management personnel

₹ in lakhs

Description	as at 31.03.14	as at 31.03.13
Remuneration		
Balarama Govinda Das	48.00	90.00
Ba. Ramesh	48.00	90.00
N. B. Kumar	48.00	90.00
Amounts payable at the year end		
Balarama Govinda Das	83.00	-
Ba. Ramesh	104.00	-
N. B. Kumar	133.50	30.50
Rent Paid		
Balarama Govinda Das	36.00	23.26
Ba. Ramesh	6.00	1.50
N. B. Kumar	6.00	6.00
Rent Advances		
Balarama Govinda Das	35.00	30.00
Ba. Ramesh	5.00	-
N. B. Kumar	5.00	-

₹ in lakhs

Description	as at 31.03.14	as at 31.03.13
Interest Paid / Payable		
Balarama Govinda Das	9.66	0.75
Ba. Ramesh	9.66	0.72
N. B. Kumar	9.66	7.93
Dividend Paid		
Balarama Govinda Das	141.18	196.02
Ba. Ramesh	142.14	198.12
N. B. Kumar	140.23	198.10
Transactions with Relatives of KMP		
B. Rajesh Kanna	15.00	15.00
B. Prasannan	15.00	15.00
S. K. Yadeenthranathan	15.00	15.00
Dividend Paid		
B. Rajesh Kanna	1.07	1.50
B. Prasannan	1.07	1.50
K. Thamarai Selvi	1.13	1.58
Ba.R.Darmini	1.12	1.56
Yamuna Vasini Deva Dasi	1.01	1.41
R. Gokul	0.67	0.93
N.B.Arun	1.12	1.56
Enterprises over which KMP and their relatives have substantial interest		
Interest Paid		
Thangamayil Gold and Diamond Private Limited	0.88	3.69
Balusamy Silvears Jewellery Private Limited	0.80	0.75
Dividend Paid		
Thangamayil Gold and Diamond Private Limited	43.89	34.11
Balusamy Silvears Jewellery Private Limited	14.67	10.48

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.



29. Earnings per Share

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

	Particulars	2013-14	2012-13
a)	Amount used as the numerator Profit/(Loss) after tax (A) (₹ in lakhs)	(1,257)	2,963
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) (₹)	(9.16)	21.60

30. Employee Benefits

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

₹ in lakhs

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	116.17	102.04
Employer's Contribution to Employees' State Insurance Scheme	44.65	38.51

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.

₹ in lakhs

Particulars	2013-14	2012-13
Change in Obligation		
1. Obligations at the beginning of the year	64.89	38.43
2. Add: Current Service Cost	23.98	3.14
3. Add: Interest Cost	5.19	3.07
4. Add: Actuarial (Gain)/Losses due to change in assumptions	(11.78)	20.36
5. Less: Benefits paid	7.17	0.11
6. Obligations at the end of the year	75.11	64.89

₹ in lakhs

Particulars	2013-14	2012-13
Fair value of Plan Assets		
1. Fair value of Plan assets at the beginning of the year	71.59	41.33
2. Add: Expected Return on Plan Assets	7.39	5.22
3. Add: Actuarial Gain/(Loss)	-	-
4. Add: Contribution	35.34	25.15
5. Less: Benefits paid	7.17	0.11
6. Fair value of Plan assets at the end of the year	107.15	71.59
Actual Return on Plan Assets		
1. Expected Return on Plan Assets	7.39	5.22
2. Actuarial Gain/(Loss) on Plan Assets	-	-
Actual Return on Plan Assets	7.39	5.22
Amount Recognized in Balance Sheet		
1. Present value of Obligation as at March 31	75.11	64.89
2. Less: Fair value of Plan Assets as at March 31	107.15	71.59
3. Net Liability/ (Asset) recognized in the Balance Sheet	(32.04)	(6.70)
Expenses recognized in Profit and Loss		
1. Current Service cost as per Valuation Report	23.98	3.14
2. Add: Interest cost	5.19	3.07
3. Less: Expected Return on Plan Assets	7.39	5.22
4. Add: Actuarial (Gain) / Loss	(11.78)	20.35
5. Expense recognized in Profit and Loss account	10.00	21.34
Actuarial Assumptions		
Discount Rate (Per Annum)	8%	8%
Expected Rate of Return on Plan Assets (per annum)	-	-
Salary Escalation (per annum)	5%	5%



- a. Advance Recoverable in cash or kind includes ₹ 32.04 lakhs (Previous year ₹ 6.70 lakhs) being the net assets recognized as per actuarial valuation of gratuity fund as per Accounting standard (AS) 15- "*Employee Benefits*".
- b. 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.
- c. 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.
- d. **Investment Details**

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.

31. Segment Report

The company is engaged in the business of Gold Jewellery, Diamond and Silver Articles, 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.

32. The Company has entered in to leasing arrangements for its branch showroom, manufacturing works and corporate office 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 ₹ 334.50 Lakhs (Previous year ₹ 205.44 Lakhs). The future minimum lease payments for non – cancelable operating leases are given below;

₹ in lakhs

Particulars	2013- 14	2012- 13
Due within one year	375.97	292.70
Due in within one to five years	1,372.54	1,125.93
Due after five years	2,232.94	1,106.13

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	18.25	16.56

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. Other Income includes restatement of liabilities for advance received from customer for future purchase inclusive of certain sundry long pending credits taken to income amounting to ₹357 lakhs.

35. Assets used as interiors in Vellakovil branch have been treated as impaired due to merger of the outfit for operational convenience with the Dharapuram branch. The amount of ₹ 19.63 lakhs is written off as expenses in the books. Apart from this, 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.

36. Quantitative Information

For the year ended 31st March 2014

Class of Goods	Unit	Opening Stock	Purchases / Consumption	Sales	Closing Stock
Gold Ornaments and Jewellery	Grams	13,92,437	34,47,661	37,76,102	10,63,996
Silver Vessels and Golusu and Silver	Grams	49,79,728	98,99,841	1,11,48,737	37,30,832
Silver Articles	Pcs	29,176	69,936	71,746	27,366
Diamonds	Carats	1,240	716	931	1,024
Platinum and Precious Stones	Pcs	952	171	316	807
Alloy and Copper	Grams	1,03,620	(65,187)	-	38,434



For the year ended 31st March 2013

Class of Goods	Unit	Opening Stock	Purchases / Consumption	Sales	Closing Stock
Gold Ornaments and Jewellery	Grams	12,27,157	48,88,929	47,23,649	13,92,437
Silver Vessels and Golusu	Grams	38,24,494	96,19,286	84,64,052	49,79,728
Silver Articles	Pcs	20,641	58,683	50,148	29,176
Diamonds and Platinum	Carats	1,187	219	166	1,240
Platinum and Precious Stones	Pcs	985	277	310	952
Alloy and Copper	Grams	1,128	1,02,492	-	1,03,620

37. Details of Products Sold – Broad Heads

₹ in lakhs

Particulars	2013-14	2012-13
Finished Goods Sold		
Gold Ornaments	107,483.86	129,589.90
Silver Items	5,889.67	5,611.95
	113,373.53	135,201.85
Traded Goods Sold		
Gold Ornaments	4,876.49	16,716.54
Diamonds	587.72	140.21
Silver Items	292.31	239.27
	5,756.52	17,096.02

Details of Materials Consumed -Broad Heads

₹ in lakhs

Particulars	2013-14	2012-13
Details of Materials Consumed		
Gold Ornaments	105,179.60	131,125.99
Silver Items and Diamonds	5,357.50	4,364.85
	110,537.10	135,490.84

Details of Inventory – Broad Heads

₹ in lakhs

Particulars	2013-14	2012-13
Pure Gold	835.91	1,183.50
Gold Ornaments	30,487.04	41,435.37
Silver Items	1,979.33	3,131.00
Diamonds	673.21	574.53
	33,975.49	46,324.40

Expenditure in Foreign Currency

₹ in lakhs

Particulars	2013-14	2012-13
Travelling Expenses	12.03	9.58
Interest on FCNRB Loan	-	94.50
Purchase of Goods	2,568.70	-
Purchase of Capital Goods	-	60.42

39. **MANAGERIAL REMUNERATION**

Due to inadequacy of profits, Managing Director and two Joint Managing Directors being whole time Directors of the Company could not draw remuneration as approved by the shareholders. As per Schedule XIII of the Companies Act 1956, they are entitled to draw only up to ₹ 48 lakhs each. The remuneration that was paid in excess of the eligibility criterion under the Act, even though it permits the full payment subject to Central Government permission, the three whole time Directors of the company surrendered such excess payment of ₹ 126 lakhs voluntarily to the Company.

40. The Company has no dues to micro and small enterprises during the year ended March 2014 and March 2013.

41. All Figures have been rounded off the nearest thousand. previous year figures have been regrouped / reclassified to make them comparable with that of current year

SUBJECT TO OUR REPORT OF EVEN DATE

For B. Thiagarajan & Co.,
Chartered Accountants

D.Aruchamy
Partner
M.No.219156

Place - Madurai
Date - May 26, 2014

For Thangamayil Jewellery Limited

Balarama Govinda Das	}	Managing Director
Ba. Ramesh		Joint Managing Directors
N.B.Kumar	}	
S. Rethinavelu		
Lalji Vora	}	Director
V. R. Muthu		
T.R.Narayanaswamy		Company Secretary
V. Vijayaraghavan		

ATTENDANCE SLIP



THANGAMAYIL JEWELLERY LIMITED

Registered Office : No.124, Nethaji Road, Madurai – 625 001. (CIN- L36911TN2000PLC044514)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional slip at the venue of the meeting

DP Id*	
Client Id*	

Folio No.	
No.of Shares	

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 14th ANNUAL GENERAL MEETING of the Company held on Wednesday, 30th July, 2014 at 11.45 a.m. at Tamilnadu Chamber of Commerce & Industry, No. 178 B, Kamarajar Salai, Madurai - 625009.

*Applicable for investors holding shares in electronic form

Signature of Shareholder / Proxy

PROXY FORM



THANGAMAYIL JEWELLERY LIMITED

Registered Office : No.124, Nethaji Road, Madurai – 625 001. (CIN- L36911TN2000PLC044514)

Name of the member(s): Registered address:		E-mail Id: Folio / DP ID-Client ID No.	
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I/We being the member(s) ofshares of the above named Company hereby appoint:

- 1)ofhaving e-mail idor failing him
- 2)ofhaving e-mail idor failing him
- 3)ofhaving e-mail idor failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the Company, to be held on Wednesday, 30th July, 2014 at 11.45 a.m. at Tamilnadu Chamber of Commerce & Industry, No. 178 B, Kamarajar Salai, Madurai - 625009 and at any adjournment there of in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
Ordinary Business		
1. Adoption of Financial Statements for the year ended 31 st March, 2014.		
2. Re-appointment of Shri.Ba. Ramesh, who retires by rotation.		
3. Re-appointment of Shri.T.R. Narayanaswamy, who retires by rotation.		
4. To Declare a Dividend on Equity Shares		
5. Re-appointment of M/s.B.Thiagarajan & Co., Chartered Accountants, as Auditors and fixing their remuneration.		

Special Business	For	Against
6. Appointment of Mr. S. Rethinavelu as an Independent Director		
7. Appointment of Mr. Lalji Vora as an Independent Director		
8. Appointment of Mr. V.R. Muthu as an Independent Director		
9. Ratification and Approval of Shareholders for revision of Remuneration of Shri. Balarama Govinda Das, Managing Director		
10. Ratification and Approval of Shareholders for revision of Remuneration of Shri. Ba. Ramesh, Joint Managing Director		
11. Ratification and Approval of Shareholders for revision of Remuneration of Shri. N.B. Kumar, Joint Managing Director		
12. Acceptance and Renewal of Fixed Deposits u/s. 73 & 76 of the Companies Act, 2013		

Signature this.....day of.....2014

Signature of Shareholder

Signature of Proxy holder(s)

- Note:
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 14th Annual General Meeting.
 3. It is optional to put a 'X' in the appropriated column against the Resolution indicated in the Box. If you leave the 'For' of 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
 4. Please complete all details including details of member(s) in above box before submission.

Affix
Revenue
Stamp

Corporate Office :

Thangamayil Jewellery Limited

25/6, Palami Centre, New Natham Road,
Narayanapuram, Madurai-625014.

Tel : 0452 - 2565553 Fax : 2566560

Visit us : www.thangamayil.com Email : info@thangamayil.com