

11th Annual Report 2010 - 2011



THANGAMAYIL JEWELLERY LIMITED

"Together We Achieve the Goal of Customer Delight"

Thangamayil Jewellery Limited Products are designed with utmost quality, reliability and value proposition to customers to exacting standards and dedicated to offer its customers best products and best services. The company is aiming and working at just one goal: Customer Delight.

Thangamayil Jewellery Limited, an organization that truly understands customer needs and expectations and addresses them with the commitment of Delighting Customers.

Thangamayil Jewellery Limited, powerful jewellery enhances its brand value with the delighted customers' repeated visits to the show rooms along their friends and relatives. Customers thus nurture the value of the brand by being Brand Ambassadors.

Thangamayil Jewellery Limited is proud to build the brand simply not as a brand but as a medium to nurture lasting relationship with customers.





THANGAMAYIL JEWELLERY LIMITED

BOARD OF DIRECTORS

Balarama Govinda Das

Chairman and Managing Director

Ba. Ramesh

N. B. Kumar

Joint Managing Directors

S. Rethinavelu

Lalji Vora

V. R. Muthu

T.R.Narayanaswamy(Additional Director)

Independent Directors

REGISTERED OFFICE

No. 124, Nethaji Road,

Madurai – 625 001

Ph: 0452-2345553 / 2344340 (fax)

Website: www.thangamayil.com

Email: thangamayil.acc@gmail.com

REGISTRAR AND TRANSFER AGENT

S.K.D.C. Consultants Ltd.,

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road,

Ganapathy,

Coimbatore -641 006.

Tel: 0422 -6549995

Fax: 0422 -2539837

COMPANY SECRETARY

V. Vijayaraghavan

STATUTORY AUDITORS

B. Thiagarajan & Co.

Chartered Accountants

24, Yogambal Street, T. Nagar,

Chennai – 600 017

BANKERS

State Bank of India

Oriental Bank of Commerce

Indian Bank

IDBI Bank Ltd

BRANCHES

Rajapalayam

Karaikudi

Ramnad

Dindigul

Theni

Sivakasi

Tuticorin

Madurai Anna Nagar



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NOTICE TO THE SHARE HOLDERS

NOTICE IS HERE BY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON WEDNESDAY, THE 29TH DAY OF JUNE 2011 AT CHAMBER OF COMMERCE NO: 178B, KAMARAJAR SALAI, MADURAI-625009 AT 11.30AM TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account made up to that day along with the report of the Directors and auditors there on.
2. To appoint a Director in place of Mr. Lalji Vora who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. V.R. Muthu who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. N.B. Kumar who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
5. To declare a Final dividend on equity shares.
6. To appoint statutory auditors to hold office from this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

M/s. B. Thiagarajan & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the applicable provision of the Companies Act 1956, Mr. T.R. Narayanaswamy who was appointed as an Additional Director by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 as from the date of ensuing Annual General Meeting and in respect of whom the company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a director of the company liable to retire by rotation”

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



RESOLVED THAT in modification of the resolution passed u/s 314 (1) of the Companies Act 1956 and in terms of the latest amendment vide notification dated 06th April, 2011 with regard to appointment of Mr.B.Rajesh Kanna as General Manager- Purchase, Son of Mr.Balarama Govinda Das, Managing Director of the company at a salary of ₹70,000/- per month, consent of the company be and is hereby accorded for enhancement of the salary to ₹1,25,000/- per month with effect from 01-04-2011 to hold such office of profit in the company and shall be governed by the rules and regulations of the company from time to time and as long as he holds office of profit in the company.

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

RESOLVED THAT in modification of the resolution passed u/s 314 (1) of the Companies Act 1956 and in terms of the latest amendment vide notification dated 06th April, 2011 with regard to appointment of Mr.B.Prasannan as General Manager- Marketing, Son of Mr.Balarama Govinda Das, Managing Director of the company at a salary of ₹70,000/- per month, consent of the company be and is hereby accorded for enhancement of the salary to ₹1,25,000/- per month with effect from 01-04-2011 to hold such office of profit in the company and shall be governed by the rules and regulations of the company from time to time and as long as he holds office of profit in the company.

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

RESOLVED THAT pursuant to the provisions of section 314 (1) of the Companies Act 1956 and in terms of the latest amendment vide notification dated 06th April, 2011, consent of the company be and is hereby accorded for the appointment of Mr.S.K.Yadeenthathan as Executive Information Officer, Son-in-Law of Mr.Ba.Ramesh, Joint Managing Director of the company, to hold office of profit in the company with effect from 01-04-2011 at a salary of ₹1,25,000/- per month and shall be governed by the rules and regulations of the company from time to time and as long as he holds office of profit in the company.

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-

(V.Vijayaraghavan)

Company Secretary

Place: Madurai

Date: 09-05-2011



Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and such proxy need not be a member of the company. The proxies in order to be valid, must be duly stamped, executed and received at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. Members are requested to bring their copies of the Annual Report for the meeting.
3. Members are requested to immediately notify any change of address:
 - (i) To the Depository participants (DPs) in respect of their electronic share accounts.
 - (ii) To the Registrar and transfer agent M/s.SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore- 641 006.
 - (iii) To the Registered office at 124, Nethaji Road, Madurai-1, in respect of their physical share folios.
4. The register of members and share transfer books of the company will remain closed from 20th June 2011 to 29th June 2011 (both days inclusive) as per the requirements of the listing agreement
5. The company has a designated e-mail id for investor grievances. All the share holders are requested to mail their grievance to thangamayil.acc@gmail.com
6. Members are requested to quote their folio numbers in all their correspondence.
7. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the company. The nomination form 2B prescribed by the Government can be obtained from the company.

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-

(V.Vijayaraghavan)

Company Secretary

Place: Madurai

Date: 09-05-2011



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

ITEM NO. 7

Mr.T.R.Narayanaswamy was appointed as an Additional Director with effect from 15th July 2010. He holds office only up to the date of the forthcoming Annual General Meeting. As required under section 257 of the act, a notice has been received from a member signifying his intention to propose his appointment as a Director.

Mr. T.R.Narayanaswamy is M.Com post graduate from university of madras and is hailing from industrious family engaged in different spheres of business interest and is associated with Amara Raja Batteries Limited as an independent director. He is well versed in general management and his association as an independent director for your company will be beneficial particularly in the context of enlargement of the business interest of your company. The Board proposes to appoint him as a Director liable to retire by rotation as per the relevant provisions of the Companies Act 1956. The Board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors except Mr.T.R.Narayanaswamy is deemed to be interested in the resolution.

ITEM NO. 8

Mr.B.Rajeshkanna is the General Manager-Purchase of the company working with effect from August 2008. In fact he has been associated with the company and has been working for other group companies before he joined our company in August 2008. His expertise in procurement field gained over period of time will be useful to the company in the years to come. He has taken a lot of initiatives & responsibilities covering all the areas of identifying, manufacturing and sourcing right materials and has participated in the growth story of your company. The company has already obtained permission from the Ministry Of Corporate Affairs, New Delhi vide their approval letter no **A44679132/2/2008-CLVII** dated **23rd July 2009** for ` 70,000/- and vide resolution passed at the Extra-Ordinary General Meeting held on 14th August 2008. The Board recommends the resolution for your approval. In recognition of his services it is considered necessary to increase his salary and perquisite from the current level of Rs.70,000 to Rs.125,000 w.e.f 01.04.2011.

Memorandum of Interest:

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



ITEM NO.9

Mr.B.Prasannan is the General Manager-Marketing of the company working with effect from August 2008. In fact he has been associated with the company and has been working for other group companies before he joined our company in August 2008. His expertise in procurement field gained over period of time will be useful to the company years to come. More over activities relating to Marketing and selling strategies, it is very fair and reasonable to recognize his efforts and commitments to the company. The company has already obtained permission from the Ministry Of Corporate Affairs, New Delhi vide their approval letter no **A44679132/2/2008-CLVII** dated **23rd July 2009** for ` 70,000/- and vide resolution passed at the Extra-Ordinary General Meeting held on 14th August 2008. The Board recommends the resolution for your approval.

In recognition of his services it is considered necessary to increase his salary and perquisite from the current level of Rs.70,000 to Rs.125,000 w.e.f 01.04.2011.

Memorandum of Interest:

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

ITEM NO.10

Mr.S.K.Yadeenthranathan has been appointed as Executive Information Officer with effect from 01.04.2011 in line with the requirements of the company taking into account the expansion of our retail business in order to strengthen the management of the company and to run the business effectively especially in the growing context of requirement of more executive personnel to manage the day to day activities of the company, it has become necessary to engage personnel with ample experience in various fields. The proposed candidate has got good exposure in Information & Technology to take care of our requirement with regard to systems and operations adequately. The Board recommends the resolution for your approval.

Memorandum of Interest:

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

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-

(V.Vijayaraghavan)

Company Secretary

Place: Madurai

Date: 09.05.2011

Annexure to the notice

Details of directors seeking re-appointment at the Annual General Meeting
(In pursuance of Clause 49 of Listing Agreement)

Name	Mr.LaljiVora	Mr.V.R.Muthu	Mr.N.B.Kumar	T.R.Narayanaswamy
Date of Birth	13.10.1943	06.10.1953	05.09.1966	14.03.1977
Date of appointment	26.09.2007	30.11.2007	24..02.2000	15.07.2010 as Addnl .Director
Qualification	B. Com.,	B. Com.,	S.S.L.C	M.Com
Area of experience	Rich experience in business/commercial spheres.	Rich experience in business/commercial spheres.	More than 2 decades experience in Jewellery business.	Rich experience in business/spheres and general management skills.
List of Directorships held in other Indian Companies	Milan Textiles Enterprise Private Limited	V.V.V. & Sons Edible Oils Limited, Virudhunagar Kamaraj Memorial Software Private Limited	Thangamayil Gold & Diamond Private Limited	Amara Raja Batteries Limited Results Marine Private Limited Results Investments Private Limited
Number of Membership in Other committees	Member	Member	Member	Member
	Remuneration committee, Share transfer committee,	Remuneration committee, Audit committee	Share Transfer committee	Audit Committee , Remuneration Committee
Number of Shares held in the company	Nil	Nil	26,32,566	Nil





HIGHLIGHTS OF THE YEAR

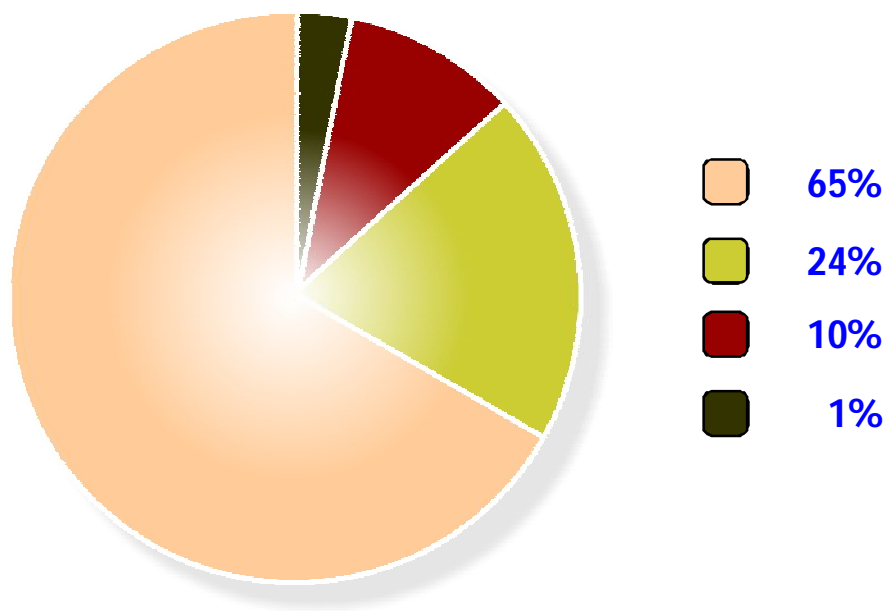
(. In lakhs)

Year ended	2010-11	2009-10
Sales and Other Income	65,826.24	45,140.57
EBIDTA	5,841.73	3,092.04
PBT	4,704.31	2,351.4
As a % of Sales	7.15%	5.21%
PAT	3,133.23	1,608.52
As a % of Sales	4.76%	3.56%
Net Worth Per Share	65.52	50.49
Earning Per Share(W.A)	22.84	16.46
Dividend Per Share (Rs)	5	4
Net Sales / Total Assets	2.89 Times	3.18Times
Profit After Tax / Inventories (%)	15.08%	13.76%



DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Year ended 31st March, 2011	No. of Shares	Percentage (%)	No of Share Holders
Promoter and Promoter Groups	8,927,404	65%	16
Institutional Investors	69,353	1%	4
Body Corporate	1,440,682	10%	134
Individuals	3,282,143	24%	2731
Total	13,719,582	100%	2,885





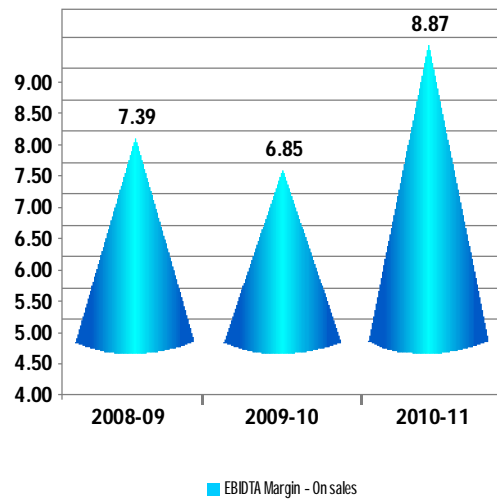
Key Financial Highlights - Performance at a Glance					
Year ended	2010-11	2009-10	2008-09	2007-08	2006-07
Sales and Income (` .In lakhs)	65,826.24	45,140.57	24,685.55	22,460.11	12,722.37
EBIDTA Profits (` .In lakhs)	5,841.73	3,092.04	1,877.87	1,269.73	785.56
Profit before tax (` .In lakhs)	4,704.31	2351.40	1355.15	1042.45	612.98
Profit after tax (` .In lakhs)	3,133.23	1606.70	887.52	686.07	402.83
Net worth (` .In lakhs)	8,988.57	6926.72	2699.49	1896.28	681.54
Return on Capital employed	30%	21%	32%	25%	21%
Return on Equity Fund	40%	33%	38%	53%	59%
Current Ratio	1.57:1	1.82:1	1.43:1	1.63:1	1.78:1
TOL/TNW	1.49:1	1.01:1	1.74:1	1.03:1	2.06:1
Equity Capital (` .In lakhs)	1371.96	1371.96	905.29	867.2	304
Book value per share - net of revaluation reserve	66	50	30	22	22
Earnings per share (EPS) (` 10 Per Share)	22.84	16.46	10.07	13.00	13.25



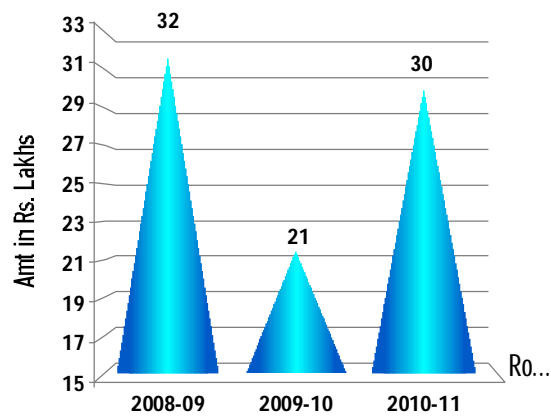
FIVE YEARS REVIEW OF FINANCIALS						
(. In lakhs)						
	Year ended	2010-11	2009-10	2008-09	2007-08	2006-07
1.	Sales & Operating Income	65,826.24	45,140.57	24,683.83	22,449.99	12,715.67
2.	Other Income	-	-	1.72	10.12	6.70
3.	Cost of materials	57,898.41	40,515.26	22,063.57	20,822.72	11,760.19
4.	Administrative expenses	557.78	360.39	234.78	100.9	55.91
5.	Salaries, Wages and Bonus	810.85	518.99	297.92	166.72	83.17
6.	Selling expenses	717.47	653.89	211.42	100.04	37.54
7.	Interest and financial expenses	989.34	649.99	460.49	197.34	151.76
8.	Depreciation	148.08	90.65	62.23	29.94	20.82
9.	Tax expenses	1,571.08	744.70	467.62	356.38	210.15
10.	Profit / (Loss) after Tax	3,133.23	1,606.70	887.52	686.07	402.83
11.	Dividend (including tax)	799.38	641.52	105.91	50.73	35.57
12.	Net Block	2,598.02	1,500.33	1,009.31	602.59	461.84
13.	Net current assets	20,206.2	12,688.49	6,275.73	3,475.34	1,942.24
14.	Miscellaneous expenditure	832.5	560.59	602.25	394.8	200.02
15.	TOTAL ASSETS	23,636.82	14,749.41	7,887.29	4,472.73	2,604.10
16.	Share Capital	1,371.96	1,371.96	905.29	867.2	304.00
17.	Reserves & Surplus	8,449.20	6,115.35	2,396.45	1,423.88	577.56
18.	Long Term Borrowings	-	260.36	114.52	-	541.98
19.	Short Term Borrowings	13,426.22	6,739.09	4,225.15	2,021.63	1,086.00
20.	Deferred Tax Liability	389.44	262.65	245.88	160.02	94.56
21.	TOTAL LIABILITIES	23,636.82	14,749.41	7,887.29	4,472.73	2,604.10



EBIDTA Margin - On sales (%)

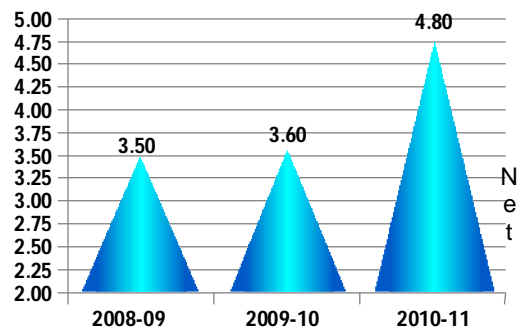


Return on Capital Employed (%)

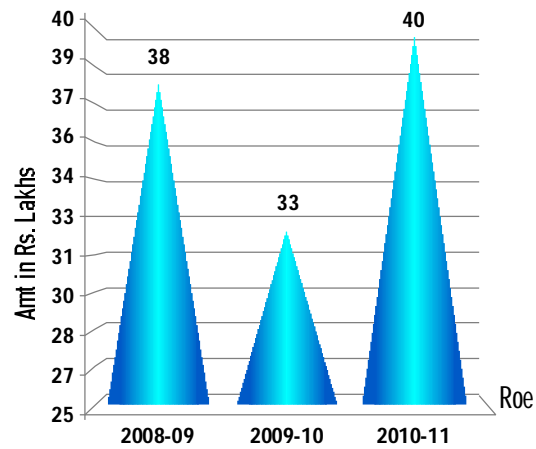


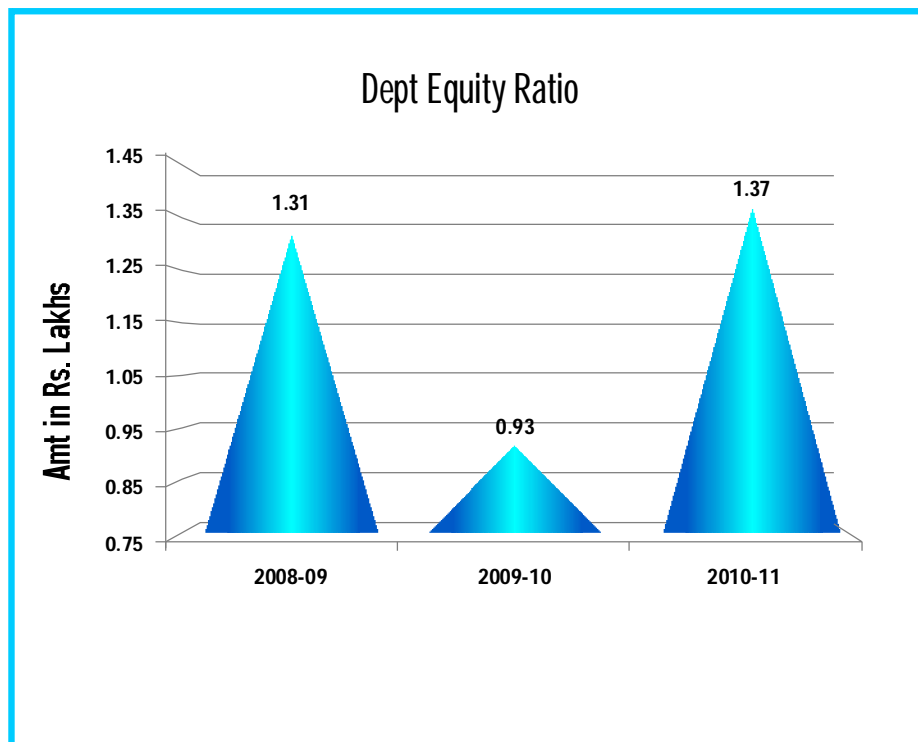
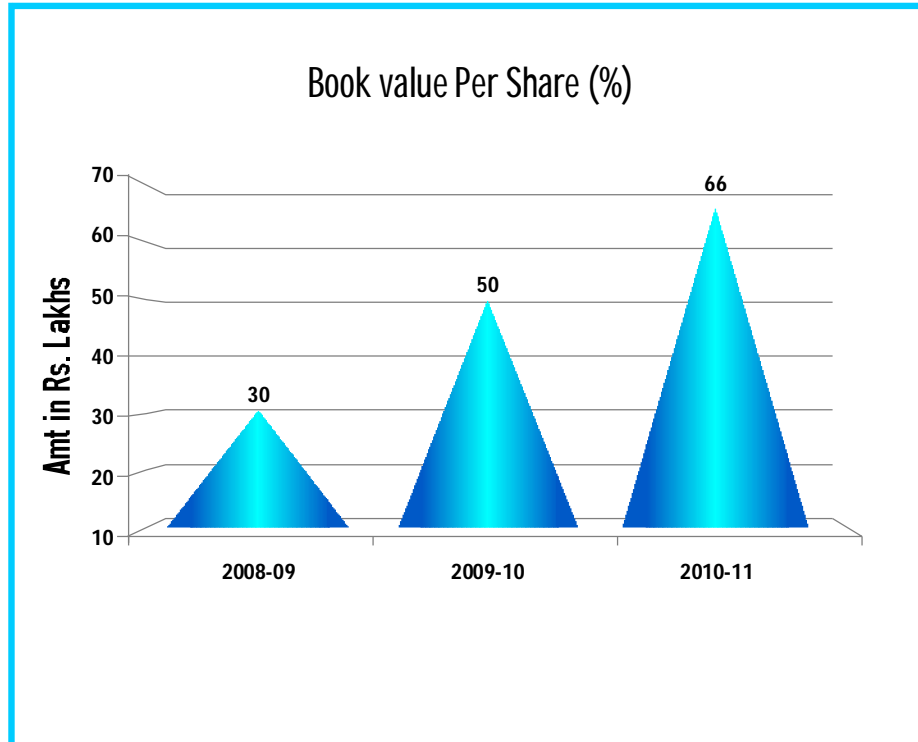


Net Profit Margin (Post tax) - On sales (%)



Return on Equity (%)







DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting their **11th Annual Report** and the Audited Accounts for the financial year ended March 31, 2011.

FINANCIAL RESULTS

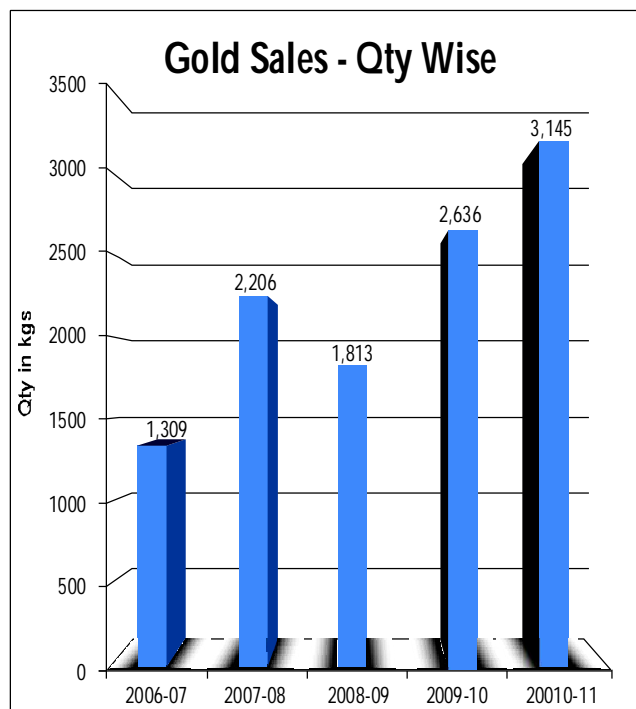
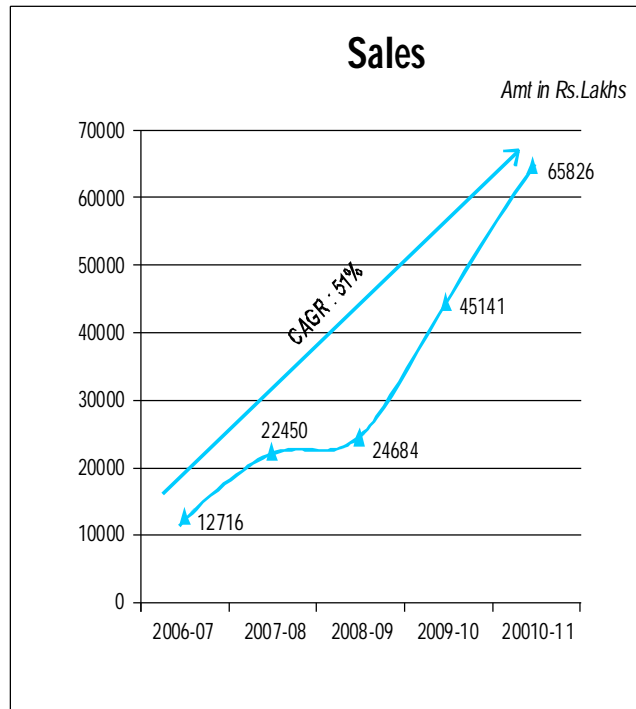
Highlights of Financial results for the year are as here under:

(₹ . in Lakhs)

Particulars	2010-2011	2009-2010
Sales and Other Operating Income	65,826.24	45,140.57
Earnings before Interest, Depreciation and Taxation (EBITDA)	5,841.73	3,092.04
Interest and Finance Charges	989.34	649.99
Depreciation	148.08	90.65
Profit Before Tax (PBT)	4,704.31	2,351.40
Taxation	1,571.08	742.88
Profit / (Loss) for the Year (PAT)	3,133.23	1,608.52



OPERATIONAL REVIEW

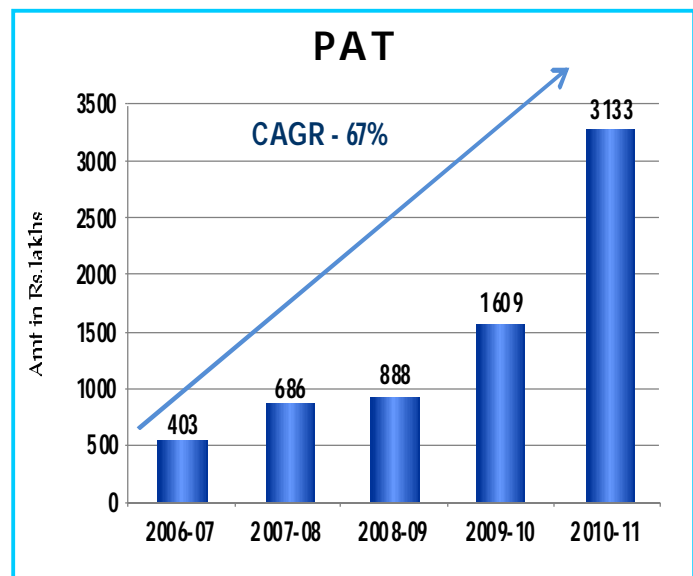
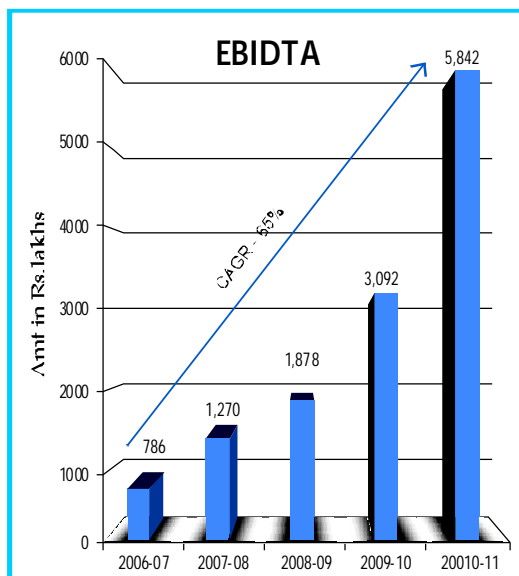




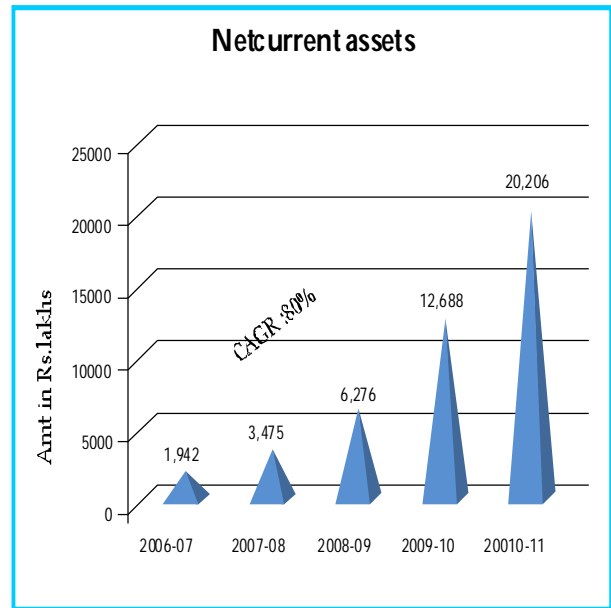
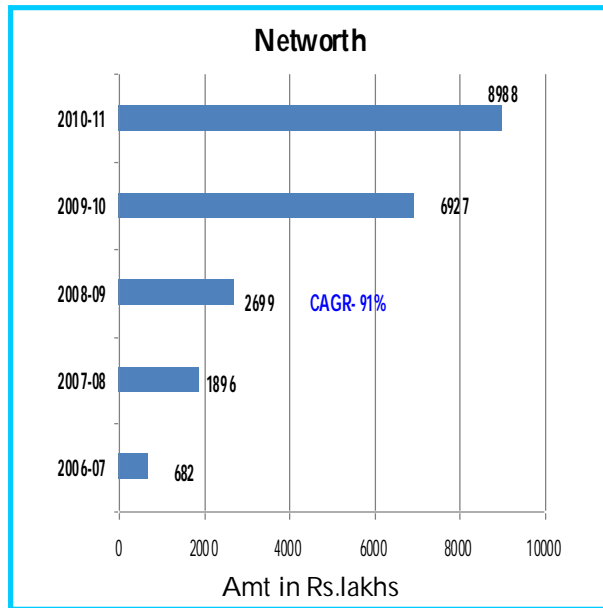
The company has achieved an all time record turnover of ` 65,826.24 Lakhs for the year ended 31.03.2011 as against ` 45,140.57 lakhs of previous year, thereby registering a top line growth of 45.82 %. In volume terms the company could achieve a quantity of 3,145 Kgs in this year as against previous year of 2,636 Kgs there by registering an increase of 20% in this year.

This performance was possible due to opening of two more branches at Tuticorin, and Anna Nagar, Madurai during the financial year and also due to full year performance of branches opened in the previous year.

The Company made an EBIDTA of ` 5,841.73 Lakhs as against ` 3,092.04 Lakhs achieved in the previous year registering a significant growth of **89%** in the EBITDA of the Company.



Consequently the Profit after tax also increased to ` 3,133.23 Lakhs as against ` 1,608.52 Lakhs in the previous year. After tax and dividend distribution the retained profit of ` 2,333.85 lakhs is added to the Reserve and surplus of the company. The networth of the company net of Deferred Revenue Expenditure stands at of ` 8,988.57 lakhs as against ` 6,926.72 in previous year. Registering healthy net worth increased by 30%. Similarly Net current assets also increased from ` 12,688.49 lakhs to ` 20,206.21 lakhs registering an improvement by 59 %.



Certain structural changes & strategies followed as given below by the management helped the company to post all time record turnover and profit after tax in the financial year.

- 1) Worked for volume improvement by bringing down the price in conformity to the competitors pricing.
- 2) Effective inventory management with the help of SAP system and close monitoring of inventory movement.
- 3) Significant improvement was made in the synergy optimization in the area of advertisement and publicity.
- 4) A better product mix in the areas of design, varieties, and ranges is made.
- 5) Opening of two more branches at Tuticorin and Anna Nagar, Madurai added to the volume off take.
- 6) Introduction of "Customer Loyalty" discount cards to promote future sales.



DIVIDEND

The board of directors of the Company at their meeting held on 14th March 2011, declared interim dividend of ₹ 4/- per share (40%) amounting to a sum of ₹ 639.93 lakhs including dividend distribution tax for the year 2010-11. It was paid to the shareholders on 27th March 2011. The Board of Directors of the Company have recommended a final dividend of ₹ 1/- per share (10%) on the paid up share capital as on 31st March 2011. With this the total dividend for the year works out to 50 % on the paid up capital (₹ 5 per share of ₹ 10 face value) involving an aggregate pay out of ₹ 799.38 lakhs inclusive of dividend tax payable (Tax free in the hands of share holders). Payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The register of members and share transfer books will remain closed from 20th June, 2011 to 29th June, 2011 (both days inclusive).

Transfer to Reserve

We propose to transfer ₹ 320.00 lakhs to the general reserve. The balance is carried forward in the Profit and Loss Account.

RETAIL EXPANSION PLAN

During the year under review, the efforts in retail expansion plan were further intensified and the company opened 2 more retail stores during the year. The company has virtually benefited by this expansion that helped to develop its brand name through customer satisfaction.

This business plan of exploiting potentials of tier 2 cities / town in the State of Tamilnadu on implementation, not only yielded results but also gave reasonable confidence to the management to complete the branch expansion plan as scheduled in the remaining places as mentioned in the Public issue Prospectus document and also in cities like Trichy and Salem.

We are now operating from Nine outlets and likely to improve our presence in Fifteen places by end of March 2012. We are placed in a vantage position to fully exploit the Rural India Growth Story by penetrating deeper into Rural towns particularly in the southern and western districts of Tamilnadu where a significant gold jewellery business takes place.

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



FUTURE BUSINESS PLAN

The envisaged business plan to be followed in the next five years “inter alia” includes the following.

Setting up commercial grade branches in and around major cities/ towns in the state of Tamil Nadu.

Setting up high value fashion oriented jewellery made out of Diamond and Precious stones to cater to the needs of the upcountry market.

Extension of Franchisee Model for marketing our products in the identified areas within the ambit of our overall operations to get the benefit of marketing expenses synergy optimization.

Sustained penetration into rural areas by spreading the awareness of quality criteria among rural people with a view to expand the loyal customer base for the company.

FUTURE PROSPECTS

Going forward, the business model as demonstrated by your company can easily be replicated in various selected towns. With the consumer awareness improving year after year, for the quality parameters on the one hand and the effective polarization taking place in the supply side on the other hand the future prospects of the company is ensured. Though operating in a competitive environment, the uniqueness of the model ensures a comfortable level of net margin availability to your company.

FINANCE

Your company's financial position is comfortable. As against the combined sanctioned working capital limit from banks of ₹ 239 crores, the company utilized only up to ₹ 121.43 crores. With the available internal accruals and balance un utilised money from IPO and with the undrawn limit from banks, the company should be in a position to comfortably complete the ongoing retail expansion plan for forth coming year and meet its working capital requirements fully.

CAPITAL EXPENDITURE

During the year, we capitalized ₹ 1138.73 Lakhs to our gross block comprising ₹ 436.12 lakhs for Tuticorin and Madurai Anna Nagar Show room cost and the balance of ₹ 223.93 lakhs for plant and machinery, vehicles and other assets for existing branches. We have acquired lands in Trichy and Salem for Show rooms for ₹ 478.68 lakhs.

During the previous year, we capitalized ₹ 583.50 lakhs to our gross block, consists of Plant and Machinery and Furniture & Fittings of ₹ 381.04 lakhs and lease hold Building of ₹ 28.91 lakhs , ₹ 38.58 lakhs on Ramnad Show room Building , ₹ 134.97 lakhs towards Computer and Motor vehicles.

OPENING OF BRANCHES

Your Directors are delighted to announce the opening of the two more branches at Tuticorin (20th August 2010) and Madurai Anna Nagar (14th March 2011). These branches have been well equipped with the lot of choices and various preferences and facilities. The above branches are doing extremely well and their performance has been excellent with potential growth and better future prospects. The company has successfully completed its renovation and modernization at Madurai Main Branch and opened the same for public on and from 29th April 2011. Work in other branches is at different stages of completion.

FUNDUTILISATION: Initial Public Offering (IPO)

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

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

Out of the IPO proceeds of ₹ 2875.25 lakhs, the Company has utilised ₹ 2,629.74 lakhs up to 31/3/2011. The detailed statement of utilization of fund vis-à-vis IPO objects as given in the prospectus is given hereunder:

(₹ in lakhs)

S No	Objects of IPO as projected in the Prospectus Purpose	Total	Utilisation till March 31, 2011	Balance
1.	Cost of setting up of retail outlets (Branches)	1353.25	1220.83	132.42
2.	Working capital requirements	1267.00	1127.48	139.52
3.	To meet the expenses of Issue *	255.00	281.43	(26.43)
	Total	2875.25	2629.74	245.51

*Escalation in Printing and Advertisement cost



The unutilized amount is parked with Banks in conformity with the modification approved / consented by the empowered board and in accordance with terms of prospectus.

DIRECTORS

Retirement by Rotation

At the ensuing Annual General Meeting, Sri.V.R.Muthu, Sri. Lalji Vora, and Sri. N.B.Kumar Directors of the Company, retires by rotation and being eligible seeks re-appointment. Your Board commends their re-appointment.

The Board at its meeting held on July 15th, 2010, appointed Mr. T.R.Narayanaswamy as an independent Director, w.e.f that date, in accordance with section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company. Notice has been received from a member signifying his intention to propose his appointment as a Director whose office of directorship is liable to retirement by rotation.

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, 2011, Equity Shares representing 99.75% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

LISTING OF SHARES

The Equity Shares of your Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2011-12 have been paid to these Stock Exchanges. The Shares of the companies are compulsorily tradable in dematerialized form.



DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the accounts for the financial year ended March 31, 2011, the applicable accounting standards have generally been followed except for small deviations as explained in the Notes on accounts;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

AUDITORS

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



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

INSURANCE

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

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at ` 1280.61 lakhs from 1,383 persons including members of the company as at March 31, 2011 (Previous year ` 415.10 lakhs). Matured Deposits for which disposal instructions had not been received from the Depositors concerned stood at ` 1.75 lakhs as at March 2011. The same amount has been paid as per instructions received after the year end.

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

INTANGIBLES

- § Brand “**Thangamayil**” is a powerful retail brand in the southern districts of Tamil nadu.
- § Leadership is established in all branches of operations.
- § Satisfied customer base of well over 1 lakh spread over Seven Southern Districts of Tamil Nadu.
- § Carries huge sentimental and relationship based business association from the rural customers.
- § Enjoys the patronage of around 20,000 chit customers pledging their support for future purchase of gold ornaments.
- § Maintaining the products' brand premium over the immediate competitors in the area of operation.
- § Huge potential for multiple retail showrooms penetration by exploiting the under utilised brand visibility in new areas.
- § Huge potential for introduction of franchisee model in smaller towns where the brand is very popular as a house hold name.



- § Brand is well known in the area of operations that would facilitate marketing of high value diamond products going forward.
- § Brand loyalty is visible as evidenced by repeat purchase made by customers.
- § In spite of penetration of popular state level brands the uniqueness of '**Thangamayil Brand**' ensures to maintain its "**Number one**" slot in most of the places it operates.

CORPORATE GOVERNANCE

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

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

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

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

c) Foreign Exchange Outgo

(₹ in lakhs)

Particulars	2010 -11	2009 - 10
Travelling Expenses	7.47	4.70
Interest on FCNRB Loan	271.76	260.82

INTERNAL CONTROL SYSTEMS

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 transactions are properly authorized recorded and reported.

PERSONNEL

Employee relations continued to be cordial during the year. The company continued its thrust on Human Resource Development. The Board wishes to place on record its sincere appreciation to all employees in the Company for their sustained efforts and immense contribution to the high level of performance and growth of the business during the year.

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 RESOURCES

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

THANK YOU

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

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-sd-

BALARAMA GOVINDA DAS

Managing Director

-sd-

Ba. RAMESH

Joint Managing Director

-sd-

N. B. KUMAR

Joint Managing Director

Place – Madurai

Date – May 9, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SCENARIO

INDIAN GEMS AND JEWELLERY INDUSTRY

According to World Gold Council (WGC), the Indian jewellery market currently is worth about ₹ 900 bn (USD 20.45 bn). Of this, the urban jewellery market is valued at ₹ 340 bn (USD 7.75 bn) and the rural & semi rural markets are valued at ₹ 560 bn (USD 12.70 bn). Gold jewellery forms around 85% of the Indian Jewellery market (approx. ₹ 765 bn (USD 17.38 bn)), with the balance comprising fabricated Studded Jewellery that includes diamond studded as well as gemstone Studded Jewellery. A predominant portion of gold Jewellery manufactured in India is for domestic consumption.

The Indian gems and jewellery industry is competitive in the world market due to its low cost of production and availability of skilled labour. The industry employs over 1.60 mn people directly and indirectly.

The Indian gems and jewellery sector is largely unorganized at present. There are over 140,000 Jewellery manufacturing units throughout India.

Family jewellers, who constitute nearly 93% of the market, dominate the industry. Organized players have, however, been growing steadily carving a 7% market share. As India's jeweller' market matures, it is expected to get more organised and the share of family jewellers is expected to decline by the process of effective retail marketing and polarization factors.

Rural and Middle Class Population Demand

Data from National Council for Applied Economic Research (NCAER) indicates that India's income earning population will expand by 3% from 34% in FY10 to 37% in FY12. Even the upper-middle class population is expected to rise from 10% to 11% during the same period. These two segments are expected to fuel consumption growth of luxurious items and this bodes well for the jewellery industry. Disposable income in India increased at a CAGR of 13% since 1997. The median age of Indians is 26 years, one of the lowest in the world compared to 38 in US and 34 in China. The urban population which currently accounts for 33% of the total population is expected to increase to 40% by the year 2020. With rising young population, the jewellery industry has significant potential for growth. A well integrated rural India believes in gold more as securing by



investment item and it will continue to be backbone of the Indian economy and particularly for influencing gold Jewellery demand.

Shift in buying patterns

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

Branded Jewellery

Jewellery retailing in India is undergoing a slow transformation from a largely unorganized sector to a more organized one. While the family owned jewellery store remains the predominant retail format, new formats such as boutiques, supermarkets and gold souks are emerging for jewellery retail. Branded jewellery has been a relatively recent phenomenon in India. The Current trend in brand jewellery segment is growing in robust manner. The regional manner is getting upgraded to national level and some of the house names that were conservative in the past become so aggressive player in last couple of years. This trend is fast gaining momentum with middle level retail players. By 2020 once market is opened for foreign brands the market share for the organized sector will improve significantly.

RISK ANALYSIS

The Company is currently operating in outlets at Madurai Main, Madurai Anna Nagar, Rajapalayam, Karaikudi, Ramnad, Dindugal, Theni, Sivakasi and Tuticorin and proposes to open outlets in Nine other locations in 2011-12. The company has a sound understanding of the tastes and preferences of the rural/semi-urban populace and is confident of catering to the requirements of the simplest locations. However, the project carries with it geography risk which includes the following factors:

1. Tastes and Preferences:

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



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

2. Impact of competition:

Jewellery retailing trade is a highly competitive industry. Each of the locations has well established players who already have a strong foot hold in the market. In addition to the 7-8 large organized players, the market is also fragmented with upto 75% of the market being executed by small, unorganized players. The company carries the risk of establishing volumes in a highly competitive industry.

Recently, Madurai has seen the entry of Alukkas Jewellers, Bhima Jewellers and Kalyan Jewellers, Lalitha Jewellers, Kirthilal Jewellery and the majority of them have presence in 15 to 20 other cities. Such new entrants come in with the financial muscle that comes out of managing 10 – 15 outlets and hence have the ability to spend heavily on advertising and on maintaining higher levels of inventory.

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

3. Demand for gold jewellery

Luxury products, such as gold jewellery, diamonds and fine jewellery, form part of the discretionary purchases for consumers. The volume and value of such purchases may significantly decrease during economic downturns. The success of our business depends partly on macro economic factors such as economic growth, employment levels, income levels, tax rates and credit availability, all of which affect consumer spending and disposable income. Any reduction in consumer spending or disposable income may affect us more significantly than companies in other industries.

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

The retailing of gold jewellery is extremely fragmented and the small retailers do not always follow sound business practices. From time to time, attempts have been made by them to have discounts and promotions that involve the sale of inferior quality jewellery. We expect such efforts to continue in the future.



If any such efforts are successful in creating widespread demand for lower quality products, demand and price levels for our products would decline and our business and results of operations would be substantially harmed.

4. Our Profitability may be affected by commodity price sensitivity

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

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

5. Internal Control System

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

Some significant features of the internal control systems are:

- Ø Corporate policies on accounting and major processes;
- Ø Well-defined processes for formulating and reviewing annual and long term business plans;
- Ø Preparation and monitoring of annual budgets for all trading activities
- Ø Having introduced state of the art Enterprise Resource Planning (ERP) since August 2008, supplier Relations Management and Customer Relations Management, to connect its different locations, dealers and vendors.



- Ø Monthly meeting of the top management committee to review operations and plans in key business areas;
- Ø A well established multi disciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks;
- Ø 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;
- Ø A comprehensive information security policy and continuous upgrades to IT system;
- Ø Documenting Major Business Process including financial reporting, Computer Controlling, Security Checks and Top Committee level Plans.
- Ø **Anti-fraud programme.**

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

6. Quality of our products

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

7. Inventory Management.

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

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



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

8. Seasonal fluctuations in sales

We have experienced and expect to continue to experience seasonal fluctuations in our sales. In particular, we have historically experienced higher jewellery sales during the third and fourth quarters of our fiscal year, as a result of the Diwali and the Christmas holiday season and we expect this seasonality to continue in the future. In fiscal 2010-11, approximately 60% of our jewellery sales were generated during the second and third quarters of the year. We also experience considerable fluctuations in sales in the periods 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 the second quarter of our current fiscal 2011-12, we may incur significant additional expenses on advertisement publicity, higher inventory of jewellery and additional staffing in our customer support operations in view addition of big branches in the second quarter of in the fiscal. If we were to experience lower than expected sales during any future third quarter or during the above mentioned festivities, it would have a disproportionately large impact on our operating results and financial condition for that year.

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

9. Successful Management of New Outlets.

The project proposes a growth of over 50% in revenue terms over each of the next 2 years through the setting up of 15 additional outlets. Each of these outlets needs to be effectively managed to ensure the successful scaling up of operations.

10. Enterprises Resources Program (ERP)

We have implemented our ERP programme under the name of "SAP Business 1" in August 2008. We have purchased the ERP program from Mahindra Logisoft Business Solutions. At present, all our retail counters are equipped with ERP oriented programs. In our ERP program, we have supply chain module and a financial module. All our stocks are generated through the system which is then bar coded by unique numbers with the details embossed on the barcodes. Thereafter, the products are transferred to various locations. Our retail system is maintained in the ERP program itself. All the accounting procedure is done through the same. We have also developed a unique franchisee model in our ERP program in line with the business plan of the management.

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



11. Health, Safety and Environment

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

12. Balanced level of leverage

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

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

Fluctuations in market interest rates may affect the cost of our borrowings, as most of our indebtedness is at variable interest rates. For the current year 2011-12 due to increase in lending rates our cost of funds for working capital facility will move up by 200 basic points (ie 2%) as compared to the year ended 2010-11

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

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

13. Brand Equity and Valuation

The Company has been conducting business under the house name "Thangamayil Jewellery". The house name has been established and promoted in Madurai and the areas surrounding Madurai for over a decade. This brand value has accrued through consistent efforts that have included quality and price assurance, advertisement and promotion and the retail experience. Currently, the Company enjoys a market share in excess of 20% in the sale of Gold and Diamond Jewellery in the city of Madurai and surroundings.

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

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



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

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

Extend Thangamayil's footprint to other cities;

Create an aura of exclusivity around the brand name while at the same time retaining Thangamayil's unique contact with the culture and tradition of the people in Madurai, Tirunelveli, Ramnad, Rajapalayam & Karaikudi, Theni, Dindigul, and Tuticorin;

Target the correct audience and maximize impact on this targeted segment and create a strong and long lasting bond between the customer and the Brand image created by Thangamayil.

The Company plans to leverage the existing popularity of the house name and sell Gold, Diamond and Platinum jewellery under the brand name "Thangamayil" at retail outlets in the cities mentioned above. The Company has already obtained the trade mark with respect to the branding of the jewellery show rooms in the name and style of Thangamayil.

The brand building has got a tremendous cost of requiring considerable funding, As more number of branches were opened and operating at satisfactory level.

14. Sales and Marketing

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



SWOT ANALYSIS

Strengths

- The longevity of the House name and the promoters' experience and the fact they bring with them a 60 year's history.
- Well established powerful brand loyalty to support the retail expansion plan.
- Ability to obtain competitive terms of supply from vendors given the volumes procured.
- Customer loyalty coupled with quality assurance aspects on a sustainable manner.



Weakness

- Operating in a competitive environment with downward bias for margin.
- High Price associated with gold price movement and consequential adverse impact on results.
- Limitation of geographical presence to southern districts of Tamilnadu.
- Operating in a cyclical industry with all inherent risks.





Opportunities

- Sustained performance over the last few years in Madurai and surrounding towns provides platform for growth into other tier 2/3 cities in Tamilnadu with similar customer profile.
- Growing acceptance and preference of customers for Hallmarked and high quality products presents an opportunity to distinguish oneself from unorganized companies.
- Polarization of business with in organized brands that augers well for the sustainability of growth.



Threats

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





FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Results of Operations

1. Sales

Sales for the year 2011 increased by 46%, driven both by volume as well as price / yield increases.

2. Other Income

Other operating income is ₹ 54.08 lakhs in 2010-11 as against ₹ 45.78 Lakhs in 2009-10.

3. Expenditure

During the year, input cost of Raw material, Packing Material and finished goods, as a percentage to sales has marginally decreased by 1.85% when compared to last year. The Company's Advertisement and Promotion expense, as a percentage of Sales has decreased to 1.09% as against 1.39% last year, due to increase in the value of sales and significant increase in volume.

4. Profit before taxation

Profit before taxation amounted to ₹ 4704.31 lakhs as against ₹ 2351.40 Lakhs in the previous year.

5. Provision for Taxation

The Company has made provision for taxation for the year amounting to ₹ 1571.08 lakhs (including deferred tax) on Profits before tax. The effective tax rate for the year is 33.40% as against 31.67% last year.

(A) Financial Condition

Overview

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

1. Share Capital

The issued, subscribed and paid up capital as at March 31, 2011 stood at ₹ 1371.96 lakhs. There was no fresh infusion of capital during the year.



2. Reserves and surplus

Reserves and surplus stood at ` 8,449.20 lakhs as against ` 6115.35 in the previous year.

3. Fixed Assets

During the year, company capitalized ` 1138.73 Lakhs to our gross block comprising ` 436.12 lakhs for Tuticorin and Madurai Annanagar showroom cost and the ` 223.93 lakhs for plant and machinery, vehicles and other assets for existing branches. We have acquired lands in Trichy and Salem for Showrooms for ` 478.68 lakh.

4. Inventories

Inventories amounted to ` 20774.77 lakhs as at March 2011 against ` 11677.93 lakhs as at the previous year end. The increase is primarily on account of increase in gold ornaments necessitated by increase in the number of branches and also increase in gold price.

5. Sundry debtors

Sundry debtors amounted to ` 15.35 lakhs as at 31st March 2011 as against ` 15.20 lakhs as at 31st March 2010

6. Cash and Bank balances

Cash and bank balances with scheduled banks amounts to ` 558.49 lakhs as against ` 803.08 lakhs of the previous year. The decrease is on account of reduction amount parked in banks, as IPO funds utilized for opening new branches and renovation of existing branches.

7. Loans and Advances

Loans and advances amounted to ` 916.59 lakhs as against ` 1031.06 Lakhs in previous year. Loans and Advances includes primarily, advances paid for raw material and services (` 405.37 lakhs), Rental Advance (` 181.01 lakhs), pre-paid insurance, loans and advances paid to employees and deposit with statutory bodies.

8. Current Liabilities & Provisions

Sundry creditors amounting to ` 1710.15 lakhs include creditors for advertising and promotion spends, raw materials, packing materials, advance received from Customers and creditors for capital purchases.

Provisions amount to ` 348.83 lakhs include statutory dues for Income taxes, provision for final dividend.



9. Net working Capital

The Company has a Working Capital (including cash and bank balances) of ` 8060.60 lakhs as at 31st March 2011 as against ` 6364.50 lakhs as at 31st March 2010. The increase in working capital is largely due to higher closing inventory and loans and advances.

10. Return on Capital employed

The return on capital employed (average) during the year has increased to 30% from 21% last year. The percentage has been computed by dividing EBIDTA by the average capital employed (shareholder's funds plus loan funds) during the year.

11. Debt Equity Ratio

Your Company has got a Gross Debt Equity ratio of 1.37:1 as at 31.3.2011 as against 0.93:1 as at 31.03.2010.

CAUTIONARY STATEMENT

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

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





REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

MANDATORY REQUIREMENT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

- a) The Board of Directors and the Management of TMJL commit themselves to:
- Strive towards enhancement of Shareholder value through;
 - i) Sound business decisions
 - ii) Prudent financial management and
 - iii) High standards of ethics throughout the organisation.
 - Ensure transparency and professionalism in all decisions and transactions of the company.
 - Achieve excellence in Corporate Governance by
 - i) Conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.
 - ii) Regularly reviewing the Board processes and the management systems for further improvement.

Thus in TMJL we are committed to conduct our business in a manner which will ensure long-Term growth there by maximizing value to share holders, Customers, Employees and Society at large. The company recognizes that good corporate governance is essential to build and retain the confidence of its share holders. Therefore the company ensures that various disclosures requirement are complied with for effective corporate governance. To this end, the company's philosophy on corporate governance is to endeavor and to ensure:



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

CORPORATE CODE OF CONDUCT

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

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

BOARD OF DIRECTORS

Composition of the Board

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

As at March 31, 2011, the Company's Board consists of 7 directors and is headed by its Chairman and Managing Director, Mr. Balarama Govinda Das, out of which, four are independent directors. The independent directors of the Board are experienced, competent and highly renowned in their respective fields. The independent directors take active part at the Board and committee Meetings which brings value to the decision making process of the board.

Non-executive directors- compensation

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

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	8	7	Yes	-	-
Mr. Ba. Ramesh (Joint Managing Director)	Executive	8	8	Yes	-	-
Mr. N. B. Kumar (Joint Managing Director)	Executive	8	8	Yes	-	-
Mr. S. Rethinavel	Non-executive	8	7	Yes	-	-
Mr. Lalji Vora	Non-executive	8	5	Yes	-	-
Mr. V.R. Muthu	Non-executive	8	5	Yes	1	-
Mr. T.R. Narayanaswamy*	Non-executive	3	2	No	-	-

*Appointed as Independent Director on July 15, 2010

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

Adoption of Code of Conduct

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



Access to information and Updation to directors:

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

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

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

Appointment / Re-appointment of directors:

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

AUDIT COMMITTEE

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

The committee consists of following members:

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

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



The role of the Committee shall be as under:

- Ø 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.
- Ø Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Ø 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.
- Ø Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Ø 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..
- Ø Discussion with internal auditors any significant findings and follow up there on.
- Ø 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.
- Ø Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussions to ascertain any area of concern.
- Ø Reviewing the company's financial and risk management policies.
- Ø To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.



The Committee had four meetings during the year, held on 10/05/2010, 15/07/2010, 22/10/2010 and 27/01/2011 to discuss, internal audit report and internal control systems and Auditor's Report for 31/03/10 and quarterly review of operations.

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

Sri. V. Vijaya Raghavan, Company Secretary is the Secretary to the Audit Committee.

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

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

SHARE TRANSFER COMMITTEE

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

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 :

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

The committee has the following members:

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

All the investors' complaints were resolved as on 31st March 2011 and no complaints were pending at the year end.

REMUNERATION COMMITTEE

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

The Remuneration Committee consists of 3 Independent Directors (including the Chairman of the Committee). During the year under review, 1 Remuneration Committee meeting was held on May 10, 2010. The composition of the Remuneration Committee and attendance at its meeting is as follows:

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



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

The terms of reference of the Remuneration Committee are:

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

Remuneration Policy

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

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

A sitting fee of ₹ 2,500/- for attendance at each meeting of the Board and committee, is paid to its Members (excluding Whole-time Directors).

Apart from the sitting fees that are paid to the non-executive directors for attending the board / committee meetings, no other fees / commission were paid during the year. 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 2010-2011, is given below:-

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

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

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

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

Particulars of Sitting Fees paid and Details of Share holding of independent directors during the financial year 2010-11.

Name of the Directors	Sitting Fees (in ₹)	No of Equity Shares Held
Mr. S. Rethinavel	17,500	-
Mr. Lalji Vora	12,500	-
Mr. V.R. Muthu	12,500	-
Mr. T.R.Narayanaswamy	5,000	-
Total	47,500	-



DISCLOSURES

During the financial year ended March 31, 2011, there were no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Details of related party transactions form part of Notes on Accounts.

The Company has complied with all the statutory requirements comprised in the Listing Agreements/ Regulations/Guidelines/Rules of the Stock Exchanges/ SEBI/ other statutory authorities.

There were no instances of non-compliance by the Company nor have any penalties, fine been imposed by Stock Exchanges or SEBI, of the Company on any matter related to capital markets.

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 of 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, 2011 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, 2011, 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 the Company will be published in English and vernacular newspapers. These are not sent individually to the shareholders.



Newspapers wherein results are normally published

The results are normally published in any one of the English newspapers viz. The Hindu, Economic Times, Business Line, Indian Express, and the Tamil version of the Financial Results in a Tamil daily viz., Dinamalar, and Dinamani.

Website:

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

Share Transfer Agent (STA) and share transfer system:

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

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

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

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

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



Dematerialisation of shares and liquidity:

TMJL shares are tradable compulsorily in electronic form and, through M/s. SKDC Consultants Limited, Registrars and Share Transfer Agents; we have established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at March 31, 2011, 99.76% of our shares were held in dematerialized form and the rest in physical form.

Shares held in demat and physical mode as at March 31, 2011 is as follows:

Category	Number of Share Holders	Number of Shares	% of Total Equity
NSDL	1,930	12,129,937	88.41
CDSL	952	1,556,045	11.34
Physical Mode	3	33,600	0.25
Total	2,885	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 13,719,582 equity shares of ₹10/- each held by persons includes promoters, 1,36,85,982 shares have been dematerialized as on 31st March, 2011 accounting for 99.75%.

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

Manufacturing & Show Room Locations:

- Madurai (Head Office and Manufacturing)

- Branches

- Rajapalayam · Karaikudi · Ramnad
- Dindigul · Theni · Sivakasi
- Tuticorin · Anna Nagar (Madurai)



Address for investor correspondence:

(I) For transfer / dematerialisation of shares,
Payment of dividend on shares and any other
layout query relating to the shares of the Company.

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

(ii) For any query on annual report

Shri. V. Vijayaraghavan

Company Secretary

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



GENERAL SHAREHOLDER INFORMATION

Request to Shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) Mandate:

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

Shareholders should fill in complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

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.

In case of loss / misplacement of share certificates, Shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / STA with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

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
29-06-2011	11.30 AM	Chamber Of Commerce, 178B, Kamarajar Salai, Madurai - 625 009



Financial reporting for the quarter ending:	
30 th June 2011	Before 25 th July 2011
30 th September 2011	Before 30 th October 2011
31 st December 2011	Before 25 th January 2012
31 st March 2012	Between 30 th April and 30 th May 2012

Date of Book Closure **20th June 2011 to 29th June 2011 (both days inclusive)**

Particulars of dividend payment:

The final dividend of ` 1/- per share for the year ended 31st March 10 amounting to a sum of ` 159.98 lakhs including dividend distribution tax.

The board has also paid an interim dividend of ` 4 /- per share for the year 2010-11 amounting to a sum of ` 639.93 lakhs including dividend distribution tax

Listing on Stock Exchanges:

The equity shares of the company are listed at 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
National Stock Exchange of India Limited

Code No. 533158
Code No. THANGAMAYL

Stock Market Data- High and Low Quotations of equity shares for 2010-2011

Bombay Stock Exchange Limited			National Stock Exchange of India Limited	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr,2010	113.00	79.95	112.80	80.00
May,2010	104.50	90.00	103.90	89.20
Jun,2010	143.00	98.00	143.00	97.50
July,2010	129.00	112.00	129.95	116.00
Aug,2010	172.00	115.60	170.90	117.00
Sep,2010	178.65	151.00	177.80	151.30
Oct,2010	169.00	156.25	169.00	155.15
Nov,2010	187.50	152.20	187.80	153.00
Dec,2010	178.80	140.00	184.00	145.50
Jan,2011	175.20	153.00	175.40	153.70
Feb,2011	175.65	142.10	170.00	140.00
Mar,2011	177.25	155.10	176.95	156.05

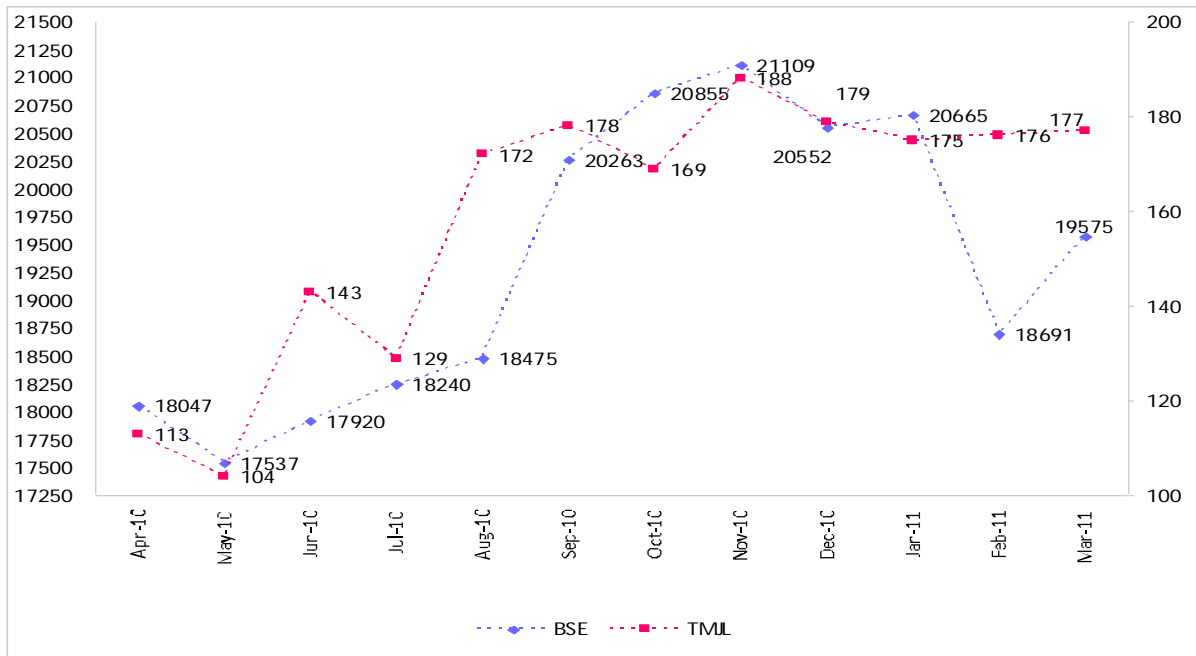
Distribution of Share Holding as on 31st March, 2011

Sl.No	Range of Shares(in Rs)	Number of share holders	% to Total Share Holders	No of Shares Held	% to total Shares
1	2	3	4	5	6
1	1 to 5,000	2,313	80.17	235,218	1.71
2	5,001 to 10,000	182	6.31	141,365	1.03
3	10,001 to 20,000	149	5.16	210,874	1.54
4	20,001 to 30,000	41	1.42	103,086	0.75
5	30,001 to 40,000	22	0.76	76,870	0.56
6	40,001 to 50,000	21	0.73	96,787	0.71
7	50,001 to 100,000	95	3.29	656,741	4.79
8	100,001 and above	62	2.15	12,198,641	88.91
Total		2,885	100.00	13,719,582	100.00

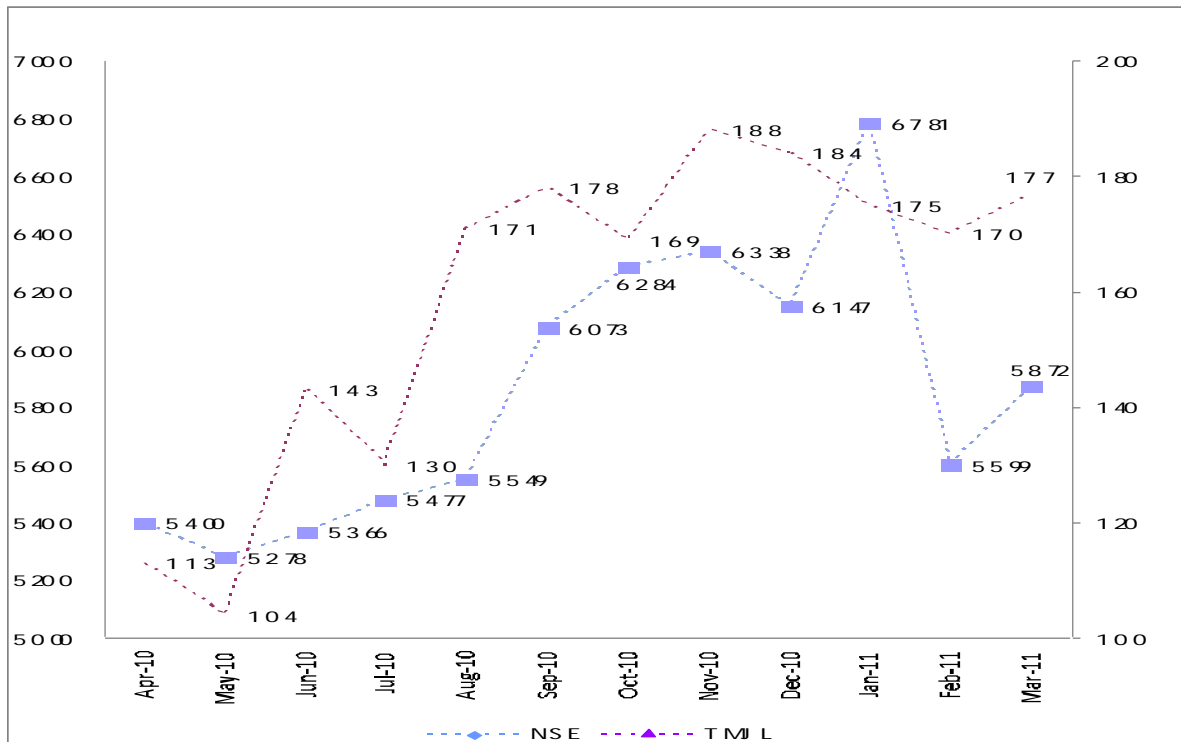


THANGAMAYIL JEWELLERY LIMITED

TMJL Share Price Vs BSE



TMJL Share Price Vs NSE



Pattern of Share holdings as on 31st March, 2011

Category Code	Category of Shareholder	Share Holding details				Shares Pledged or Otherwise encumbered	
		Number of share holders	Total Number of Shares	Number of shares held in dematerialized form	As a% of (A+B)	Number of Shares	As a % of (7)/(4)*100
1	2	3	4	5	6	7	8
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian Promoters	16	8,927,404	8,900,804	65.07	546,220	6.12
(2)	Foreign Promoters	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	16	8,927 404	8,900,804	65.07	546,220	6.12
(B)	Public shareholding Institutions						
(1)							
(a)	Indian Institutions	4	69,353	69,353	0.51	Nil	Nil
(b)	Foreign Institutions	-	-	-	-	-	-
	Sub-Total (B)(1)	4	69,353	69,353	0.51	Nil	Nil
(2)	Non-institutions						
(a)	Bodies Corporate	134	1,440,682	1,440,682	10.50	N.A	N.A
(b)	Individual Share Holders	2,693	3,275,277	3,268,277	23.87	N.A	N.A
(c)	Individual NRI / Foreign Nationals	38	6,866	6,866	0.05	N.A	N.A
(c)	Sub-Total (B)(2)	2,865	4,722 825	4,715 825	34.42	N.A	N.A
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2,869	4,792,178	4,785 178	34.93	N.A	N.A
	TOTAL (A)+(B)	2,885	13,719,582	13,685,982	100.00	546,220	6.12
(C)	Shares held by Custodians and against which Depository Receipts have been issued						
		Nil	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	2,885	13,719,582	13,685,982	100.00	546,220	6.12



GENERAL BODY MEETINGS

Locations and time of General meetings

Date	Year	Type	Time	Venue
12/05/2008	2007-2008	Annual General Meeting	02.30 PM	Registered Office, No.124, Nethaji Road, Madurai-625 001
30/05/2009	2008-2009	Annual General Meeting	03.30 PM	
24/06/2010	2009-2010	Annual General Meeting	11.30 AM	Chamber of Commerce, 178B, Kamarajar Salai, Madurai – 625 009

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

AGM/EGM Held on	Summary
30/07/2008(EGM)	Remuneration to Whole time Directors
14/08/2008(EGM)	Issue of Equity Shares on Preferential basis under the SEBI Guidelines, Director not to hold office or place of profit and remuneration to Mr.B.Prasannan and Mr.B.Rajesh kanna
16/03/2009(EGM)	Issue of Equity Shares on Preferential basis under the SEBI Guidelines.
06/01/2010(EGM)	Issue of Equity Shares on Pre – IPO placement basis under the SEBI Guidelines

COMPLIANCE WITH NON-MANDATORY DISCLOSURES

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

The Board:

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

No specific tenure has been fixed for the independent directors.

Remuneration Committee:

Details are given under the heading 'Remuneration Committee'.

Shareholder rights:

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

Audit qualifications:

- 1) The company accounts its expense on advertisement costs on amortization basis which is not in accordance with Accounting Standards.



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

- *This change in treatment as mentioned above, has resulted in increased net profit post taxes by ₹ 182.97 lakhs*
- *Similarly the impact on Deferred Revenue Expenditure would have been higher by ₹ 273.98 lakhs.*

Training of Board Members

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

Whistle Blower Policy

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

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

We have examined the compliance of condition of Corporate Governance of M/s. Thangamayil Jewellery Limited for the year ended 31st March, 2011 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

-sd-

BALARAMA GOVINDA DAS

Managing Director

Place – Madurai

Date – May 9, 2011

-sd-

Ba. RAMESH

Joint Managing Director

-sd-

N. B. KUMAR

Joint Managing Director

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 2011 as envisaged in clause 49 of the listing agreement with the concerned Stock Exchanges.

Place : Madurai

Date: May 9, 2011

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das

Managing Director



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

To

The Shareholders of Thangamayil Jewellery Limited, Madurai.

We have examined the compliance of conditions of Corporate Governance by Thangamayil Jewellery Limited, Madurai – 625 001 for the year ended 31st March 2011, 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,

Firm Reg No: 004371S

-sd-

K.N.Rajagopalan

Partner

M.No: 018463

Place - Madurai
Date – May 9, 2011





AUDITORS' REPORT

To the Members of THANGAMAYIL JEWELLERY LIMITED

We have audited the attached Balance Sheet of **M/s. Thangamayil Jewellery Limited as at March 31, 2011**, the related Profit and Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We report as follows:

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;



d. The company accounts its expense on *advertisement costs on amortization basis* (Refer Note 13 of Schedule 19- Significant accounting policies to the financial statement). Subject to above in our opinion, the Balance Sheet and Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

- a) *This change in treatment as mentioned above, has resulted in increased net profit post taxes by ` 182.97 lakhs*
- b) *Similarly the impact on Deferred Revenue Expenditure would have been higher by ` 273.98 lakhs*

e. On the basis of written representation received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

f. Subject to the reference in Para 3(d) above, In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the other notes thereon and attached thereto given in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India;

- I. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- II. in the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
- III. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

-sd-

K.N.Rajagopalan
Partner
M. No -018463

Place – Madurai
Date – May 09, 2011



ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 2 of the Auditors' Report of even date to the members of Thangamayil Jewellery Limited on the financial statements for the year ended March 31, 2011).

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the company and no material discrepancies were noticed on such verification. In our opinion, frequency of verification is reasonable, having regard to the size of the company and nature of business.
(c) During the year the company has not disposed off any substantial / major part of fixed assets.
2. (a) The inventories have been physically verified at reasonable intervals during the year by the management, including inventory given to third parties / gold smiths on job work basis. In our opinion the frequency of such verification is adequate.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion, the company has maintained proper records of inventory. We are informed that no major discrepancies were noticed on verification between the physical stock and book records.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub Clause (b), (c) and (d) are not applicable.
(b) The company has not taken any loans, secured or unsecured from firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except Fixed Deposits from its Whole time Directors, the year end balance of which was ` 230.50 Lakhs (Maximum Balance Outstanding during the year was also ` 230.50 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



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



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



19. During the year, the company has not issued any secured debentures.
20. The Company has not raised any money by public issue during the year. The Management has disclosed the end use of money raised by public issues in previous year (Refer Note 2 on Schedule 20) which has been verified by us.
21. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing procedures in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have been informed of such cases by the management.

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

-sd-

K.N.Rajagopalan
Partner
M. No -018463

Place – Madurai
Date – May 09, 2011



11th Annual Report

2010 - 2011

BALANCE SHEET AS AT MARCH 31, 2011

All Amounts in `

PARTICULARS	Schedule	As at March 31,	
		2011	2010
SOURCE OF FUNDS			
Shareholders Funds:			
Share Capital	1	137,195,820	137,195,820
Reserves and Surplus	2	844,919,639	611,535,101
Loan Funds:			
Secured Loans	3	1,214,561,056	658,434,665
Unsecured Loans	4	128,061,000	41,510,000
Deferred Tax Liability		38,944,151	26,265,678
TOTAL		2,363,681,666	1,474,941,264
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block at cost	5	275,840,814	162,767,902
Less : Depreciation		40,099,353	25,682,584
Net Block		235,741,461	137,085,318
Capital Advances and WIP		24,060,513	12,948,066
		259,801,974	150,033,384
Current Assets, Loans and Advances:			
Inventories	6	2,077,477,097	1,167,792,813
Sundry Debtors	7	1,534,806	1,520,263
Cash and Bank balances	8	55,849,033	80,307,796
Loans and Advances	9	91,658,976	103,106,199
		2,226,519,912	1,352,727,071
Less: Current Liabilities and Provisions:			
Current Liabilities	10	171,015,406	57,587,857
Provisions	11	34,883,341	26,290,233
		205,898,747	83,878,090
Net Current Assets		2,020,621,165	1,268,848,981
Miscellaneous Expenditure:			
(to the extent not written off or adjusted)			
Preliminary Expenses		150,192	348,586
Deferred Revenue Expenditure		83,108,335	55,710,313
TOTAL		2,363,681,666	1,474,941,264
Significant Accounting Policies	19		
Notes on Accounts	20		

The schedules referred to above and the notes thereon form integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For B. Thiagarajan & Co.,

Chartered Accountants

Firm Regn No.004371S

-sd-

K.N.Rajagopalan

Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das

Managing Director

-sd-

S. Rethinavelu

Independent Director

-sd-

V. Vijayaraghavan

Company Secretary

-sd-

Ba. Ramesh

Jt Managing Director

-sd-

Lalji Vora

Independent Director

-sd-

N. B. Kumar

Jt Managing Director

-sd-

V. R. Muthu

Independent Director

Date - May 9, 2011

Place - Madurai



THANGAMAYIL JEWELLERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

All Amounts in `

PARTICULARS	Schedule	Year ended March 31,	
		2011	2010
I. INCOME			
Sales and Other Operating Income	12	6,577,215,882	4,509,479,294
Other Income	13	5,408,081	4,577,716
		6,582,623,963	4,514,057,010
II. EXPENDITURE			
(a) Cost of Sales	14	5,789,840,957	4,054,062,986
(b) Personnel Expenses	15	81,084,387	51,898,923
(c) Administration Expenses	16	55,778,183	36,039,037
(d) Selling Expenses	17	71,747,001	62,852,105
		5,998,450,528	4,204,853,051
III. NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION		584,173,435	309,203,959
Less: Interest & Finance Charges	18	98,934,378	64,998,499
IV. NET PROFIT BEFORE DEPRECIATION AND TAXATION		485,239,057	244,205,460
Less: Depreciation	5	14,808,164	9,065,367
V. NET PROFIT BEFORE TAXATION		470,430,893	235,140,093
Less: Provision for Taxation:			
- Current Tax		144,429,709	72,610,494
- Deferred Tax		12,678,473	1,677,654
		157,108,182	74,288,148
VI. NET PROFIT AFTER TAXATION		313,322,711	160,851,945
Add: Profit/Loss Brought forward		257,760,142	178,560,105
VII. PROFIT AVAILABLE FOR APPROPRIATION		571,082,853	339,412,050
VIII. APPROPRIATION			
Proposed Dividend on Equity Shares		13,719,582	13,719,582
Interim Dividend on Equity Shares		54,878,328	41,158,746
Corporate Tax on Dividend		11,340,263	9,273,580
Transfer to General Reserve		32,000,000	17,500,000
BALANCE CARRIED TO BALANCE SHEET		459,144,680	257,760,142
		571,082,853	339,412,050
Basic / Diluted Earnings per Share of Rs. 10 each		22.84	16.46
Significant Accounting Policies	19		
Notes on Accounts	20		

The schedules referred to above and the notes thereon form integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

For B. Thiagarajan & Co.,

For Thangamayil Jewellery Limited

Chartered Accountants

Firm Regn No.004371S

-sd-

K.N.Rajagopalan
Partner

M.No.018463

-sd-

Balarama Govinda Das
Managing Director

-sd-

S. Rethinavelu
Independent Director

-sd-

V. Vijayaraghavan
Company Secretary

-sd-

Ba. Ramesh
Jt Managing Director

-sd-

Lalji Vora
Independent Director

-sd-

N. B. Kumar
Jt Managing Director

-sd-

V. R. Muthu
Independent Director

Date - May 9, 2011

Place - Madurai



11th Annual Report 2010 - 2011

CASH FLOW STATEMENT

Particulars		2010-11	2009-10
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit before tax		4,704.31	2,351.40
Add/(Less) Adjustments:			
Depreciation	148.08		90.65
Finance Charges	989.34		649.98
Exchange (Gain)/Loss	8.92		(108.41)
Profit / (Loss) on sale of fixed assets	(0.05)		0.51
Preliminary Expenses	1.98		1.98
Deferred Expenses on Advertisement	(273.98)		39.68
Operating Profit before Working Capital Changes		5,560.86	3,024.77
Adjustments for movements in:			
Inventories	(9,096.84)		(5,247.74)
Sundry Debtors	(0.15)		42.58
Loans & Advances	114.47		(539.90)
Current Liabilities	1,134.28	(7,848.23)	(26.80)
Cash Generated from Operations		(2,287.36)	(2,747.11)
Taxes Paid			
Payment of Direct Taxes	1,357.84	1,357.84	701.53
Net Cash Flow From Operating Activities [A]		(3,645.21)	(3,448.64)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets (Inclu Capital Advances)	(1,249.85)		(583.25)
Proceeds from Sales of Fixed Assets	4.04		2.08
Net Cash used in Investing Activities [B]		(1,245.81)	(581.17)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Issue of Share Capital (Including Share Premium)	-		3,500.00
Public Issue Expenses	-		(281.43)
Proceeds from Short Term Loans	5,570.18		145.84
Proceeds from Fixed Deposits(Net)	865.51		2,622.35
Dividend Paid (Including Corporate Dividend Tax)	(799.91)		(587.45)
Finance Charges Paid	(989.34)		(649.98)
Net Cash flow from Financing Activities [C]		4,646.44	4,749.33
Net Increase / (Decrease) in Cash & Cash equivalents [A+B+C]		(244.58)	719.52
Cash & Cash Equivalents at the beginning of the year		803.07	83.55
Cash & Cash Equivalents at the end of the year		558.49	803.07
Components of Cash and Cash equivalents at the year end			
Cash on Hand	71.80		
Balances with Scheduled Bank	486.69	558.49	803.07
Notes:			
<p>1 The above Cash Flow Statement has been complied from and is based on the Balance Sheet as at March 31, 2011 and the relative Profit and Loss Account for the year ended on that date.</p> <p>2 Out of the above Cash equivalents at the end of the year Rs. 26.25 lacs is not available for use for purposes other than repayment of fixed deposits, as the said amount has been invested pursuant to Companies (Acceptance of Deposits) Rules 1974</p> <p>3 An amount of Rs. 57.59 Crores of undrawn borrowing is available for future operating activities.</p> <p>4 The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements and the reconciliations required for the purpose are as made by the company.</p> <p>5 Previous year's figures have been regrouped / reclassified wherever necessary in order to confirm with current year's classification.</p>			
As per our report of even date			
For B. Thiagarajan & Co., Chartered Accountants Firm Regn No.004371S -sd- K.N.Rajagopalan Partner M.No.018463	For Thangamayil Jewellery Limited -sd- Balarama Govinda Das Managing Director -sd- S. Rethinavelu Independent Director -sd- V. Vijayaraghavan Company Secretary	-sd- Ba. Ramesh Jt Managing Director -sd- Lalji Vora Independent Director	-sd- N. B. Kumar Jt Managing Director -sd- V. R. Muthu Independent Director
Date - May 9, 2011			
Place - Madurai			



SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in `

Particulars	As at March 31,	
	2011	2010
Schedule 1 - Share Capital		
Authorised:		
200,00,000 Equity Shares of Rs. 10 each (Previous Year 200,00,000 Equity Shares)	200,000,000	200,000,000
Issued, Subscribed and Paid up capital:		
13,719,582 Equity shares (Previous Year 13,719,582 Shares) of Rs.10 each, fully paid. (Refer Note 12 of Schedule 20)	137,195,820	137,195,820
Of the above the following shares were issued and allotted for consideration other than cash:		
1) 4,15,000 fully paid up equity shares were issued and allotted at a premium of Rs. 50 each in part satisfaction of debt in relation to purchase consideration payable to an associate company M/s. Thangamayil Gold and Diamond Jewellery Pvt Limited.		
2) 43,36,000 fully paid up equity shares were allotted as Bonus share by utilising the balance in Share Premium account in the year 2007-08.		
	137,195,820	137,195,820
Schedule 2 - Reserves and Surplus		
Share Premium		
As per last Balance Sheet	317,580,459	42,390,235
Add: Share Premium collected during the year	-	303,333,445
	317,580,459	345,723,680
Less: Public Issue Expenses	-	28,143,221
	317,580,459	317,580,459
General Reserve		
As per last Balance Sheet	36,194,500	18,694,500
Add: Transfer from Profit and Loss Account	32,000,000	17,500,000
	68,194,500	36,194,500
Surplus as per Profit and Loss account		
Transfer from Profit and Loss account	459,144,680	257,760,142
	459,144,680	257,760,142
Total Reserves and Surplus	844,919,639	611,535,101



SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in `

Particulars	As at March 31,	
	2011	2010
Schedule 3 - Secured loans		
From Banks		
FCNRB Loan	170,301,100	285,083,250
Cash Credits	1,044,259,956	347,315,786
Term Loans	-	26,035,629
Notes: FCNRB and Cash credit is secured by a pari passu charge on stocks, book debts, and collaterally by equitable mortgage of Company's show room in Madurai, Ramnad and Tuticorin. The above loan further collaterally secured by property owned by Whole time Directors and their close relatives. 6.12% of promoters share holding in the company has been pledged to secured of Rs.15.00 Crores Cash Credit loan extended by IDBI bank as collateral security.		
	1,214,561,056	658,434,665
Schedule 4 - Unsecured loans		
Fixed Deposits from Public and Share Holders	105,011,000	41,510,000
Fixed Deposit from Directors	23,050,000	-
(Payable within one year Rs.162.30 lakhs (Previous year Rs.30.26 Lakhs)	128,061,000	41,510,000
Schedule 6 - Inventories (As taken, valued and certified by Management)		
Work in Progress	197,055,608	72,785,813
Finished Goods	1,876,130,306	1,091,771,381
Packing Materials and Gift items	4,291,183	3,235,619
	2,077,477,097	1,167,792,813
Schedule 7 - Sundry Debtors (Unsecured and Considered Good due for less than Six Months)		
	1,534,806	1,520,263
	1,534,806	1,520,263
Schedule 8 - Cash and Bank Balances		
Cash on Hand (as certified by Management)	7,179,997	7,314,918
Balance with Scheduled Bank		
- In Current Accounts (Refer Note 22 of Schedule 20)	46,072,452	72,992,878
- In Fixed Deposits	2,596,584	-
	55,849,033	80,307,796



Schedule 5 - Schedule of Fixed Assets and Depreciation

All Amounts in ₹

HEAD OF ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK	
	Opening as on April 1, 2010	Additions / Transfer	Deletions / Transfer	Closing as on March 31, 2011	Rate %	Opening as on April 1, 2010	Additions	Deletions	Closing as on March 31, 2011	Closing as on March 31, 2010
LAND	25,436,627	47,868,300	-	73,304,927	-	-	-	-	73,304,927	25,436,627
BUILDINGS	19,827,108	29,782,538	-	42,609,646	1.63%	965,224	553,813	-	1,519,037	17,861,884
LEASEHOLD BUILDING	2,891,505	-	-	2,891,505	10.00%	289,150	289,150	-	578,300	2,602,254
PLANT & MACHINERY	29,796,910	8,696,904	-	38,493,814	4.75%	4,424,280	1,008,299	-	6,032,579	25,871,629
FURNITURE & FITTINGS	51,888,612	29,527,041	-	72,385,653	6.33%	6,615,168	3,959,138	-	10,572,307	45,255,444
COMPUTER EQUIPMENTS	20,722,673	6,743,767	-	27,466,440	40.00%	9,266,239	5,436,178	-	14,804,717	11,264,135
VEHICLES	13,225,467	3,254,113	799,756	15,679,820	25.80%	4,022,222	2,361,586	391,295	6,592,413	9,200,245
TOTAL	162,767,902	113,872,668	799,756	275,840,814		25,682,584	14,809,164	391,395	40,099,353	137,085,317
CAPITAL ADVANCES AND WIP	12,948,066	62,448,167	51,335,720	24,060,513		-	-	-	-	12,948,066
PREVIOUS YEAR	11,845,621	61,889,460	4,01,115	17,736,196		16,913,092	5,085,361	250,864	23,662,585	100,950,546



SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in `

Particulars	As at March 31,	
	2011	2010
Schedule 9 - Loans and Advances		
(Unsecured and Considered Good)		
Advance recoverable in cash or kind	21,463,380	27,641,294
Advance for Expenses	5,404,251	2,792,293
Advances for Purchases	40,537,367	50,218,889
Rent Advances	18,101,161	11,205,360
Prepaid Expenses and Other Advances	4,258,420	7,019,633
Deposits with Government / Statutory bodies	1,894,397	4,228,730
	91,658,976	103,106,199
<i>Total Current Assets</i>	2,226,519,912	1,352,727,071
Schedule 10 - Current liabilities		
Sundry Creditors		
- for Purchase	62,531,988	533,922
- for Capital Goods	2,704,058	-
- for Expenses	21,011,917	18,370,958
Advance from Customers	80,928,395	38,058,714
Interest accrued but not due of Fixed Deposits	3,710,863	624,263
Unclaimed Dividend	128,185	-
	171,015,406	57,587,857
Schedule 11 - Provisions		
Provision for Income Tax (Net of Advance Tax)	18,938,100	10,292,000
Proposed Dividend(Including Corporate Dividend Tax)	15,945,241	15,998,233
	34,883,341	26,290,233
<i>Total Current liabilities and Provisions</i>	205,898,747	83,878,090
Schedule 12 - Sales and Other Operating Income		
Sales of Gold, Jewellery, Diamonds , Silver and Other Precious Stones (including VAT)	6,577,215,882	4,509,479,294
	6,577,215,882	4,509,479,294
Schedule 13 - Other Income		
Repair Receipts	685,513	504,679
Others Trading Receipts	4,722,568	4,073,037
	5,408,081	4,577,716
Schedule 14 - Cost of Sales		
Opening Stock	1,164,557,194	640,070,133
Add : Purchases (including VAT)	6,661,397,995	4,563,113,737
Add : Manufacturing expenses	37,071,682	15,436,310
	7,863,026,871	5,218,620,180
Less: Closing Stock (including VAT)	2,073,185,914	1,164,557,194
	5,789,840,957	4,054,062,986



THANGAMAYIL JEWELLERY LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in `

Particulars	As at March 31,	
	2011	2010
Schedule 15 - Personnel Expenses		
Salaries & Bonus	46,262,273	28,854,837
Contribution to Provident & Other Funds <i>(Refer Note 5 of Schedule 20)</i>	6,185,130	4,229,915
Other Staff Related Cost	14,236,984	9,604,171
Directors' Remuneration	14,400,000	9,210,000
	81,084,387	51,898,923
Schedule 16 - Administrative expenses		
Rent	4,446,567	1,201,064
Rates & Taxes	1,482,766	1,243,927
Insurance	3,935,300	2,459,778
Power and Fuel	12,262,595	7,544,675
Postage and Telephone charges	2,462,292	1,636,406
Travelling Expenses	7,635,907	6,186,742
Director's Sitting Fees	47,500	57,500
Professional Charges	6,568,320	2,244,634
Printing and Stationery	3,105,628	1,573,433
Payment to Auditors <i>(Refer Note 18 of Schedule 20)</i>	1,965,250	1,072,700
Repairs & Maintenance		
- for Building	1,111,014	473,005
- for Vehicles and others	5,549,732	6,362,933
Security Charges	2,364,704	1,173,671
Donation	830,784	502,291
Bad debts written off	138,421	199,675
Preliminary Expenses written off	198,394	198,394
Other Expenses	1,673,009	1,908,210
	55,778,183	36,039,037
Schedule 17 - Selling expenses		
Advertisement and Publicity	56,057,928	59,344,258
<i>(Refer Note 13 of Schedule 19)</i>		
Customers Loyalty Card Points Redemption	8,136,322	-
Chit Bonus	7,552,751	3,507,847
	71,747,001	62,852,105
Schedule 18 - Interest and Finance Charges		
Interest on		
- Working Capital Borrowings	51,819,447	30,885,000
- FCNRB	27,176,094	26,082,454
- Fixed Deposits	10,334,596	2,394,415
- Term Loan	1,554,974	1,769,874
- Others	150,000	48,000
	91,035,111	61,179,743
Less: Interest Capitalised	-	974,900
	91,035,111	60,204,843
Bank Charges	5,271,147	2,587,202
Credit Card Commission	2,628,120	2,206,454
	98,934,378	64,998,499



SCHEDULE 19 – 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

Revenue on sale of products is recognized as and when products are delivered to customers and includes amount recovered towards sales tax and other statutory levies.

2. Inventories

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

3. Tangible Fixed Assets

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



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

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

4. Capital work in progress

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

5. Foreign Exchange Transactions

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

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

6. Retirement Benefits

i. Defined Contribution Plan

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

ii. Defined Benefit Plan

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

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

7. Leases

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



a) Financial Lease

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

b) Operating Lease

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

8. Intangible Fixed Assets

Intangible Assets are recognized only on cost of acquisition.

9. Borrowing Cost

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

10. Expenses

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

11. Redemption of Customer Loyalty Points

The unavailed 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.



12. **Advance from Customers**

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

13. **Deferred Revenue Expenditure**

Advertisement costs

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

Preliminary Expenses

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

14. **Taxes on Income**

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

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

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

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

15. **Impairment of assets**

The Company reviews the carrying value of assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount as per Accounting Standard (AS) 28- "***Impairment of Assets***". Impairment loss determined at each balance sheet date is charged to respective Profit & loss account in the



year in which such impairment of assets is identified. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

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

17. Provisions, Contingent Liabilities

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

SCHEDULE 20 – NOTES FORMING PART OF ACCOUNTS

1. Contingent Liabilities

(` in Lakhs)

Description	2010-11	2009-10
Estimated value of Contract remaining to be executed on capital account net of advances not provided for.	75.00	50.00

2. IPO FUND UTILISATION

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

The position of funds raised in IPO including Share Premium and utilization thereof as per the objectives of the issue up to 31st March 2011 is as under:

(` in Lakhs)

S No	Objects of IPO as projected in the Prospectus Purpose	Total	Utilisation till March 31, 2011	Balance
1.	Cost of setting up of retail outlets (Branches)	1353.25	1220.83	132.42
2.	Working capital requirements	1267.00	1127.48	139.52
3.	To meet the expenses of Issue*	255.00	281.43	(26.43)
	Total	2875.25	2629.74	245.51



*Escalation in Printing and Advertisement cost

The unutilized amount is parked with Banks in conformity with the modification approved /consented by the empowered board and in accordance with terms of prospectus.

3. Deferred Tax Liability

The breakup of net deferred tax liability is provided below: (Amount in `)

Particulars	Opening at 01.04.2010	Charge(Credit) Movement during the year	Closing on 31.03.2011
Depreciation	6,184,242	2,711,468	8,895,710
Other Expenses (Net)	1,243,931	1,07771	2,321,64
Deferred Revenue Expenditure	18,837,505	8,889,288	27,726,793
Total Deferred Tax Liability	26,265,678	12,678,473	38,944,151

4. Related Party Disclosures

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

Directors/ Key management Personnel

a)	Key Management Personnel (KMP)	<ul style="list-style-type: none"> - Balarama Govinda Das – Managing Director - Ba. Ramesh – Joint Managing Director - N. B. Kumar – Joint Managing Director
b)	Relatives of KMP	<ul style="list-style-type: none"> - Annamayil (Mother of Managing and Joint Managing Directors) - Yamuna Vasini Deva Dasi (wife of Managing Director) - B. Prasannan, B. Rajesh Kanna (Managers), N. B. Arun (Sons of Managing Director) - B. R. Sumati (wife of Ba. Ramesh, JMD) - Ba.R.Darmini (Daughter of Ba.Ramesh, JMD) - S.K.Yadeenthuranathan (Son-in-Law of Ba. Ramesh – JMD) - R. Gokul (Son of Ba. Ramesh, JMD) - K. Thamarai Selvi (Wife of N. B. Kumar, JMD) - K. Kishore Lal (Son of N. B. Kumar, JMD)
c)	Enterprises over which Key Managerial Personnel (KMP) and their relatives have substantial interest	<ul style="list-style-type: none"> - Thangamayil Gold and Diamond Private Limited - Balusamy Silvers Jewellery Private Limited

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

(` in Lakhs)

S No	Particulars	KMP	Enterprises over which KMP and their relatives have substantial interest	Relatives of KMP	Total
1.	Remuneration Paid	144.00 (92.10)	- (-)	17.80 (15.60)	161.80 (107.70)
2.	Rent Paid	24.91 (-)	- (-)	- (-)	24.91 (-)
3.	Share Capital Received (Incl. Share premium)	- (-)	- (-)	- (1.92)	- (1.92)
4.	Outstanding balance payable	- (-)	0.91 (0.91)	- (-)	0.91 (0.91)
5.	Rent Advance	30.00 (-)	- (-)	- (-)	30.00 (-)
6.	Fixed Deposit Outstanding	230.50 (-)	- (-)	0.40 (0.40)	230.90 (0.40)
7.	Interest Paid	2.85 (-)	- (-)	0.06 (-)	2.91 (-)
8.	Maintenance Services	- -	- (-)	- (22.50)	- (22.50)
9.	Dividend Paid	396.02 (237.61)	41.93 (25.16)	8.52 (5.03)	446.47 (267.80)

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.



5. Employee Benefits

a) Defined Contribution Plan

Particulars	in Lakhs
Employer's Contribution to Provident Fund	32.77
Employer's Contribution to Employees " State Insurance Scheme	12.92

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.

(Amount in `)

Particulars	31.03.2011	31.03.2010
Change in Obligation		
1. Obligations at the beginning of the year	1,311,321	955,658
2. Add: Current Service Cost	314,404	247,785
3. Add: Interest Cost	104,906	76,453
4. Add: Actuarial (Gain)/Losses due to change in assumptions	1,287,472	242,152
5. Less: Benefits paid	118,085	210,727
6. Obligations at the end of the year	2,900,018	1,311,321
Fair value of Plan Assets		
1. Fair value of Plan assets at the beginning of the year	1,492,938	1,239,074
2. Add: Expected Return on Plan Assets	191,287	117,681
3. Add: Actuarial Gain/(Loss)	-	-
4. Add: Contribution	1,150,640	346,910
5. Less: Benefits paid	118,085	210,727
6. Fair value of Plan assets at the end of the year	2,716,780	1,492,938
Actual Return on Plan Assets		
1. Expected Return on Plan Assets	191,287	117,681
2. Actuarial Gain/(Loss) on Plan Assets	-	-
Actual Return on Plan Assets	191,287	117,681
Amount Recognized in Balance Sheet		
1. Present value of Obligation as at March 31	2,900,018	1,311,321
2. Less: Fair value of Plan Assets as at March 31	2,716,780	1,492,938
3. Net Liability/ (Asset) recognized in the Balance Sheet	183,238	(181,617)
Expenses recognized in Profit and Loss		
1. Current Service cost as per Valuation Report	314,404	247,785
2. Add: Interest cost	104,906	76,453
3. Less: Expected Return on Plan Assets	191,287	117,681
4. Add: Actuarial (Gain) / Loss	1,287,472	242,152
5. Expense recognized in Profit and Loss account	1,515,495	448,709
Actuarial Assumptions		
Discount Rate (Per Annum)	8%	8%
Expected Rate of Return on Plan Assets (per annum)	-	-
Salary Escalation (per annum)	3%	3%



- a. Contribution to Provident Fund and Other Fund includes Provision for gratuity ₹ 16.02 lakhs
- b. Sundry Creditors Expense includes ₹ 1.83 Lakhs being the net liability recognized as per actuarial valuation of gratuity fund as per Accounting standard (AS) 15-“**Employee Benefits**”.
- c. The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.
- d. The assumption of future salary increase, are considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e. 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.

6. Earnings per Share

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

	Particulars	2010-11	2009-10
a)	Amount used as the numerator Profit after tax (A) (₹)	313,322,710	160,851,945
b)	Basic / Weighted average number of Equity Shares used as the denominator - (B)	13,719,582	9,762,932
c)	Nominal value of Equity shares (₹)	10	10
d)	Basic / Diluted Earnings per share - (A/B) (₹)	22.84	16.46



7. Quantitative Information

Additional information pursuant to the provisions of paragraphs 3 & 4 of Part - II of Schedule VI to the Companies Act, 1956.

(` in Lakhs)

S No	Class of goods	Unit	Pur/Consumption	Sales	
			Quantity	Quantity	Amount
a)	Gold and Jewellery	Grams	3,440,166 (2,819,198)	3,144,683 (2,636,017)	63,140.27 (43,427.92)
b)	Studded & Loose Diamond	Cts	377 (194)	314 (202)	96.07 (53.83)
c)	Silver Articles	Pcs	21,884 (25,210)	25,738 (20,435)	81.92 (70.28)
d)	Silver & Silver Ornaments	Grams	4,546,974 (4,050,184)	4,241,400 (3,656,132)	1782.67 (1100.84)
e)	Precious Stones	Carats	250 (126)	164 (74)	3.62 (1.27)
f)	Platinum	Grams	- (-)	12 (6)	0.85 (0.40)
			1 (11)	9 (4)	2.16 (1.44)
		Pcs			
g)	Others		- (-)	- (-)	0.19 (-)
h)	Vat		-	-	664.41 (438.81)
i)	Total				65772.16 (45094.79)



(Amount in ` lakhs)

S No	Class of goods	Unit	Opening stock		Closing stock	
			Quantity	Amount	Quantity	Amount
a)	Gold and Jewellery	Grams	638,918 (455,737)	10685.79 (5613.61)	934,401 (638,918)	19,299.56 (10685.79)
b)	Studded Diamond	Cts	734 (741)	235.50 (344.95)	798 (734)	73.52 (235.50)
c)	Silver Articles	Pcs	20,533 (15,758)	21.96 (26.44)	16,679 (20,533)	22.09 (21.96)
d)	Silver & Silver Ornaments	Grams	2,448,288 (2,054,327)	691.65 (405.25)	2,753,863 (2,448,288)	1,125.25 (691.65)
e)	Precious Stones	Carats	227 (175)	2.30 (3.08)	312.83 (227)	3.16 (2.30)
f)	Platinum	Grams	79 (86)	3.23 (3.50)	67 (79)	2.74 (3.23)
		Pcs	51 (44)	4.98 (3.67)	43 (51)	4.20 (4.98)
h)	Others		- (-)	0.16 (0.20)	- (-)	1.33 (-)
	Total			11,645.57 (6,400.70)	-	20,731.86 (11,645.57)

8. Directors' Remuneration

(Amount in `)

Name	Designation	2010 - 11	2009-10
Balarama Govinda Das	Managing Director	4,800,000	3,000,000
Ba. Ramesh	Joint Managing Director	4,800,000	3,000,000
N B Kumar	Joint Managing Director	4,800,000	3,000,000
L.Sivakumar*	Director	-	210,000
Total		14,400,000	9,210,000

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



9. Computation of Net Profit as per Section 349 read with Section 309(5) and 198 of the Companies Act, 1956.

Particulars	(Amount in `)	
	31.03.2011	31.03.2010
Net profit Before taxation	470,430,892	235,140,093
Add: Whole time Director's Remuneration	144,00,000	9,210,000
(Profit)/Loss on Sale of Fixed Assets	4,540	(51,418)
Depreciation as per Books of accounts	14,808,164	9,065,367
	499,643,596	253,364,041
Less: Depreciation as per Sec 350 of the Companies Act	14,808,164	9,065,367
Net profit on which Remuneration is Payable	484,835,432	244,298,674
Maximum allowable as per companies Act, 1956 @ 10%	48,483,543	24,429,867
Remuneration paid to Whole time Directors	14,400,000	9,210,000

10. Segment Report

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

11. 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.
12. The paid-up share capital includes 8, 81,000 fully paid up equity shares issued at a premium of ` 50 each issued by conversion of redeemable and fully convertible debenture in 2007.
13. During the year the company has capitalized borrowing costs amounting to ` Nil (Previous year – 9.75 lakhs) in accordance with AS 16 "Borrowing Costs " issued by The Institute of Chartered Accountants of India.
14. The Company has entered in to leasing arrangements for its branch show room facilities. These



lease are for periods ranging from 1 to 5 years with an option to the company for renewing at the end of the initial term. Rental Expenses for operating lease included in the Profit and Loss Account for the year is ₹ 44.46 Lacs (Previous year ₹ 12.01 Lacs).

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

(Amount in ₹ lakhs)

Particulars	2010 - 2011	2009 - 2010
With in One Year	45.86	13.08
Due in period between One Year and Five Year	70.05	22.34
Due After Five Years	-	-

15. Balances in sundry debtors, including advances given and taken, and creditors (including creditors for expenses) in some cases require reconciliation / confirmation.

16. 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.

17. Expenditure in Foreign Currency

(₹ in Lakhs)

Particulars	31.03.2011	31.03.2010
On Traveling	7.47	4.70
On Interest on FCNRB Loan	271.76	260.82
Total	279.23	265.52

18. The details of Audit Fees are as follows:

(Amount in ₹)

Nature of Service	2010 - 11	2009 - 10
For Statutory Audit	1,100,000	750,000
For Tax Audit	200,000	150,000
For Limited Review	450,000	-
For Expenses and Service Tax	215,250	172,700
Total	1,965,250	1,072,700



THANGAMAYIL JEWELLERY LIMITED

19. The Company has amortized ` 1.98 lakhs (Previous Year ` 1.98 lakhs) being one-fifth of ` 9.92 lakhs being the total expenses incurred in earlier years for increase in Authorized Share Capital.
20. Lease hold Building is amortized over the useful life of the asset, the amortized amount being ` 2.89 lakhs.
21. Capital advances and WIP includes ` 74.95 Lakhs (Previous year ` 78.21 Lakhs) on account of building under construction and land advance and ` 165.66 Lakhs (Previous year ` 51.27 Lakhs) for Interiors and other assets for upcoming branches.
22. Bank Balance includes ` 245.51 lakhs unutilized amount of IPO proceeds parked in accordance with the terms of prospectus.
23. Whole time directors of the company have provided a personal guarantee in respect of loans availed from banks included in "Schedule 3 " of the financial statements. 6.12% of promoters share holding in the company has been pledged to secure of ` 15.00 Crores Cash Credit loan extended by IDBI bank as collateral security.
24. The Company has no dues to micro and small enterprises during the year ended March 2011 and March 2010.
25. Previous year's figures have been regrouped, wherever necessary, to confirm to this year's classification / presentation.
26. Figure in the brackets pertains to previous year.
27. All figures have been rounded off to the nearest rupee.

SUBJECT TO OUR REPORT OF EVEN DATE

For B. Thiagarajan & Co.,

Chartered Accountants

Firm Regn No.004371S

-sd-

K.N.Rajagopalan
Partner

M.No.018463

For Thangamayil Jewellery Limited

-sd-

Balarama Govinda Das
Managing Director

-sd-

S. Rethinavelu
Independent Director

-sd-

V. Vijayaraghavan
Company Secretary

-sd-

Ba. Ramesh
Jt Managing Director

-sd-

Lalji Vora
Independent Director

-sd-

N. B. Kumar
Jt Managing Director

-sd-

V. R. Muthu
Independent Director

Date - May 9, 2011

Place - Madurai



Balance Sheet Abstract & Company's General Business Profile (Rs 000 's)

a) Registration details

Registration No.	18- 44514
State Code	18
Balance Sheet Date	31 st March 2011

b) Capital raised during the year

Public Issue (Including Pre-IPO)	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private Placement	Nil

c) Position of mobilization and deployment of funds (Amount in Rs „000)

Total liabilities	2,569,580
Total Assets	2,569,580

Sources of Funds

Paid up Capital	137,196
Reserve & Surplus	844,920
Secured Loans	1,214,561
Unsecured Loans	128,061
Deferred Tax Liability	38,944

Application of Funds

Net Fixed Assets	259,802
Net Current Assets	2,020,621
Miscellaneous Expenditure	83,259

d) Performance of the Company

Turnover (including Other Income)	6,582,624
Total Expenditure	6,112,193
Profit before taxation	470,431
Profit after tax	313,323
Earnings per share (Rs.)	22.84
Dividend Rate (%)	50.00%

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

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



THANGAMAYIL JEWELLERY LIMITED

Thangamayil Jewellery Ltd.

124, Nethaji Road, Madurai - 1.

ATTENDANCE SLIP

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

FOLIO No :

I hereby record my presence at the 11th ANNUAL GENERAL MEETING, held at Tamil Nadu Chamber Of Commerce No. 178 B, Kamarajar salai, Madurai - 625009, on Wednesday the 29th June 2011 at 11.30 a.m as a Shareholder / Proxy *

NAME OF PROXY IN BLOCK LETTERS

SIGNATURE: OF THE SHAREHOLDER / PROXY

* Strike whichever is not applicable

SCHEDULE IX

FORM OF PROXY

THANGAMAYIL JEWELLERY LIMITED

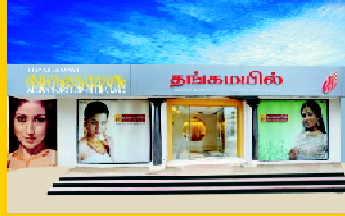
I / We of in the district of being a member / members of the above-named Company hereby appoint of in the district of or failing him of in the district of as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting / General Meeting (not being an annual general meeting) of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

Affix
Revenue
Stamp

Signed this day of 20



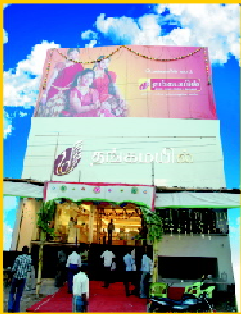
Rajapalayam



Karaikudi



Ramanathapuram



Madurai Annanagar



Madurai



Dindigul



Tuticorin



Sivakasi



Theni



TIANGAMAYIL JEWELLERY LIMITED

