Hare Krishna

THANGAMAYIL JEWELLERY LIMITED

13th ANNUAL REPORT
2012 - 2013

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THANGAMAYIL JEWELLERY LIMITED

13th Annual Report
2012-13

Contents....

From the Chairman's Desk....

Dear Shareholders,

It gives me great pleasure to communicate and update you on the progress of your Company which is into the fourth year of listing post the IPO.

When we embarked on the process of expansion with your support, the key premise that the management had banked upon was the presence of large untapped potential in the rural markets of Tamil Nadu. Our extensive research and experience of having serviced customers in this market segment gave us the confidence to focus on this rural retail opportunity and judging by the response to our expansion, I can quite confidently say that the journey thus far has been enriching as well as satisfying. A large proportion of this success can be attributed to both our customers who have supported us in every place that we have made our retail presence as well as our shareholders who have been building blocks of this business franchise.

While a number of you are aware, your Company has followed a 'hub and spoke' model of expansion since starting off with a single store in Madurai. The Company has identified clusters like Madurai, Salem, Coimbatore and Tirunelveli as hubs around which several spokes were built by moving into Tier III cities. Our store count has increased from 4 in FY 2009 to 28 as of May 2013.

We have implemented this model in its true sense which has allowed us to derive synergies in the areas of procurement, manufacturing, advertisement and finance costs. The Company has benefited immensely in terms of low break-even points with tremendous cost advantages as the model allowed us to tailor the store size and inventory for each location based on the specific requirements of those locations rather than a 'one-size-fits-all' strategy. Above all, the urban flavor of our brand brought to the hometowns of our customers has facilitated their frequent visits to our show rooms to satisfy all their jewellery requirements contributing handsomely to the stability and growth of our brand loyal customer base.

The Company recorded a turnover of Rs.1,523 Crores in FY 13 which is a 35% growth over the corresponding period in FY 12. Our EBITDA margin stood at Rs. 85 Crores which corresponds to 5.60% of the turnover. The key focus of the Company during this financial year was to expand vigorously in various cities to derive the first mover advantage and 11 new stores were opened in this year in implementation of this policy. The rapid expansion also meant that the quantity of gold sold in FY 13 was 4,724 kgs compared to 1,813 kgs in FY 09 which is a 25% of CAGR. We do believe that the expansions will start yielding commensurate results as we now focus on servicing existing customers as well as getting new customers into the Thangamayil fold.

The Company has identified technology as a key driver of its future growth. To this extent we have invested significant time and energy in upgrading and networking all our stores across our retail chain through a state of the art ERP system, developed in-house, that is sufficient enough to take care of operational upto 75 branches. Currently our focus is on integrating our e-commerce, e-catalog and bank payment solutions to our ERP system.

With the recent fall in gold prices, fluctuation in gold prices is a key risk inherent in this business. Our internal risk mitigation team has devised a risk management policy to mitigate any gold price movement. Further, given our positioning as a retail business player preferring sustainable margins, we have already started utilizing metal loans to hedge gold price exposures. We are currently contemplating increasing our hedged inventory to a greater extent and we are confident that these measures would place us in a good wicket to counter any external risks that affect the business.

The other risk in terms of competition is something we have encountered in every town and city that we have a presence. It would be pertinent to mention that Thangamayil's focus on knowing customer preferences and tailoring their service to gratify such preference has ensured footfalls quotient consequently increase with consequential augmentation in sales volume sold of our stores despite the competition from local shops and large format retail chains.

The outlook going forward looks promising as we plan to build on our strengths and enter into newer markets in Tamil Nadu. We plan to have our stores count to 50 by Dec 2015, before considering a metro city to spread our base. While the focus on growth continues, the new financial year will also be a year of consolidation where we would seek to fill operational gaps and fully realize the true potential of the 'hub and spoke' model. Specific attention will be paid to improving stock turnover, reducing leverage and using internal accruals to fund branch expansion activity. The aim of the management is to build a robust Company built on the principles of efficiency and profitability.

Customers continue to be the cornerstone around which the Company has been built. As a result, we take immense care to ensure that the design and customization of our products are suited to the individual needs of our regional rural customers. We firmly believe that our long standing presence in this business since 1948 equips us adequately to understand the ethnic preferences and tastes of customers in Tamil Nadu much better than anyone else in the region. Our customers have also fuelled our growth by contributing through customer advance schemes which has seen good growth and this has laid a strong foundation for our growth plans. The base customers count has increased from 8,000 in 2009 well above 1,20,000 as of date.

Before I conclude, I would like to place on record my heartful gratitude to all my employees whose dedication and commitment is one of the key reasons for the Company scaling greater heights. My thanks are also due to our bankers and all our shareholders who have consistently extended their valuable support and informed feedback and advise.

True to the immortal words of Thiruvalluvar,

“Eyatralum meettalum kaathalum kaathaVaguthalum valladhhu Arasu” which means “Producing, saving, protecting, regulating and equitably sharing is the way to powerful governance”,

Thangamayil, as a Company, is committed for its strict corporate governance standards and thereby enhances shareholder value. It shall leave no stone unturned to ensure that it shines as a leading jewel in the industry.

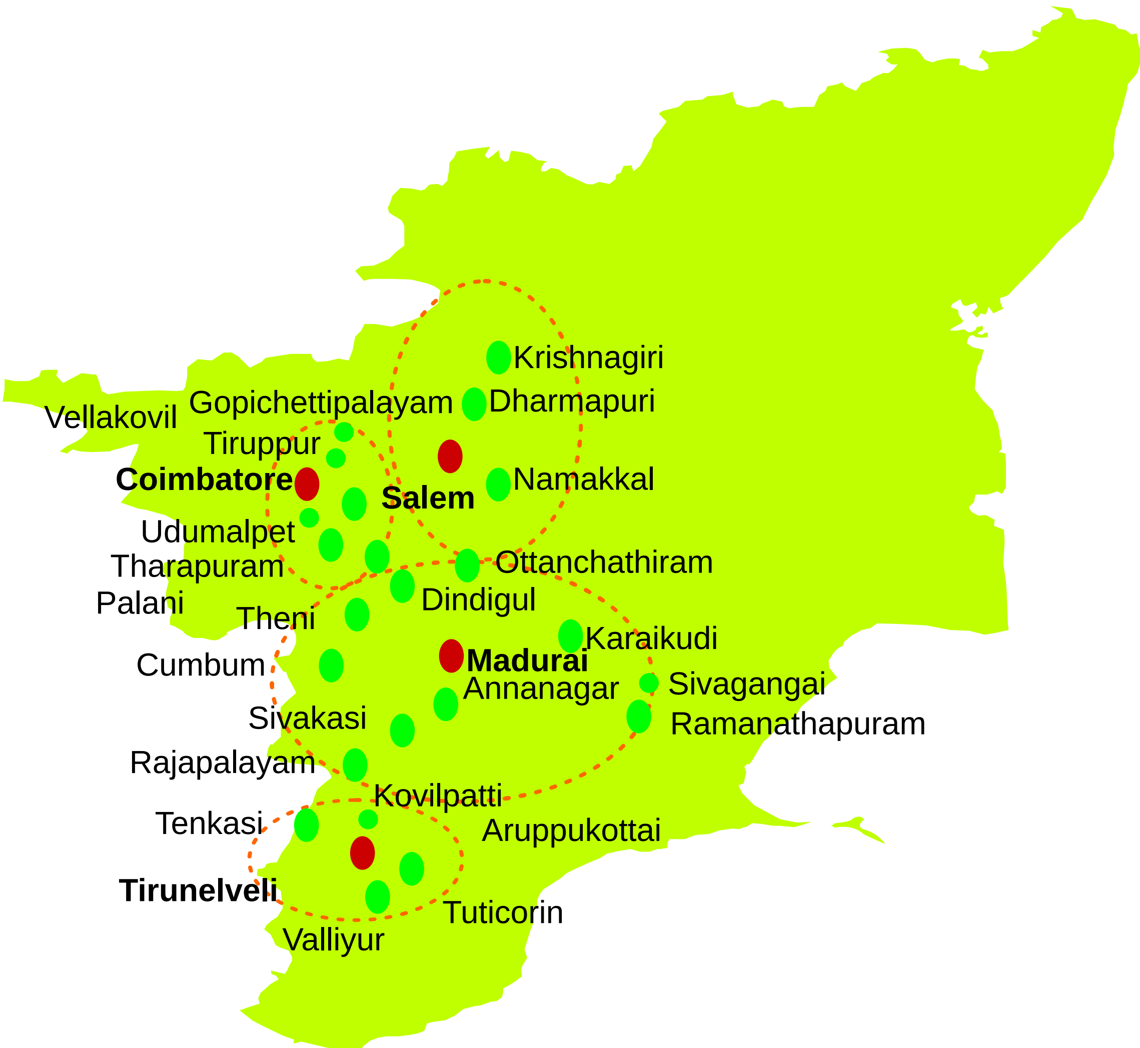
With Warm Regards,

-Sd-
Balarama Govinda Das
Chairman

Impact of the brand loyalty in the performance of the company (Last Three Years)

Sl.No	Particulars	2012 - 13	2011 - 12	2010 - 11
1	Sales - in Value (Rs in lakhs)	1,52,298	1,13,130	65,826
2	Gold Sales in Volume (In kgs)	4,724	4,107	3,145
3	Number of Invoices	496,588	319,894	219,496
4	Area of operation (in Sq.Ft)	53,020	34,209	20,695
5	Number of Customer Base (Based on Advance for future purchase)	80,309	50,638	27,138
6	Advertisement expenses (for enduring benefits) (Rs in Lakhs)	2,081	1,601	637
7	Number of Branches in operation	26	15	9
8	Number of Employees	1,433	957	526

Rural Penetration in Tamilnadu (Hub and Spoke)



FIVE YEARS REVIEW OF FINANCIALS

(` In lakhs)

S.No	Year ended 31st March	2013 **	2012	2011	2010	2009
1	Sales	1,52,298	1,13,130	65,826	45,141	24,684
2	Other Income	181	32	-	-	2
3	Cost of materials	1,35,952	98,088	57,504	40,515	22,064
4	Salaries, Wages and Bonus	2,181	1,287	811	519	298
5	Other Expenses	5,879	1,981	1,657	1,014	446
6	Finance Cost	3,702	2,848	1,002	650	460
7	Depreciation	459	224	148	91	62
8	Tax expenses	1,342	2,829	1,571	745	468
9	Profit after tax	2,964	5,906	3,133	1,607	888
10	Dividend (Including Tax)	797	1,116	799	642	106
11	Non Current Assets - Net Block	7,751	6,359	2,598	1,500	1,009
12	Long Term Loans and Advances	986	675	347	154	67
13	Other Non Current Assets	-	1,152	500	561	602
14	Current Assets	50,776	38,961	22,251	13,373	6,996
15	Total Assets	59,514	47,147	25,696	15,588	8,674
16	Share Capital	1,372	1,372	1,372	1,372	905
17	Reserves & Surplus	15,405	13,239	8,449	6,115	2,396
18	Long Term Borrowings	1,639	1,962	919	415	41
19	Deferred Tax Liability	276	763	389	263	246
20	Other Long Term Liabilities	1,780	474	92	-	-
21	Current Liabilities	39,040	29,337	14,475	7,423	5,086
22	Total Liabilities	59,514	47,147	25,696	15,588	8,674

Key Financial Highlights

Performance at a Glance

Year ended 31st March	2013 **	2012	2011	2010	2009
Sales and Income (` In lakhs)	1,52,298	1,13,130	65,826	45,141	24,684
EBIDTA Profits (` In lakhs)	8,467	11,806	5,854	3,093	1,878
Profit before tax (` In lakhs)	4,306	8,735	4,704	2,352	1,356
Profit after tax (` In lakhs)	2,963	5,906	3,133	1,607	888
Net worth Adjusted (` In lakhs)	16,777	12,832	8,989	6,927	2,699
Equity Capital (` In lakhs)	1,372	1,372	1,372	1,372	905
Book Value per share (In Rs)	122	94	66	50	30
Dividend (Incl.DDT) (` In lakhs)	797	1,116	799	642	106
Total Outside Liabilities Adjusted (` In lakhs)	39,557	30,822	14,927	7,035	5,043
No of Branches	26	15	9	7	4
No of branches in Own Premises	5	5	3	2	2

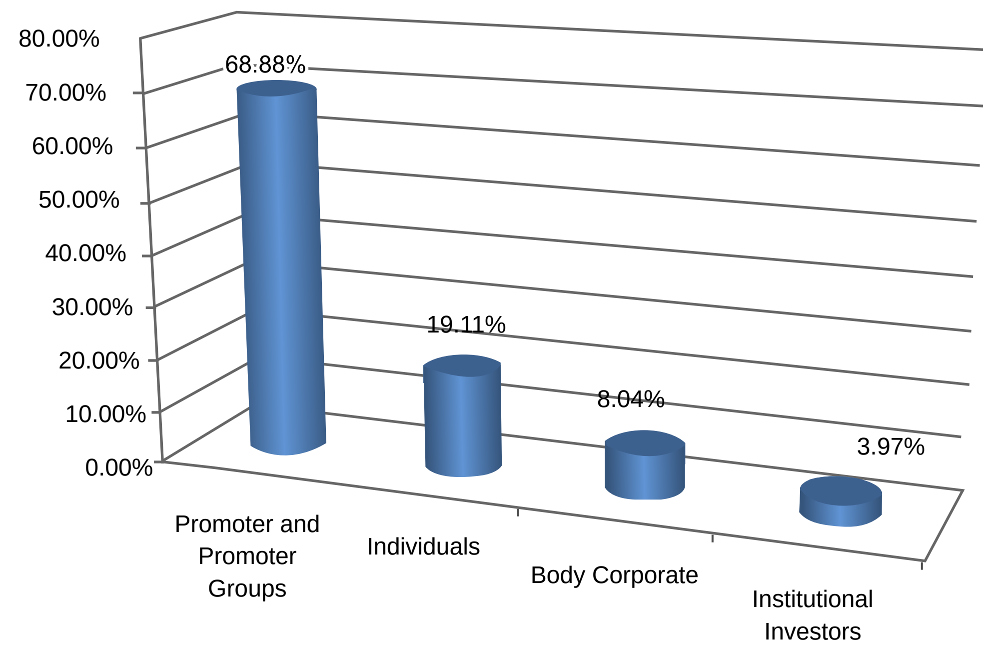
S.No	Year ended 31st March	2013 **	2012	2011	2010	2009
1	EBITDA / Turnover (in %)	5.56	10.44	8.87	6.85	7.61
2	PBT / Turnover (in %)	2.83	7.72	7.15	5.21	5.49
3	Return on Capital Employed	15.27	25.67	23.23	20.58	23.26
4	Return on Net Worth	17.66	46.03	34.86	23.20	32.89
5	Net Debt to Equity	2.01	1.87	0.81	0.64	0.93
6	Current Ratio	1.30	1.33	1.54	1.80	1.38
7	Net worth per share	122.28	93.53	65.51	50.00	30.00
8	Earnings per share	21.60	43.05	22.84	11.71	9.81
9	P/E Ratio (based on 31st March quote)	9.51	4.07	6.98	6.96	-

** *Profit is understated by Rs.2,817 lakhs (before taxes) due to change in Accounting policy on Advertisement and Publicity Expenses (Refer Note 26) in all profit related indicators. The performance indicators are captured by considering the effect to one time write off in Advertisement and Publicity under DRE.*

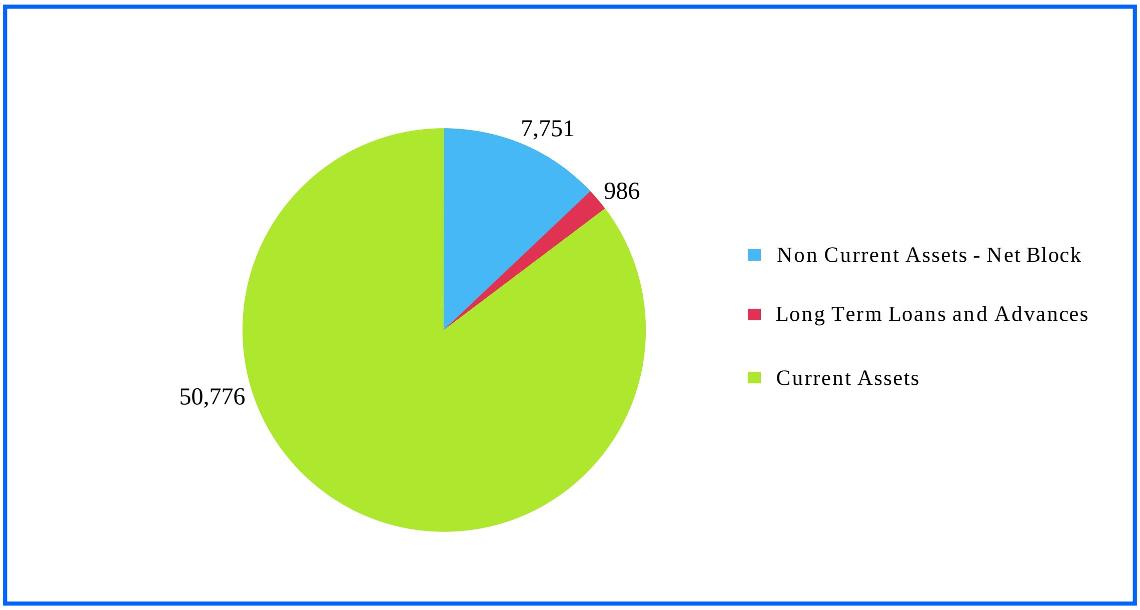
1	EBITDA / Turnover EBITDA Turnover	Earnings Before Interest ,Depreciation, Tax and Amortisation/ Turn over PAT + Taxes +Depreciation+ Interest and Finance Charges Sales and Other Operating Income
2	PBT/ Turnover	Profit Before Tax / Turnover
3	Return on Avg Capital Employed EBIT Capital Employed	EBIT/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

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

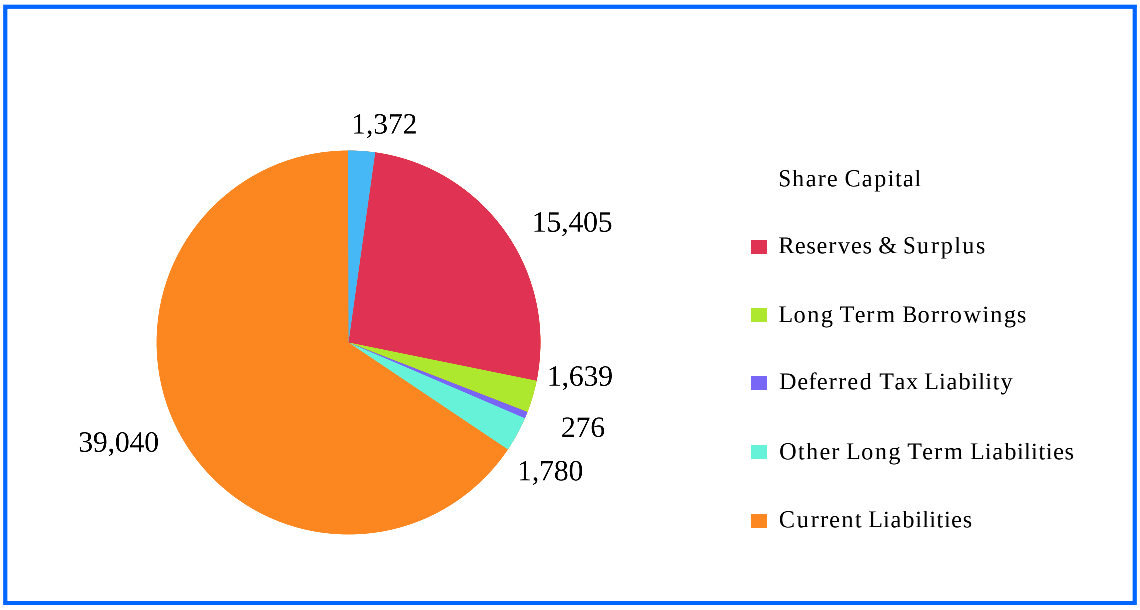
Year ended 31st March, 2013	No. of Shares	Percentage (%)	No. of Share Holders
Promoter and Promoter Groups	9,450,689	68.88 %	14
Institutional Investors	544,489	3.97 %	4
Body Corporate	1,103,563	8.04 %	119
Individuals	2,620,841	19.11 %	2,641
Total	13,719,582	100 %	2,778



Assets - Rs in Lakhs



Equity and Liabilities - Rs in Lakhs



Source and Utilisation of Funds

(` In lakhs)

	Year ended 31st March	2013	2012	2011	2010	2009
	Source of Funds					
1	Funds Generated from operation					
	(a) Profit after Taxes (Net profit Before Tax Minus Tax out flow)	1,835	6,477	3,346	1,650	904
	(b) Depreciation	459	224	148	91	62
	(c) Miscellaneous Expenditure ##	1,779	-	-	-	-
	(d) Other Income and Adjustments	34	115	11	(107)	9
	Total	4,107	6,816	3,506	1,634	975
2	Share Capital (Including Premium)	-	-	-	3,219	248
3	Net Increase / Decrease Borrowings	(2,244)	13,981	6,427	2,768	2,318
		1,863	20,797	9,932	7,620	3,541
	Utilisation of Funds					
4	Capital Expenditure	1,849	3,980	1,246	581	475
5	Dividends pay out including DDT	1,116	159	800	587	-
6	Net Increase / Decrease in Working Capital #	(1,102)	15,710	7,613	6,491	2,856
7	Miscellaneous Expenditure ##	-	948	274	(40)	209
		1,863	20,797	9,932	7,620	3,541

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

Deferred Revenue Expenditure and Preliminary Expenses

NOTICE IS HERE BY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON MONDAY, THE 22nd DAY OF JULY 2013 AT CHAMBER OF COMMERCE NO: 178-B, KAMARAJAR SALAI, MADURAI-625009 AT 11.45 AM TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 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. L.G.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. N.B.Kumar who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.

4. To declare a dividend on equity shares.

5. To appoint statutory auditors to hold office from this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration. M/s. B.Thiagarajan & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

BY ORDER OF THE BOARD
For Thangamayil Jewellery Limited

-Sd-
(CS.V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: 24.05.2013.

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 16TH JULY 2013 TO 22TH JULY 2013. (both days inclusive) as per the requirements of the listing agreement.

5. The company has a designated e-mail id for investor grievances. All the share holders are requested to mail their grievance to thangamayil.acc@gmail.com

6. Members are requested to quote their folio numbers in their correspondence always.

7. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the company. The nomination form 2B prescribed by the Government can be obtained from the company.

BY ORDER OF THE BOARD
For Thangamayil Jewellery Limited

-Sd-
(CS.V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: 24.05.2013.

Annexure to items 2 & 3 of the notice Details of directors seeking re-appointment at the Annual General Meeting (In pursuance of Clause 49 of Listing Agreement)		
Name	Mr. L.G.Vora	Mr. N.B.Kumar
Date of Birth	13.10.1943	05.06.1966
Date of appointment	26.09.2007	24.03.2000
Qualification	B.Com	S.S.L.C
Area of experience	Rich experience in Business / Commercial Spheres	More than two decades experience in Jewellery Business
List of Directorships held in other Indian Companies	Milan Textile Enterprise Private Limited , Madurai	Thangamayil Gold & Diamond Private Limited, Madurai.
Number of Membership in Other committees	Member Remuneration committee, Share Transfer committee, Investors Grievance committee.	Member Share Transfer committee
Number of Shares held in the company	Nil	2804512

BY ORDER OF THE BOARD
For Thangamayil Jewellery Limited

-Sd-
(CS.V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: 24.05.2013.

Directors' Report...

Board Of Directors

Balarama Govinda Das

Chairman and Managing Director

Ba. Ramesh
N. B. Kumar

Joint Managing Directors

S. Rethinavelu
Lalji Vora
V. R. Muthu
T.R.Narayanaswamy

Independent Directors

CS. V. Vijayaraghavan

Company Secretary

Registered Office

No.124, Nethaji Road,
Madurai – 625 001.

Corporate Office

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

Registrar and Transfer Agent

S.K.D.C Consultants Ltd.,

Kanapathy Towers,
1391/A-1 Sathy Road, Ganapathy,
Coimbatore – 641 006.

Statutory Auditors

B. Thiagarajan & Co.

Chartered Accountants
Chennai

Cost Auditor

Dr. I. Ashok

Cost & Management Accountant
Madurai

Bankers

State Bank of India

Oriental Bank of Commerce

Indian Bank

IDBI Bank Ltd

Indusind Bank Ltd

Yes Bank Ltd

Karur Vysya Bank

ING Vysya Bank

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

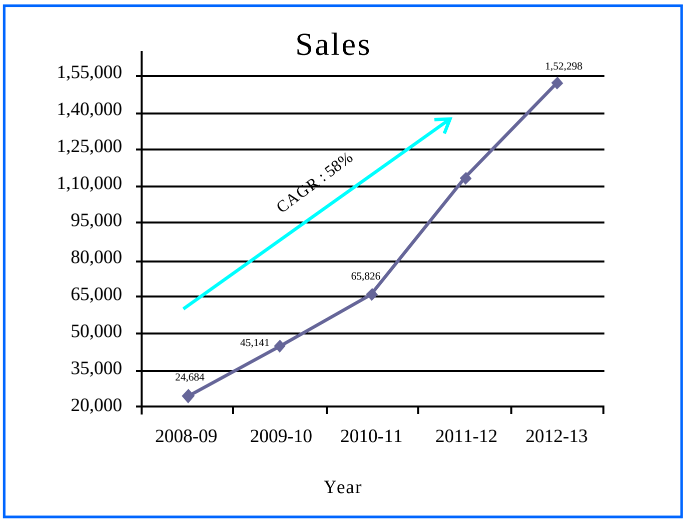
Your Directors have pleasure in presenting their 13th Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

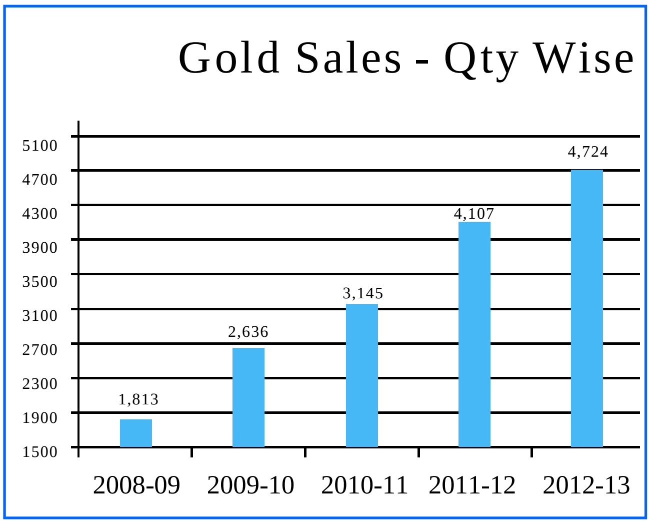
FINANCIAL RESULTS

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

(` In lakhs)

PARTICULARS	2012-2013	2011-2012
Sales and Other Operating Income	1,52,479	1,13,161
Gross Profit	16,527	15,074
Earnings before Interest, Depreciation and Taxation (EBITDA)	8,467	11,806
Finance Cost	3,702	2,848
Depreciation	459	224
Profit Before Tax (PBT)	4,306	8,735
Tax	1,342	2,829
Profit After Tax (PAT)	2,963	5,906





Financial Performance

The operating income declined to Rs.8,467 lakhs as against Rs.11,806 lakhs of last year. This was mainly due to:

- ✓ Change in accounting policy in charging Advertisement and publicity expenses from Deferred Revenue Expenditure (DRE) treatment hitherto followed to full charge out including of earlier years as per Accounting Standard requirement amounting to Rs.2,817 lakhs .
- ✓ Reduction in Gross profit margin by 250 bases on a comparable basis due to adverse gold price fluctuation witnessed in the second half of FY12-13.

But for the fuller write off of Advertisement and publicity of Rs.2,817 lakhs the Profit before tax would have been higher at Rs.7,123 lakhs as against Rs.8,735 lakhs for 2011-12. Even though, the enduring benefits of amount spent on Advertisement and publicity is available in the form of continued "Brand Equity "the Board thought it fit to treat the entire amount as Revenue Expenditure to fall in line with the Accounting Standards. This being a one time charge, your Board is confident of achieving better results in the years to come by fully exploiting the core competence of the retail business.

Commensurate to the requirement of increase in volume expected in the gold ornaments portfolio, due to continuous branch expansion, the company has expanded its own manufacturing capacities in the year ended March 2013. The product mix between 'own' vs. 'bought out' ornaments would undergo a comparable change in favour of our own manufacturing in the years to come. Similarly for silver items also, the company has recently started its own manufacturing facilities to start with for "Payal" (anklet) items. Both the initiatives will take the company to a significant stage in the fuller integration of the business model thereby ensuring cost advantages to the company.

Cost management:

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

Information technology:

The Company values the necessity of an efficient and robust Information Technology system to aid the operations of the Company. The internal IT department has developed GRAMS ERP application, which is a state of the art jewellery add-on on top of SAP Business One. The system has a supply chain module, POS module and a financial module seamlessly interlinked which provides data on-the-go about each and every store including sales, inventory levels and the like. The system throws out more than 100 different type of MIS reports that aids the decision making process of the management and the operations team. We are currently working on re-architecting the Grams solution as a cross platform application with enhanced features and functionality. Efforts are also underway to integrate our e-commerce, e-catalogue and bank payment solutions to Grams++ ERP using a middle ware solution.

POTENTIAL RISKS AND CONCERNS

Risk of loss of Positioning in the market place

Due to severe competition in the retail trade, there is a possibility that our market share from a particular place of operation or region may decline. A lot of new entrants to the retail trade suffer from the lack of knowledge of customer's preference and on quality parameters. Therefore, our company with its fuller penetration to rural market is well placed to participate in the rural success story of the country.

Monsoon

Monsoon failure has the potential to adversely affect the company's business and earnings particularly in south Tamil Nadu, where agricultural activities are dependent on monsoon. Rising inflation and high interest rates are other areas of concern that would deplete the residual income of the people to be spent on discretionary items like gold ornaments.

Gold price fluctuation risks

Gold price fluctuation risk could arise on account of frequent changes in gold prices either up or downslide momentum. It could have adverse impact on earnings. However with the help of sound hedging mechanism in the form of metal loan arrangement, the adverse impact could be mitigated and minimised.

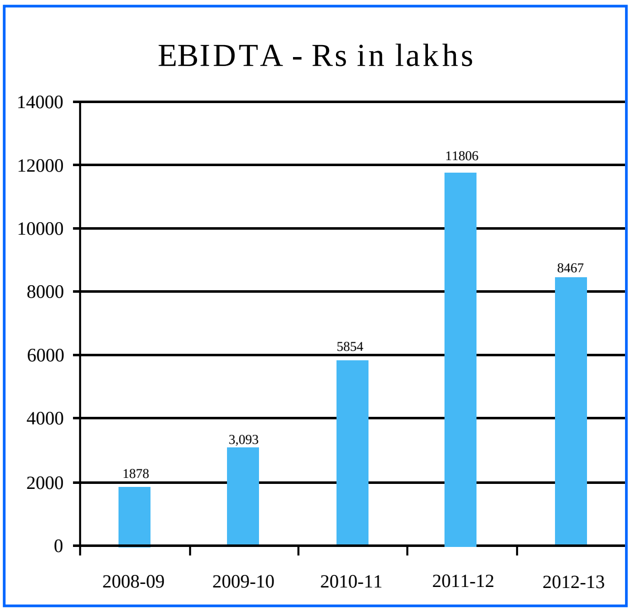
From a secular bull run witnessed in the past one decade, gold price has started to fall in recent months. This has resulted in wide fluctuations in price movements and, at times, due to marked to market valuation consideration, it results in loss in inventory value to the extent the metal price is fixed at the time of delivery. A judicious mix between fixed and unfixed pricing becomes relevant that would ensure smooth operations without facing undue exposure on price front. A committee is constituted at the Board level to completely study the "pros and cons" of risks associated with the business so that the opportunities thrown open by the market behaviour in price trends are optimally exploited by the company. Your Board will take appropriate decision in managing the downfall in gold price.

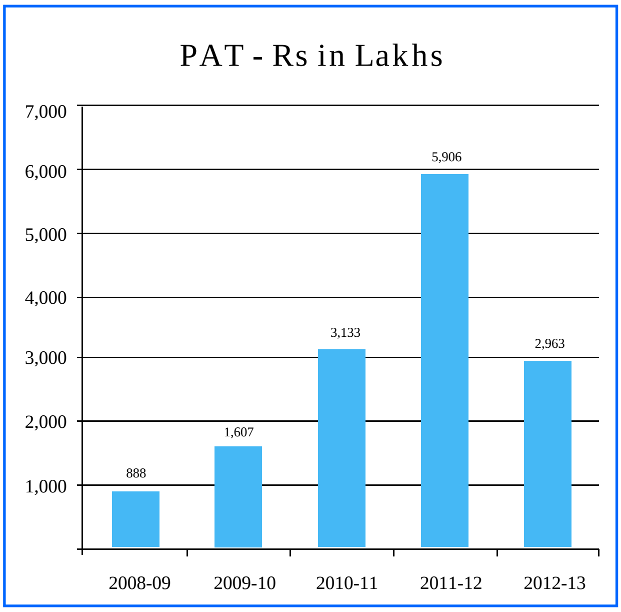
Human Capital Risks

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

STRATEGY

Certain strategies formulated and implemented by the management in tune with the exploitation of functional synergies requirements have resulted positively in enhancing the bottom line profitability of the company.





To name a few:

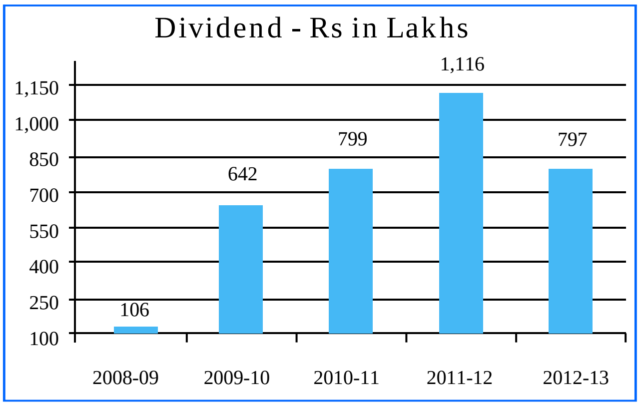
a) Opening of Eleven more branches added to the volume off take.

b) Promoted simultaneously silver products in all branches to get the benefits of Rural India Penetration fully; Promoted a balanced product portfolio to cater to the requirements of middle / lower middle class customers.

c) Customer friendly schemes like Gold Saving Scheme and Loyalty Bonus payments.

d) One large branch in a major city supported by four to five clusters of small branches in that area “business model” has been slated to be implemented to get the synergy optimization in various resource management.

DIVIDEND



The Board of Directors of the Company are pleased to recommend a dividend of ` 5/- (50%) per equity share for 2012-13 ( ` 7 in 2011-12) on 1,37,19,582 equity shares of Rs. 10 each. In order to ensure resources in the changed environment of business, the Board has decided to recommend a reduced payment of ` 797 lakhs as against ` 1116 lakhs in 2011-12 (including DDT)

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

The register of members and share transfer books will remain closed from 16th July, 2013 to 22nd July, 2013(both days inclusive).

Transfer to Reserve

We propose to transfer ` 300 lakhs to the general reserve. The balance is carried forward to the Profit and Loss Account.

RETAIL EXPANSION PLAN

During the year under review, the efforts in retail expansion plan were further intensified and the company opened 11 more retail stores during the year. The company has virtually benefited by this expansion that helped to promote its brand name through customer satisfaction.

Based on the experience gained, it is decided to intensively play on the rural economic recovery card in the current year 13-14 as well. We are planning to open as many as 12 more branches in Tamilnadu spread over southern & western parts of the State. Silver business is looking up due to relative price stability and ornament appeal it makes to the rural womenfolk. In smaller towns, the silver acts as a complementary for gold ornaments and it makes the Tier 2 & Tier 3 towns branch expansion more viable and profitable particularly with respect to Return on capital employed criteria.

FUTURE BUSINESS PLAN

The business plan followed by the company includes the following:

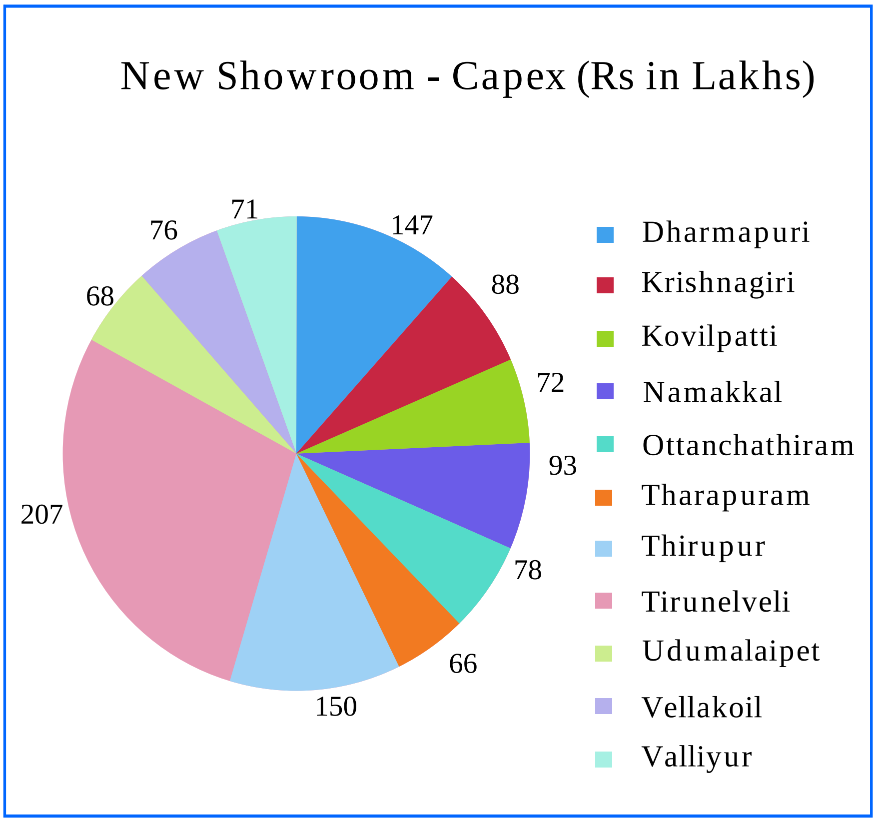
1. Sustained penetration into rural areas by spreading the awareness of quality parameters in the minds of the customers.

2. Relatively de-leverage the balance sheet by making use of lower gold price scenario.
3. To consolidate the market position in the areas of operations to get the benefits of "Brand Loyalty"
4. To fill the gaps in every region so that cluster model adopted by the company gets the optimum penetration and economic results.
5. Continue to concentrate on synergy optimisation issues to get the optimum utilisation of resources.

FUTURE PROSPECTS

Going forward, the business model as demonstrated by your company can easily be replicated in various select towns. With the consumer awareness improving year after year, for the quality parameters and the effective polarization taking place on the supply side, 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. Price of gold is consolidating at lower level post steep correction witnessed in April 2013 and it augers well for reasonable accretion to bottom line by better volume and off take.

CAPITAL EXPENDITURE



During the year, we capitalized `1,720 Lakhs to our gross block comprising `1,116 lakhs for new show rooms opened during the year and the balance of `604 lakhs for plant and machinery, vehicles and other assets for existing branches and corporate office Capex additions.

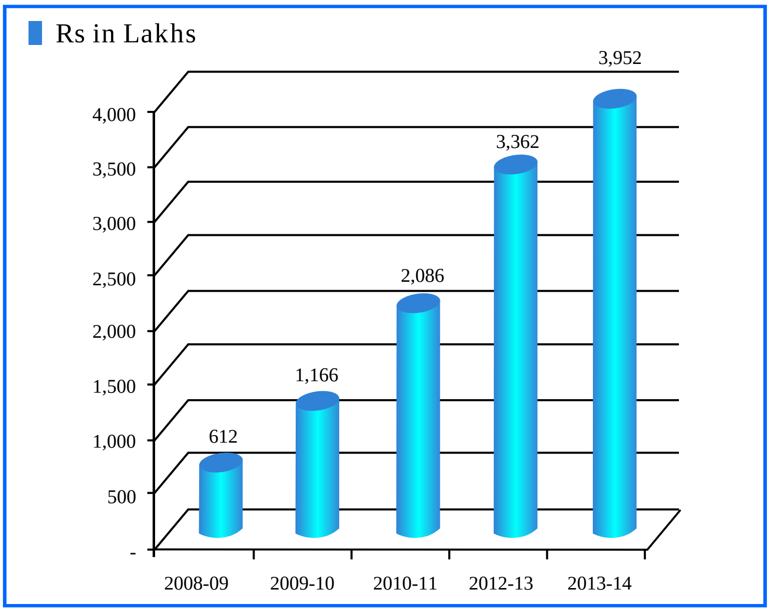
For the previous year, we capitalized ` 3,998 Lakhs to our gross block comprising `3,037 lakhs for show room opened during previous year and addition to other show room renovation expenses. Balance of ` 961 lakhs for other assets.

FINANCE

The Secured borrowings of the Company as on March 31, 2013 stood at ` 32,610 lakhs (previous year `24,903 lakhs).

Cash and cash equivalents as on 31st March 2013 stood at ` 2,902 lakhs (previous year ` 950 lakhs). Your Company's financial position is comfortable. The available internal accruals together with customer's advances with a marginal increase in leveraged finance would be sufficient to achieve the target contemplated for 13-14.

CONTRIBUTION TO EXCHEQUER



The Company is a regular payer of taxes and other duties to the Government. During the year under review, your Company paid `2,470 lakhs towards Income Tax as compared to `2,258 lakhs paid during the last financial year. The Company also paid Value Added Tax of `1,482 lakhs for financial year 2012-13, as compared to `1,104 lakhs paid for last financial year.

OPENING OF BRANCHES

Your Directors are delighted to announce the opening of eleven more branches during the year as against six branches in the previous financial year. These branches have been well equipped with lots of choicest varieties to suit the preference of the customers. These branches are doing well with potential for better future prospects in the years to come. As at the end of 31st March 2013 total branches in operation are twenty six consisting of medium / small formats.

Moreover till 24th May 2013 in the current year your company had opened 2 more branches in Sivagangai (07.04.2013) and Gobichettipalayam (16.04.2013). Work is progressing simultaneously in four other towns and is likely that all branches will be opened during the first half of 13-14 financial year.

DIRECTORS

Retirement by Rotation

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

SUBSIDIARIES:

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

DEPOSITORY SYSTEM

The trading in the Equity Shares of your Company is under compulsory dematerialization mode. As on March 31, 2013, Equity Shares representing 99.95% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

LISTING OF SHARES

The Equity Shares of your Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing fees for the year 2013-14 have been paid to these Stock Exchanges. The Shares of the companies are compulsorily tradable in dematerialized form.

INSURANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, 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, 2013, the applicable accounting standards have generally been followed along with proper explanation relating to material departures, if any.

ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company 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, 2013 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.

CHANGE IN ACCOUNTING POLICIES

The company is effecting changes in accounting policies as follows:

Upto previous year, company accounted 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 installments in next two financial years.

In line with changes in Accounting Treatment and in accordance with generally accepted Accounting Standards on Advertisement expenses the company opted to write off existing Deferred Revenue expenditure of earlier years in current year together with fully charging of current year advertisement and publicity expenses to the profit and loss account of the current year itself.

Consequent to this it has resulted in understatement of profit after tax for the year ended 31st March 2013 by ` 1,903 lakhs on a comparable basis.

COST AUDITOR

The Company has received a letter from the Cost Auditor, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

The board of directors, appointed Dr. I Ashok, a Cost Accountant holding certificate of practice No.M/11929, as a Cost Auditor for conducting the Cost Audit for the financial year 2012-2013.

FIXED DEPOSITS

Fixed Deposits from the public and shareholders, stood at ` 2,210.07 lakhs as at March 31, 2013 (Previous year ` 2,314.24 lakhs).

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company is taking initiatives to form a CSR activity committee to explore various avenues to implement the plan as adopted by the Board from the current year 2013-14. Participate in the discharge of Corporate Social Responsibility particularly in the area of education, health care and care for environment programme either by the company itself or as sponsors of such developers.

CORPORATE GOVERNANCE

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

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

The Chairman and Managing Director and Joint Managing Directors of the Company have certified to the board on financial statements and other matters in accordance with the Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March 2013.

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	2012-13	2011-12
Travelling Expenses	9.58	3.50
Interest on FCNRB Loan	94.50	198.21
Purchase of Goods	-	768.31
Purchase of Capital Goods	60.42	-

INTERNAL CONTROL AND THEIR ADEQUACY

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

HUMAN RESOURCE DEVELOPMENT

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

Leadership development is one of the primary key initiatives of the Company. Primary personnel development program has been taken up as long term strategy of the Company. Towards this, the company has taken HR training development programs as one of the key objectives to support the sales activities this year in a very aggressive way.

The Company continues to maintain cordial relations without any interruption in work. As on 31st March 2013, the Company has 1433 employees on its rolls as against 957 employees in previous year.

HUMAN RESOURCES

In terms of the provisions of Sections 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is annexed forming part of this report.

FORWARD-LOOKING STATEMENTS

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

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

ACKNOWLEDGEMENT

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

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-Sd-	-Sd-
BALARAMA GOVINDA DAS	Ba. RAMESH
Managing Director	Joint Managing Director

Place – Madurai

Date – May 24, 2013

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended and forming part of the Directors ' Report for the year ended 31st March 2013:

Sl. No	Name of the Employee	Remuneration Received (Rs. in lakhs)	Designation	Qualification	Age in Years	Experience in years	Date of Commencement of Employment	Last Employment held
1	Balarama Govinda Das	90.00	Chairman and Managing Dirctor	B.Com.,	57	33 Years	March 24,2000	-
2	Ba.Ramesh	90.00	Joint Managing Director	H.Sc.,	53	21 Years	March 24,2000	-
3	N.B.Kumar	90.00	Joint Managing Director	H.Sc.,	47	15 Years	March 24,2000	-

Notes:

1. Remuneration received includes Salary, House Rent Allowance, Company's Contribution Fund / LTA & Other Perquisites.
2. Designation represents nature of duties.
3. Employment of all mentioned above is contractual.
4. The above employees / Directors are related as brother to each other of the Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SCENARIO

INDIAN GEMS AND JEWELLERY INDUSTRY

Globally annual demand for gold in 2012 went up by 338 Tonnes to 4,406 Tonnes worth an estimate of US$ 236 billion in 2012 as per World Gold Council's Gold Demand Trends. The main driver for this increase was central bank purchases reaching 48 year high, India and China's persistent devotion to gold. Examined in a longer term context, annual gold demand was 15% higher than the average for the previous five years, with much of that growth coming from the physical gold bar segment of investment demand and central bank purchases. The long term downtrend in jewellery and technology volumes, against a backdrop of a twelve year bull run in gold prices, has seen their share of total demand eroded but in value terms, all sectors have experienced considerable expansion. (Please refer Chart 1 below). Ten year rising trend in the value of consumer demand for jewellery, gold bars and coins clearly illustrates that gold has captured an increased share of wallet. While 2012 saw a dip in the value of investment demand, the 3% growth in the value of gold jewellery to a record US $ 102 Billion during a period in which the average price in US $ increased over 6% confirms the enduring desirability of gold jewellery. (Please refer Chart 2 and Chart 3 below).

Chart 1: Gold Demand breakdown (2012, tonnes)

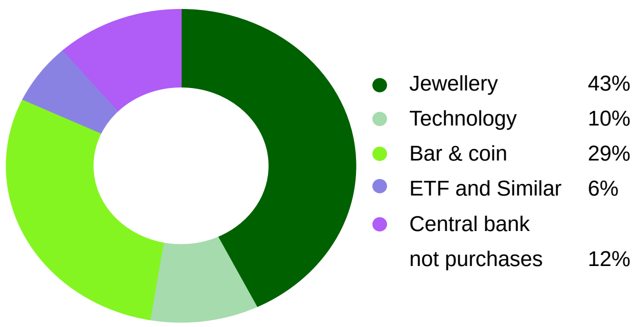
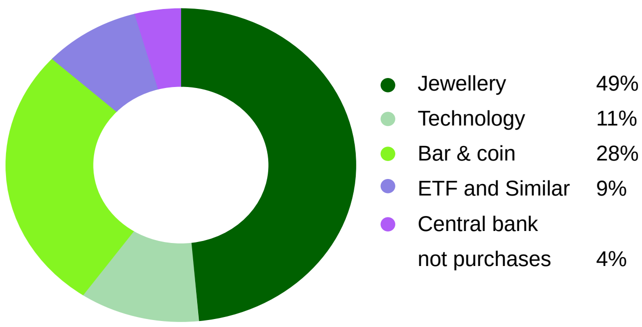


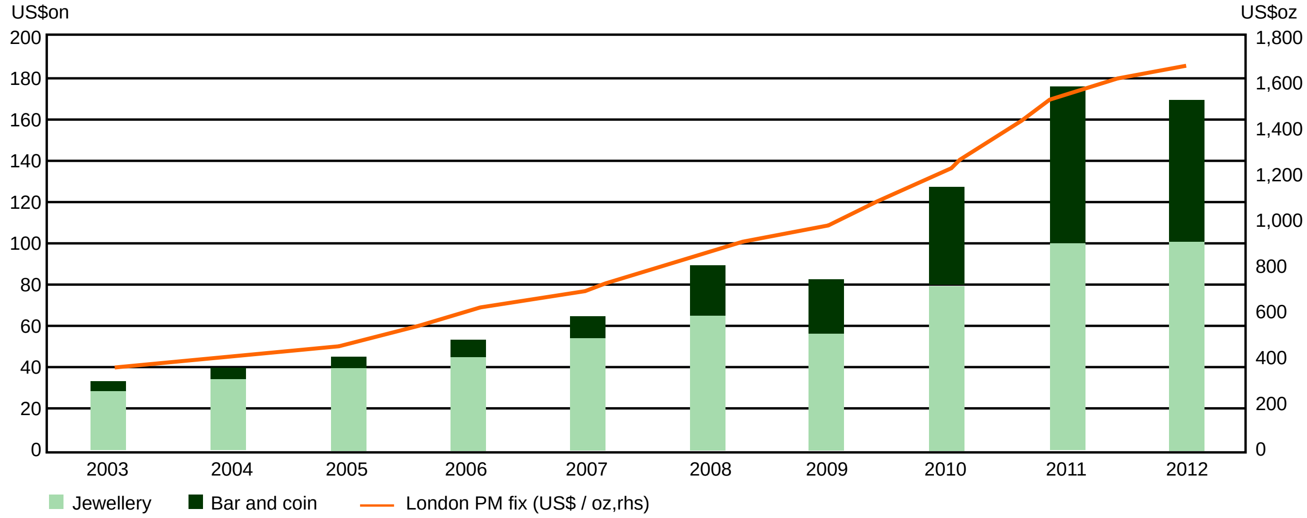
Chart 2: Gold Demand breakdown 5-year average (2008-2012, tonnes)*



- **Over the last five years, jewellery, technology and ETFs and similar products have yelded market share to bar and coin investment and central bank purchases**

***Annual average demand 2008-2012 inclusive**
Note: Totals may not sum due to sounding
Source: Thomson Reuters GFMS World Gold Council

Chart 3: Jewellery and investment demand (value) and the gold price (USS/oz)



- Jewellery demand reached a record value in 2012, extending the long term uptrend.
- Bar and coin investment in value terms, having grown from US$3.6bn in 2003 to US$76.6bn in 2011, tapered off in 2012 but remained far above historical averages.

Source: Thomson Reuters GFMS World Gold Council

The gold market is driven by a diverse set of factors and that the price is determined by their interaction and that investment demand is not concentrated on one particular type of investors but rather a well balanced and robust set which includes many long term holders.

As 2013 unfolds the expectation for jewellery demand is to soften in volume terms while sustaining healthy values. Investment demands, while to some extent dependant on the movement in the gold price during the year and exchange rate effects on local prices should again exceed historical averages as investors continue to focus on gold's soar as a store of wealth. Continued innovation in the range of gold investment products available across a range of countries, for eg., gold accumulation plans in India, China and other European countries apart from USA confirms the healthy appetite for gold amongst investors.

For India 2012 was a year of mixed fortunes for gold consumption by the Consumers all around throughout the year. Following a first half in which Consumers faced headwinds in the form of higher import duties, market turmoil over proposed measures to curb gold imports and a sharp rise in the local price of gold, Indian demand staged a strong revival in the second half of the year.

Indian consumer demand for gold jewellery in the first half of 2012 was 36% lower than the first half of 2011. However, a second half comparison shows a 23% increase over second half 2011 (although this comparison is somewhat flattered by a relatively weak base period). The net result for the full year was a 12% decline in demand to 864 tonnes which nonetheless compares favorably with the 5 year average of 846 Tonnes. Taken in the context of a 21% increase in the annual average rupee gold price (compared with a rise of just 6% in the US$ price), this result is all the more remarkable and serves to emphasize the importance of gold to Indian consumers. The value of annual demand reached Rs.2,475 Billion, up 6% from 2011. The market continued to thrive during wedding and festive season, the highlight being Akshaya Tritiya, Aadi Perukku, Dhanteras, Diwali and Christmas when gold demand was particularly buoyant in the customers' mind. Demand was further stimulated most notably during December by expectations, which were subsequently proven to be well founded, that the Government would again increase Import Duty on gold. This encouraged stock building by bullion dealers and jewelers alike ahead of the duty hike and consumers who had planned to buy gold in the near future brought forward the purchases to avoid paying higher prices in 2013.

Comparatively in China over the last two years Chinese gold consumers have displayed a remarkably consistent attitude towards gold. Demand for investment and jewellery throughout 2012 has shown little variation over 2011. In volume terms Chinese gold demand was valued at RMB 263 Billion, an increase of 3% over the previous year as consumers in China continued to allocate greater sums to their gold investment and jewellery purchases.

Looking forward the signs of economic improvement bode well for gold demand in India and China, thus escalating towards strong growth to the wealth of the nation and also to the individual's net worth.

Rural and Middle Class Population Demand

The total population of the Country as a whole is 1.21 billion with 51 head counts added every minute as per latest Census 2011 data. From out of the present 28 States, Tamil Nadu is one of the most important States in the country being 11th largest in terms of area. It is the seventh most populous State in the country with a density of about 555 every Sq KM. with a growth rate of 15% in the State whilst the median age of the citizen being 25 years. Literacy rate is 80% and sex ratio is 995:1000. Both exceed the national average as per latest census 2011 data. Further Income earning population is expected to grow from the present level of 37% to 45% in the financial year 2013-14.

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

With rising young population combined with above intriguing facts, the jewellery industry has significant potential for growth. A well integrated rural India believes in gold more as securing an investment item and it will continue to be backbone of the Indian economy and particularly for influencing gold jewellery demand.

Gold savings scheme

With the jewellery price fluctuations the choice and thinking of the salaried class customers has shifted towards various saving schemes floated by the Jewellery Industry as a better option than preferring Banking and other financial institutions. This has accelerated the jewellery industry in triggering higher volume of sales with assured customer base and inflow of fund for the working capital requirements. Jewellery industry facilitated the customers with a prudent planning coupled with safe investment portfolio enabling them to buy the jewellery ornaments in a phased manner for auspicious occasions. The savings scheme offered by the industry has enabled the customers to shield from the price fluctuation. This assurance has pulled more customers towards organized jewellery industry having retail chain stores. With enormous potential and scope for increase in purchasing power of the consumer and their intention to accumulate their saving especially investing in gold augers well for the exemplary growth of the industry.

Branded Jewellery

Jewellery retailing in India is undergoing a slow and steady transformation from a largely unorganized sector to a more organized one. While the family owned jewellery store remains the predominant retail format, new formats such as boutiques, outlet in the Shopping Malls and gold souks are emerging for jewellery retail.

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

RISK ANALYSIS

The Company is currently operating in 26 outlets in south and western parts of Tamilnadu and proposes to open twelve more outlets in Tier II and III towns in 2013-14. The company is very familiar with the trend and fashion of the consumers in these locations. However due to change in the consumer habit in these locations there is a slight risk in the business which includes the following factors:

1. Trend and fashion:

The trend and fashion 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 Tenkasi and Valliyur 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, preferences, trend and fashion to suit the consumers' choice which may change from time to time. 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 fail to meet the expected levels.

2. Impact of competition:

The retail jewellery trade is very competitive and there are well established players in these locations having considerable market share in their locality. Apart from 9 to 10 organized players who are Corporate business houses, the market is flooded with unorganized players of small outlets forming around 75% of the market. Therefore the company carries a risk of establishing volumes in a highly competitive industry.

Recently Madurai has seen the entry of Malabar Gold and Diamonds, GRT Jewellers and Sri Kumaran Thangamaligai apart from those who entered in the year 2011-12 and the majority of them have presence in more than 35 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 of consumers. The volume and value of such purchase may significantly decrease during economic downturns.

2012 was the strongest year for global jewellery demand as India and to some extent Middle Eastern market drove a recovery in the sector. In annual terms 2012 saw a 3% decline in demand on a volume basis to 1,908 Tonnes primarily due to a relatively weak year in India. Conversely the value of jewellery demand reached a record US $ 102 Billion in 2012, 3% above 2011 as consumers continued to allocate greater sums to gold jewellery despite the 6% year on year rise in price as per World Gold Council data release.

Over the last two years Chinese gold consumers have displayed a remarkably consistent attitude towards gold. Demand for investment and jewellery throughout 2012 has shown little variation over 2011 levels. The two largest jewellery consuming markets India and China together generated 56% of the total annual jewellery demand.

The success of our business depends partly on macro economic factors such as economic growth, employment levels, income levels etc., all of which affect consumer spending and disposable income.

The retailing of gold jewellery is extremely fragmented and these small retailers do not always follow sound business practices. They offer periodical discounts and promotions that involve the sale of inferior quality jewellery and such efforts may continue in the future also. In such cases where wide spread demand for lower quality products succeeds, demand and price level for our products would decline and our operational results would be affected considerably.

Investment Demand

In the recent past gold as an investment has caught special passion of fire amongst consumers which has resulted in the strongest source of growth in demand for gold jewellery. The investment pattern in 2012 has gone up to US$ 84,913 Million as compared to US $ 82,543 Million in 2011 (3% approx). In terms of volume total investment in 2012 amounts to 1,583 Tonnes as compared to 1,634 Tonnes in 2011 as per World Gold Council's Gold demand trends release.

Numerous factors motivate both institutional and private investors to seek gold investments. Of the key drivers behind investor demand, one common thread emerges. It is the ability of gold to insure against instability and protect against risk.

Gold investment can take many forms and investors often choose to invest through a variety of modes for greater flexibility. The growth in investment demand has sparked numerous innovations in gold investment, ranging from online bullion sales to gold ETFs. There are now a wide variety of investment products to suit both the private and institutional investors.

Technology Demand

The world consumption of gold produced is about 50% in jewellery, 40% in investment and 10% in industry. Besides its widespread monetary and symbolic functions, gold has many practical uses in dentistry, electronics and other fields. Its high malleability, ductility, resistance to corrosion and most other chemical reactions and conductivity of electricity has led to many uses including electric wiring, colored glass production and gold leafing.

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

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

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

4. Our Profitability may be affected by commodity price sensitivity

The jewellery industry in general is affected by fluctuations in the prices of precious metals and precious & semi precious stones. The availability and prices of gold, diamonds and other precious metals and precious & semi – precious stones may be influenced by cartels, political instability in exporting countries and inflation. Shortages of these materials or sharp changes in their prices could have a material adverse effect on our results of operations or financial condition. Our future revenue and profitability will be dependent to a significant extent upon prevailing spot market prices for gold and diamonds. Of late, gold prices have been volatile and 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.

In the recent years the increase or decrease in gold prices have not affected volume of sales but nevertheless the reduction in price would result in a surge in demand for gold jewellery, as noticed in the recent price fluctuation whereas increase in price may not also affect the volume significantly except a limited adverse impact on operations.

5. Internal Control System

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

Some significant features of the internal control systems are:

- Corporate policies on accounting and major processes.
- Well-defined processes for formulating and reviewing annual and long term business plans.

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

  - Anti-fraud programme

The Board takes responsibility for the total process of risk management in the organization. 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, work-in-progress and finished products. This inventory is maintained to meet the production requirements as per the production plan.

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

8. Seasonal fluctuations in sales

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

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

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

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 additional outlets while existing outlets are strengthened by correcting the possible shortfalls. 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 program under the name of “SAP Business One” in 2008. 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 partly by Bank borrowings and the rest from 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. 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 off take.

We trust 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 13 years. This brand value has accrued through consistent efforts that includes quality and price assurance, advertisement and promotion and the retail experience. Currently, the Company enjoys a market share in excess of 25% in the sale of Gold Jewellery in the city of Madurai and surroundings.

While the customers are being drawn from neighboring semi rural areas, the Company expanded its business and established retail outlets at each of other locations in order to service the customers better by eliminating customer's travel time and thereby increasing the loyalty quotient.

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

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

❖ Build Thangamayil's image as one among the best in the industry all over Tamilnadu rather than only in southern and western parts of Tamilnadu.

❖ Extend Thangamayil's footprint to other cities.

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

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

❖ 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.

14. Sales and Marketing

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

15. Working Capital Management

The Company's inventory requirements comprises of Gold ornaments, Silver articles and precious articles held as finished goods and work in progress.

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

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

These programs comprise franchising of outlets, expanding the show room locations to other parts of Tamilnadu and opening branches in rural areas to avoid huge competition in tier II cities and also optimization of raw material sourcing from customers. This plan helps the Company to reduce inventory from each such branch.

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

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Thangamayil's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrix and to identify opportunities and risks with regard to its business operations.

Internal control systems

The company has mechanisms in place to establish and maintain adequate internal controls over all operational and financial functions. The company intends to undertake further measures as necessary in line with its intent to adhere to procedures, guidelines and regulations as applicable in a transparent manner.

Thangamayil maintains adequate internal control systems that provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets. The company uses an enterprise resource planning (ERP) package that enhances the efficiency of its internal control mechanism.

The company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Thangamayil has appointed an independent audit firm as its Internal Auditors and the Audit Committee reviews its findings and recommendations at periodic intervals. Thangamayil's internal control system is adequate considering the nature, size and complexity of its business. Thangamayil has also put in place a strong enterprise risk management function which oversees the risk management of the Company on an ongoing basis.

A discussion of key risks and concerns and measures aimed at mitigating them are discussed in the following paragraphs.

Economic Slowdown Risk

Jewellery is perceived to be a product of conspicuous consumption. As a result, purchase decisions are generally postponed during economic slowdowns. On the contrary, gold is perceived as a global insurance during times of uncertainty.

Volatility of Gold Prices

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.

Technology & Design Risk

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

Competition

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

Recently, Madurai and other towns where the Company is present have seen the entry of other established players who have presence in 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.

Despite the common feeling that competition generally is likely to have an adverse impact on the performance of the company, the company has seen footfalls growing with the advent of competition due to many of the innovative practices followed as well as understanding the tastes and preferences of the customer's ethnic to that region.

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

In addition to the aforementioned issues, there are multiple other risk factors that the company believes it will need to take cognizance of and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions. The company does take necessary insurance or related cover in cases as necessary.

SWOT ANALYSIS

Strengths

- ❖ Well established powerful brand loyalty in southern parts of Tamilnadu to support the retail expansion plan.
- ❖ Customer loyalty coupled with quality assurance aspects on a sustainable manner
- ❖ Ability to obtain competitive terms of supply from vendors given the volumes procured.
- ❖ Synergy optimization on various functional areas

Weakness

- ❖ Operating in a competitive environment with downward bias for margin.
- ❖ High Price associated with gold price movement and consequential adverse impact on margins.
- ❖ Limitation of geographical presence to southern and western districts of Tamilnadu.
- ❖ Scale up difficulty due to different fashion preferences in different regions

Opportunities

- ❖ Sustained performance over the last few years in Madurai and surrounding towns provides platform for replication of the model other tier II / III cities in Tamilnadu having similar customer profile.
- ❖ Growing acceptance and preference of customers for Hallmarked and high quality products presents an opportunity to distinguish the company from unorganized ones.
- ❖ Polarization of business with in organized brands that augers well for the sustainability of growth.
- ❖ Scaling of economy resultant out of Brand / Advertisement & Publicity / Procurement of Gold, Product Mix, designs etc.,

Threats

- ❖ Huge Fluctuation of Gold Price and increase in interest rates.
- ❖ The Company faces threat from unorganized players operating at the local level since the gems and jewellery industry is largely dominated by unorganized sector.
- ❖ Human Resources development constraints faced by the industry.
- ❖ Firming up of regulatory controls by the government on the inducing in the medium term to have adverse impact on customer's preference for jewellery items.

FINANCIAL OPERATIONS

RESULTS OF OPERATIONS

1. Sales

   Sales for the year 2013 increased by 35% driven both by volume as well as price / yield increases.

2. Other Income

   Other Income is Rs.181.28 lakhs in 2012-13 as against Rs.31.91 lakhs in 2011-12.

3. Expenditure

   During the year, input cost of Raw material, Packing Material and finished goods as a percentage to sales has increased by 3.20% when compared to last year.

   The Company's Administrative and Selling Expenses as a percentage of sales has increased to 3.86% as against 1.75%, due to write off of earlier year deferred revenue expenditure together with current year advertisement expenses written off in the current year itself.

4. Profit before taxation

   Profit before taxation amounted to Rs.4306 lakhs as against Rs. 8735 lakhs in the previous year.

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, 2013 stood at Rs.1,371.96 lakhs. There was no fresh infusion of capital during the year.

2) Reserves and surplus

   Reserves and surplus stood at Rs.15,405.29 lakhs as against Rs.13,239.07 lakhs in the previous year.

3) Fixed Assets and Capital Work in Progress

   During the year, company's addition including work in progress amounting to Rs.1,858.57 lakhs to the gross block comprising Rs.156.49 lakhs for land and buildings and Rs.1,702.38 lakhs for plant and machinery, vehicles and other assets for new branches and also existing branches.

4) Inventories

Inventories amounted to Rs. 46,527.44 lakhs as at March 2013 against Rs. 36,922.99 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 increase in gold price compared to previous year.

5) Trade Receivables

Trade Receivables amounted to Rs. 88.65 lakhs as at 31st March 2013 as against Rs.46.75 lakhs as at 31st March 2012.

6) Cash and Bank balances

Cash and bank balances with banks amounts to Rs. 2,902.48 lakhs as against Rs 950.44 lakhs in the previous year. The Increase is on account of margin money for gold metal loan and other fixed deposits.

7) Short Term Loans and Advances and Other Current Assets

Short term Loans and advances amounted to Rs.1,257.64 lakhs as against Rs.1,040.42 lakhs in the previous year. Loans and Advances includes advances paid for raw material Rs.689.54 lakhs and balance of Rs.568.10 lakhs as pre-paid insurance, advance to expense , advance payment of taxes and other advances.

8) Current Liabilities & Provisions

Current liabilities excluding provisions amounting to Rs.38,212.99 lakhs includes secured loan from banks , Gold metal loan from banks and Trade creditors for raw materials and creditors for advertising and promotion spends, packing materials, advance received from Customers and creditors for capital purchases.

Provisions amounted to Rs.827.26 lakhs including provision for dividend and dividend tax thereon.

9) Net Working Capital

The Company has a Working Capital (including cash and bank balances) of Rs. 11,735.96 lakhs as at 31st March 2013 as against Rs.9,623.80 lakhs as at 31st March 2012. The increase in working capital is largely due to higher closing inventory.

10) Return on Capital employed

The return on capital employed (average) during the year has decreased to 15.27% from 25.67% last year. The percentage has been computed by dividing EBIT by the average capital employed (Total capital employed minus non-current assets) during the year.

11) Debt Equity Ratio

Your Company has got a Net Debt Equity ratio of 2.01 as at 31.3.2013 as against 1.87 as at 31.03.2012.

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 organization.
- Ensure transparency and professionalism in all decisions and transactions of the company.
- Achieve excellence in Corporate Governance by
  - i) Conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.
  - ii) Regularly reviewing the Board processes and the management systems for further improvement.

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

(1) That system procedure which monitors compliance with laws, rules and regulations are in place in each area of its Business.

(2) That relevant information regarding the company and its operations is disclosed, disseminated and easily available to its share holders and

(3) That the Board of Directors is kept fully informed of all material developments in the company, the risks in its business and its operations and the rationale for management's decisions and recommendations, so that the Board of Directors can effectively discharge their responsibilities to our share holders.

CORPORATE CODE OF CONDUCT

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

(1) Conduct of business in consonance with National interest.

(2) Fair and accurate presentation of Financial Statements.

(3) Practicing politically non- alignment.

(4) Maintaining quality of product and services.

(5) Being a good corporate citizen.

(6) Ethical conduct.

(7) Commitment to enhance 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, 2013, the Company's Board consists of 7 directors and is headed by its Chairman and Managing Director, Mr.Balarama Govinda Das, out of which, four are independent directors. The independent directors of the Board are experienced, competent and highly renowned in their respective fields. The independent directors take active part at the Board and committee Meetings which brings value to the decision making process of the board.

Non-executive directors-compensation

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

The previous Annual General Meeting was held on 18th July 2012.

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 other 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	9	9	Yes	-	-
Mr. Ba.Ramesh (Joint Managing Director)	Executive	9	8	Yes	-	-
Mr. N.B.Kumar (Joint Managing Director)	Executive	9	8	Yes	-	-
Mr. S.Rethinavelu	Non-executive	9	6	Yes	-	-
Mr. Lalji Vora	Non-executive	9	6	Yes	-	-
Mr. V.R.Muthu	Non-executive	9	4	No	1	-
Mr. T.R.Narayanaswamy	Non-executive	9	1	No	1	1

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

Adoption of Code of Conduct

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

Access to information and Updation to directors:

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

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

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

Appointment / Re-appointment of directors:

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

AUDIT COMMITTEE

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

The committee consists of following members:

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

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

The role of the Committee shall be as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - i) Any changes in accounting policies and practices.
  - ii) Major accounting entries based on exercise of judgment by management.
  - iii) Qualifications in draft audit report.
  - iv) Significant adjustments arising out of audit.
  - v) The going concern assumption.
  - vi) Compliance with accounting standards.
  - vii) Compliance with stock exchange and legal requirements concerning financial Statements.
  - viii) Any related party transactions i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussions to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

The Committee had four meetings during the year, held on 17th May 2012, 24th July 2012, 17th October 2012 and 31st January 2013 to discuss, internal audit report, Change in Accounting policies and internal control systems and Auditor's Report for 31/03/12 and quarterly review of operations.

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

Name of the Director	Number of Meetings Attended
Sri. S. Rethinavelu	4
Sri. Ba. Ramesh	3
Sri. V.R. Muthu	3

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.

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

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.

INVESTORS GRIEVANCE COMMITTEE

The primary role of the investor grievance committee is to:

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

The committee has the following members:

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

All the investors' complaints were resolved as on 31st March 2013 and no complaints were pending at the year end.

REMUNERATION COMMITTEE

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

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

Name of the Person	Designation	Number of Meetings 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, macroeconomic review on remuneration packages of heads of other organisations and is decided by committee members.

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

A sitting fee of ` 5,000/- for attendance at each meeting of the Board and committee, is paid to its Members (excluding Whole-time Directors).

Remuneration of Non-Executive Directors

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

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

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

The Directors' remuneration in respect of the Financial Year 2012-13 is given below:-

Name	Designation	Remuneration – Salary up to a Maximum
Balarama Govinda Das	Managing Director	` 90,00,000
Ba. Ramesh	Joint Managing Director	` 90,00,000
N.B. Kumar	Joint Managing Director	` 90,00,000

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.

No commission is paid to whole time directors for the year even though approved by the AGM held on 18th July 2012.

Particulars of Sitting Fees paid and Details of Share holding of independent directors during the financial year 2012-13.

Name of the Directors	Sitting Fees (in `)	No of Equity Shares Held
Mr. S.Rethinavel	30,000	-
Mr. Lalji Vora	30,000	-
Mr. V.R.Muthu	20,000	-
Mr. T.R.Narayanaswamy	5,000	-
Total	85,000	-

DISCLOSURES

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

Details of transactions of a material nature with any of the related parties as specified in

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

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

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

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

Code of Conduct

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has adopted a Code of Business Conduct and Ethics for its Board Directors, a copy of which is available at the Company's website, www.thangamayil.com. All the members of the Board personnel had affirmed compliance with the Code for the year ended March 31, 2013 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, 2013, there were no ordinary or special resolutions that need to be passed by our shareholders through a postal ballot.

MEANS OF COMMUNICATION TO SHAREHOLDERS

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

Quarterly results:

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

Newspapers wherein results are normally published

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

Website:

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

Share Transfer Agent (STA) and share transfer system:

With a view to rendering prompt and efficient service to the shareholders, M/s. SKDC Consultants Limited, 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@gmail.com for the purpose of registering complaints, if any, by the shareholders and expeditious redressal of their grievances.

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

Dematerialisation of shares and liquidity:

TMJL shares are tradable compulsorily in electronic form and, through M/s. SKDC Consultants Limited, Registrars and Share Transfer Agents; we have established connectivity with both the depositories, that is, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As at March 31, 2013, 99.95% of our shares were held in dematerialized form and the rest in physical form.

Category	Number of Share Holders (on Folio Basis)	Number of Shares	Percentage to Total Equity
NSDL	1,972	12,695,499	92.54
CDSL	812	1,017,083	7.41
Physical Mode	1	7,000	0.05
Total	2,785	13,719,582	100.00

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

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

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

Manufacturing & Show Room Locations:

- Madurai (Head Office and Manufacturing)

Branches

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

Address for investor correspondence:

(i) For transfer / dematerialisation of shares, Payment of dividend on shares and any other relating to the shares of the Company.	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. CS.V. Vijayaraghavan Company Secretary Mobile: 98941 49200
(iii) For investors grievance & general correspondence	thangamayil.acc@gmail.com

GENERAL SHAREHOLDER INFORMATION

Request to Shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) Mandate:

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

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

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

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

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

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

Updating of address:

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

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

SMS Alerts:

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

Timely encashment of dividends:

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

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

Annual General Meeting

Date	Time	Venue
22-07-2013	11.45 AM	Chamber Of Commerce, 178B, Kamarajar Salai, Madurai – 625 009

Financial Year: 1st April 2013 to 31st March 2014

Financial calendar (Tentative and subject to change):

Financial reporting for the quarter ending:	
30th June 2013	Before 26th July 2013
30th September 2013	Before 30th October 2013
31st December 2013	Before 29th January 2014
31st March 2014	between 10th May and 26th May 2014

Date of Book Closure 16th July 2013 to 22nd July 2013 *(both days inclusive)*

Particulars of dividend payment:

Dividend of ` 7/- per share for the year ended 31st March 13 amounting to a sum of `960.37 lakhs including dividend distribution tax.

Listing on Stock Exchanges:

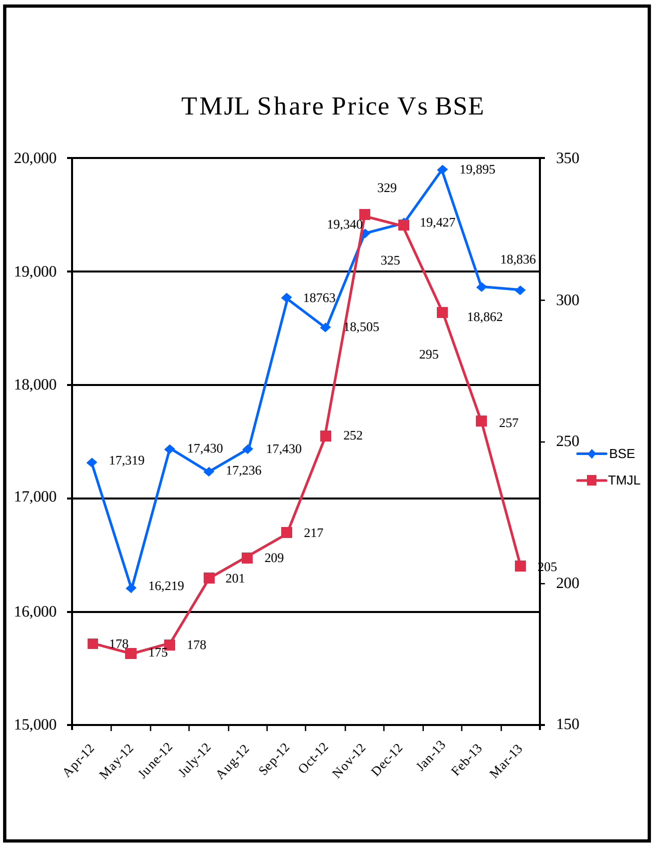
The equity shares of the company are listed at The Bombay Stock Exchange Limited, and National Stock Exchange of India Limited, Mumbai. The Listing Fee has been paid up to date, to both the above Stock Exchanges.

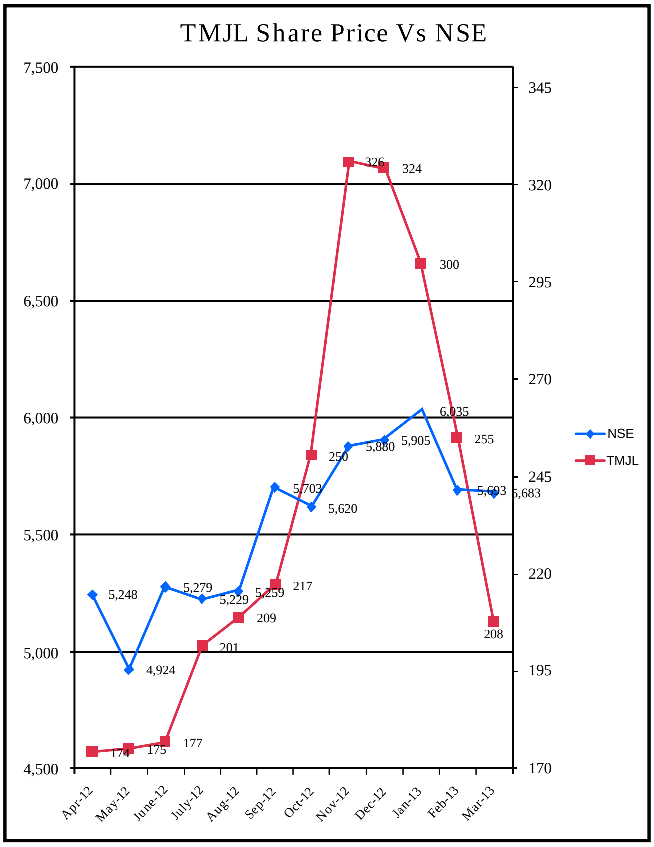
Stock Code/ Symbol:

Bombay Stock Exchange Limited	Code No.	533158
National Stock Exchange of India Limited	Code No.	THANGAMAYL

Stock Market Data - High and Low Quotations of equity shares for 2012-2013

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (`)	Low (`)	High (`)	Low (`)
April - 12	180.00	166.50	192.00	167.05
May - 12	185.00	167.10	203.00	168.00
June - 12	182.95	166.00	181.90	168.00
July - 12	211.00	173.90	221.80	172.15
August - 12	234.95	193.10	234.70	195.00
September - 12	242.00	202.00	243.00	194.00
October - 12	271.00	199.30	270.70	200.10
November - 12	350.00	251.00	350.00	252.00
December - 12	351.00	309.00	351.00	304.00
January - 13	346.00	295.00	344.00	296.05
February - 13	295.00	250.00	290.00	251.00
March -13	267.00	197.00	268.95	196.00





Distribution of Shareholding as on 31st March, 2013

Sl. No	Range of Shares (in Rs)	Number of share holders (on Folio Basis)	Range of Shares Held	% to total Shares
1	2	3	4	5
1	1 to 5,000	2,351	2,03,475	1.48
2	5,001 to 10,000	135	1,02,326	0.75
3	10,001 to 20,000	128	1,83,373	1.34
4	20,001 to 30,000	38	98,543	0.72
5	30,001 to 40,000	16	55,456	0.40
6	40,001 to 50,000	23	1,05,103	0.77
7	50,001 to 100,000	37	2,79,073	2.03
8	100,001 and above	57	1,26,92,233	92.51
Total		2,785	1,37,19,582	100.00

Pattern of Shareholdings as on 31st March, 2013

Category Code	Category of Shareholder	Shareholding details				Shares Pledged 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 Promotor Group						
(1)	Indian Promotors	14	9,450,689	9,450,689	68.88	1,176,220	12.45
(2)	Foreign Promotors						
	Total Shareholding of promoter and Promoter Group (A)= (A)(1)+(A)(2)	14	9,450,689	9,450,689	68.88	1,176,220	12.45
(B)	Public shareholding						
(1)	Institutions						
(a)	Indian Institutions	2	370,511	370,511	2.70	Nil	Nil
(b)	Foreign Institutions	2	173,948	173,948	1.27	-	-
	Sub-Total (B)(1)	4	544,489	544,489	3.97	Nil	Nil
(2)	Non-institutions						
(a)	Bodies Corporate	119	1,103,563	1,103,563	8.04	N.A	N.A
(b)	Individual Shareholders	2,497	2,417,667	2,410,667	17.63	N.A	N.A
(c)	Individual NRI / Foreign Nationals	144	203,174	203,174	1.78	N.A	N.A
(c)	Sub-Total (B)(2)	2,760	3,724,404	3,717,404	27.15	N.A	N.A
	Total Public Shareholding (B)=(B)(1)+(B)(2)	2,764	4,268,893	4,261,893	31.12	N.A	N.A
	TOTAL (A)+(B)	2,778	13,719,582	13,712,582	100.00	1,176,220	8.57
(c)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL
	GRAND TOTAL (A)+(B)+(c)	2,778	13,719,582	13,712,582	100.00	1,176,220	8.57

GENERAL BODY MEETINGS

Locations and time of General meetings

Date	Year	AGM	Time	Venue
24-06-2010	2009-2010	10th	11.30 AM	Chamber of Commerce, 178B Kamarajar Salai, Madurai - 625 009
29-06-2011	2010-2011	11th	11.30 AM	Chamber of Commerce, 178B Kamarajar Salai, Madurai - 625 009
18-07-2012	2011-2012	12th	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	Venue
06-01-2010 (EGM)	Issue of Equity Shares on Pre – IPO placement basis under the SEBI Guidelines
29-06-2011 (AGM)	Increase in remuneration of M/s B.RajeshKanna and B.Prasannan General Managers and Appointment and Remuneration of Mr.S.K. Yadeenthranathan as Executive information officer u/s 314 of the Companies Act, 1956.
18-07-2012 (AGM)	a) Keeping statutory records at the corporate office of the company at 25/6, Palami Centre, New Natham Road, Madurai – 625 014. b) Cost of the Project as modified and usage of IPO funds.

Top Ten Shareholders of the Company as on 31st March, 2013

S. No	Name of the Shareholder	No of Shares held	Percentage of holding
1	Ba. Ramesh	28,33,784	20.66
2	N.B.Kumar	28,04,512	20.44
3	Balarama Govinda Das	27,91,090	20.34
4	Thangamayil Gold and Diamond Private Limited	6,67,918	4.87
5	Emerald Jewel Industry India Limited	6,24,450	4.55
6	N. Ramachandran	6,14,726	4.48
7	N. Lakshminarayanan	2,32,651	1.70
8	Ashwin Kumar Kothari	2,25,000	1.64
9	Balusamy Silvears Jewellery Private Limited	2,09,615	1.53
10	L&T Mutual Fund Trustee	1,95,821	1.43

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:

The Company endeavours to present unqualified financial statements. There are no audit qualifications in the Company's financial statements for the year ended 31st March, 2013.

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, 2013 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-	-Sd-
Balarama Govinda Das	Ba. Ramesh
Managing Director	Joint Managing Director

Place – Madurai

Date – May 24, 2013

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 2013 as envisaged in clause 49 of the listing agreement with the concerned Stock Exchanges.

For Thangamayil Jewellery Limited

-Sd-

Balarama Govinda Das

Managing Director

Place : Madurai

Date : May 24, 2013

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 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

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

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

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

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

-Sd-
K.N.Rajagopalan
Partner
M.No: 018463

Place - Madurai
Date – May 24 ,2013

AUDITORS' REPORT

To the Members of Thangamayil Jewellery Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Thangamayil Jewellery Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

Attention is invited to the shareholders on the matter of writing off fully the advertisement and publicity expenses hitherto treated as Deferred Revenue Expenditure in line with the changes in the accounting treatment and in accordance with generally applied Accounting Standards. Consequent to this it has resulted in understatement of Profit for the year ended 31st March 2013 by Rs.1903 Lakhs (Net of Taxes) on a comparable basis.

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

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;

e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

-Sd-
K.N.Rajagopalan,
Partner
M.No:018463

Place - Madurai
Date – May 24 ,2013

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, 2013).

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 one party , the year end balance of which was ` 30.50 Lakhs (Maximum balance outstanding during the year was `330.50 Lakhs) .

(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under Section 301 of the Companies Act 1956 are not prime facie pre-judicial to the interest of the company. The payment of principal amount and interest thereon are also regular wherever stipulated.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.

(b) In our opinion and according to the information and explanations given to us, there is no transactions entered in the register maintained under Section 301 and exceeding Rupees Five lakhs in respect of any party during the financial year.

6. The Company has complied with the provision of section 58 A and 58 AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules , 1975 with regard to deposits accepted from public.

7. The company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records in respect of Gold Oranaments and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

9. a) According to the records provided to us, the company is regular in depositing with the appropriate authorities, undisputed statutory dues and other material statutory dues applicable to it.

b) According to the information and explanations given to us, there are no undisputed demands in respect of Income tax, Service tax, Sales tax, Customs duty, Excise duty were in arrears as at 31st March 2013 for a period of more than six months from the date they become payable.

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

Name of the Statue	Nature of Dues	Rupees in Lakhs	Period to which the amount relates	Forum where disputes is Pending
Tamil Nadu Value Added Tax 2006	Disallowance of Input tax, disputes related classification of sale of Goods	50.70	Assessment years - 2006-07 to 2009-10	High Court of Madras and Various appellate authorities

10. The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.

11. Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to the financial institutions and banks.

12. Based on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

13. The company is not a Chit / Nidhi / Mutual benefit fund / Society and as such clause (xiii) of the Order is not applicable.

14. The company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of Clause (xiv) of paragraph 4 of the order are not applicable.

15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks / financial institutions. Therefore clause (xv) of paragraph 4 of the Order is not applicable.

16. In our opinion and according to the information and explanations given to us, the Company has not obtained any term loans during the year.

17. On the basis of our examination, the company has not used funds raised on short term basis for long term investment.

18. The company has not allotted any shares on preferential basis to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. During the year, the company has not issued any secured debentures.

20. The Company has not raised any money by public issue during the year.

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

For B. Thiagarajan & Co,

Chartered Accountants

F. Regn No: 004371S

-Sd-

K.N.Rajagopalan

Partner

M. No -018463

Place – Madurai
Date – May 24 , 2013

BALANCE SHEET AS AT MARCH 31, 2013

(` in lakhs)

PARTICULARS	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders Funds:			
(a) Share Capital	1	1,371.96	1,371.96
(b) Reserves and Surplus	2	15,405.28	13,239.07
Sub-total - Shareholders' funds		16,777.24	14,611.03
Non-Current Liabilities			
(a) Long-Term Borrowings	3	1,639.31	1,961.52
(b) Deffered Tax Liabilities (Net)	4	276.35	763.15
(c) Other Long Term Liabilities	5	1,780.39	474.43
Sub-total - Non - Current Liabilities		3,696.05	3,199.09
Current Liabilities			
(a) Short - Term Borrowings	6	21,650.75	23,790.39
(b) Trade Payables	7	12,571.52	1,763.02
(c) Other Current Liabilities	8	3,990.72	2,193.04
(d) Short-Term Provisions	9	827.26	1,590.35
Sub-total-Current Liabilities		39,040.25	29,336.80
TOTAL EQUITY AND LIABILITIES		59,513.54	47,146.92
ASSETS			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		7,394.04	6,141.21
Capital Work in Progress		356.90	217.90
Long-Term Loans and Advances	11	986.39	675.43
Other Non Current Assets	12	-	1,151.78
Sub-total - Non - Current Assets		8,737.33	8,186.32
Current Assets			
(a) Inventories	13	46,527.44	36,922.99
(b) Trade Receivables	14	88.65	46.75
(c) Cash and Cash Equivalents	15	2,902.48	950.44
(d) Short-Term Loans and Advances	16	14.01	18.72
(e) Other Current Assets	17	1,243.63	1,021.70
Sub-total-Current Assets		50,776.21	38,960.60
TOTAL - ASSETS		59,513.54	47,146.92
Significant Accounting Policies			
Notes on Accounts	1 to 39		

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
F.Regn No. 004371S

For Thangamayil Jewellery Limited

-Sd-
K.N.Rajagopalan
Partner
M.No.018463

-Sd-
Balarama Govinda Das
Managing Director

-Sd-
Ba. Ramesh
Jt Managing Director

-Sd-
S.Rethinavelu
Independent Director

-Sd-
Lalji Vora
Independent Director

-Sd-
V.R.Muthu
Independent Director

Date - May 24, 2013
Place - Madurai

-Sd-
T.R.Narayanaswamy
Independent Director

-Sd-
V. Vijayaraghavan
Company Secretary

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2013

(` in lakhs)

PARTICULARS	Note	Year ended March 31, 2013	2012
I. INCOME			
Revenue from Operations	18	152,297.87	113,129.76
Other Income	19	181.28	31.91
Total Revenue		152,479.15	113,161.67
II. EXPENSES			
Cost of Materials Consumed	20	127,556.77	94,223.81
Purchases of Traded Goods	21	16,100.18	18,700.12
Changes in Inventories of finished goods, work in progress and stock in trade	22	(8,166.10)	(15,399.61)
Manufacturing Expenses	23	461.56	563.64
Employee benefit Expenses	24	2,180.88	1,286.63
Finance Cost	25	3,702.46	2,847.52
Depreciation and Amortisation	10	458.87	223.89
Other Expenses	26	5,878.97	1,980.96
Total Expenses		148,173.59	104,426.96
III. NET PROFIT BEFORE TAXATION		4,305.56	8,734.71
Less: Provision for Taxation:			
- Current Tax		1,828.88	2,454.96
- Deferred Tax		(486.79)	373.70
Total Tax Expenses		1,342.09	2,828.66
IV. NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		2,963.47	5,906.04
V.Profit / Loss from Discontinuing Operations		-	-
VI.Tax Expense of Discontinuing Operations		-	-
VII. Profit / (Loss) from Discontinuing Operations (after Tax)		-	-
VIII. NET PROFIT FOR THE YEAR		2,963.47	5,906.04
Basic / Diluted Earnings per Share of Rs.10 each		21.60	43.05
Significant Accounting Policies Notes on Accounts	1 to39	-	-

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.,
Chartered Accountants
F.Regn No. 004371S

For Thangamayil Jewellery Limited

-Sd-
K.N.Rajagopalan
Partner
M.No.018463

-Sd-
Balarama Govinda Das
Managing Director

-Sd-
Ba. Ramesh
Jt Managing Director

-Sd-
S.Rethinavelu
Independent Director

-Sd-
Lalji Vora
Independent Director

-Sd-
V.R.Muthu
Independent Director

Date - May 24, 2013
Place - Madurai

-Sd-
T.R.Narayanaswamy
Independent Director

-Sd-
V. Vijayaraghavan
Company Secretary

CASH FLOW STATEMENT

(` in lakhs)

PARTICULARS	2012-13		2011-12
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit before tax		4,305.56	8,734.71
Add / (Less) Adjustments:			
Depreciation	458.87		223.89
Finance Charges	3,702.46		2,830.31
Exchange (Gain) / Loss	-		17.21
Profit / (Loss) on sale of fixed assets	(1.21)		(4.97)
Preliminary Expenses	-		1.50
Deferred Expenses on advertisement	1,779.13	5,939.24	(948.05)
Operating Profit before Working Capital Changes		10,244.80	10,854.60
Adjustments for movements in:			
Inventories	(9,604.45)		(16,148.22)
Sundry Debtors	(41.90)		(31.40)
Loans & Advances	(966.62)		(171.91)
Current Liabilities and Provisions	13,666.61	3,053.63	2,336.76
Cash Generated from Operations		13,298.44	(3,160,.17)
Taxes Paid			
Payment of Direct Taxes		2,470.77	2,257.99
Net Cash Flow From Operating Activities [A]		10,827.67	(5,418.16)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (Including Capital Advances)		(1,858.87)	(3,998.05)
Proceeds from Sales of Fixed Assets		9.38	18.04
Net Cash used in Investing Activities [B]		(1.849.49)	(3,980.01)
CASH FLOW FROM FINANCE ACTIVITIES			
Proceeds from Issue of Share Capital (Including Share Premium)		-	-
Proceeds from Short Term Loans from Banks		(2,139.64)	11,644.77
Proceeds from Fixed Deposits (Net)		(104.17)	1,033.63
Dividend Paid (including Corporate Dividend Tax)		(1,116.17)	(159.45)
Finance Charges Paid		(3,666.17)	(2,728.84)
Net Cash flow from Financing Activities [C]		(7,026.15)	9,790.12
Net Increase / (Decrease) in Cash & Cash equivalents [A+B+C]		1,952.03	391.95
Cash & Cash Equivalents at the beginning of the year		950.44	558.49
Cash & Cash Equivalents at the end of the year		2,902.47	950.44
Components of Cash and Cash equivalents at the end of the year end			
Cash on Hand	758.08		
Balances with Scheduled Bank	2,144.39		
		2,902.47	950.44

1. The above Cash Flow Statement has been complied from and is based on the Balance Sheet as at March 31, 2013 and the relative Profit and Loss Account for the year ended on that date.
2. Out of the above Cash equivalents at the end of the year Rs. 59.92 lakhs is not available for use for purposes other than repayment of fixed deposits, as the said amount has been invested pursuant to Companies (Acceptance of Deposits) Rules 1974 and Rs.1598.77 lakhs margin money kept under lien.
3. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) -3 on Cash Flow Statements and the reconciliations required for the purpose are as made by the company.
4. Previous year's figures have been regrouped / reclassified wherever necessary in order to confirm with current year's classification.

As per our report of even date
For B.Thiagarajan & Co.,
Chartered Accountants
F.Regn No. 004371S

-Sd-
K.N.Rajagopalan
Partner
M.No.018463

For Thangamayil Jewellery Limited

-Sd-
Balarama Govinda Das
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Independent Director

-Sd-
T.R.Narayanaswamy
Independent Director

-Sd-
V. Vijayaraghavan
Company Secretary

Date - May 24, 2013
Place - Madurai

SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates:

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

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

1. Revenue Recognition

Sales are recognized when goods are supplied and are recorded at net realizable value excluding VAT and other statutory levies.

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

2. Inventories

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

9. Borrowing Cost

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

10. Expenses

a) All expenses including interest and finance charges are accounted for on accrual basis.

b) Prior period items, if material, are disclosed separately.

11. Redemption of Customer Loyalty Points

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

12. Advance from Customers

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

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

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

13. Gold Metal Loan

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

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

14. Advertisement costs

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

Preliminary Expenses

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

15. AS 30 - Financial instruments: Recognition and Measurement

The Company has chosen to adopt the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" and has applied the hedge accounting principles to the Gold unfix forward contracts and non-derivative financial liability to hedge its risks associated with the Gold rate fluctuations relating to highly probable forecast transactions. Each hedging transaction is fully covered with the underlining assets of the Gold inventory.

Any changes affecting on the date of reporting arising out of such hedging transactions are accounted on the marked to market basis in the books of the company resulting in a gain / loss will be dealt with accordingly.

16. 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.

17. 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.

18. It is the Company's Policy to take in to the account the impact of any significant event that occurs after the Balance Sheet date but before the board meeting in which the accounts are adopted.

19. 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.

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Note 1 - Share Capital		
Authorised:		
200,00,000 Equity Shares of Rs. 10 each (Previous Year 200,00,000 Equity Shares)	2,000.00	2,000.00
Issued, Subscribed and Paid up Capital:		
13,719,582 Equity shares (Previous Year 13,719,582 Shares) of Rs.10 each, fully paid.	1,371.96	1,371.96
	1,371.96	1,371.96
Reconciliation of Number of Shares	No. of Shares	No. of Shares
Balance as at the Beginning of the year (Rs.1,371.96 lakhs)	13,719,582	13,719,582
Movement during the year (Nil)	-	-
Balance as at the end of the year (Rs. 1,371.96 lakhs)	13,719,582	13,719,582

Terms / Rights attached to Equity Shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

Shares in the Company held by each shareholder holding more than 5 percent shares

As at 31st March 2013 Equity Shares of Rs.10 each fully paid	No. of Shares	% of Shareholding
Ba. Ramesh	2,833,784	20.66 %
N.B.Kumar	2,804,512	20.44 %
Balarama Govinda Das	2,791,090	20.34 %

As at 31st March 2012 Equity Shares of Rs.10 each fully paid	No. of Shares	% of Shareholding
N.B.Kumar	2,825,624	20.60 %
Ba. Ramesh	2,822,704	20.57 %
Balarama Govinda Das	2,799,340	20.40 %

Of the above the following shares were issued and allotted for consideration other than cash:

for last five years the company has not allotted any shares other than cash

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Note 2 - Reserves and Surplus		
(a) Share Premium		
As per last Balance Sheet	3,175.80	3,175.80
	3,175.80	3,175.80
(b) General Reserve		
As per last Balance Sheet	1,281.95	681.95
Add: Transfer from Profit and Loss Account	300.00	600.00
	1,581.95	1,281.95
(c) Surplus i.e. Balance in the Statement of Profit & Loss		
As per last Balance Sheet	8,781.32	4,591.45
Add: Profit for the year	2,963.47	5,906.04
Less: Appropriations		
Proposed Dividend on Equity Shares	685.98	960.37
Dividend per share Rs.5/- (previous year Rs.7/- per share)		
Corporate Tax on Dividend	111.28	155.80
Transfer to General Reserve	300.00	600.00
Net Surplus in the statement of Profit and Loss	10,647.54	8,781.32
Total Reserve and Surplus	15,405.29	13,239.07
Non Current Liabilities		
Note 3 - Long term borrowings		
Other Loans and Advances		
Fixed Deposits (unsecured)		
Fixed Deposits from Public	1,608.81	1,631.02
Fixed Deposits from Directors	30.50	330.50
Rs.56 lakhs (Rs.25 lakhs) Fixed Deposit carry interest @11% and are repayable 2 years from the respective years.		
Rs.1583 lakhs (Rs.1937 lakhs) Fixed Deposit carry interest @ 12.5% and are repayable 3 years from the respective years		
	1,639.31	1,961.52
Note 4 - Deferred Tax Liabilities (Net)		
The breakup of net deferred tax liability is provided below:		
Opening at		
Related to Fixed Assets	163.19	88.97
Expenditure Disallowance (Net)	15.10	23.22
Deferred Revenue Expenditure	584.86	277.27
Total Deferred Tax Liability	736.16	389.45
Movement During the year		
Related to Fixed Assets	94.94	74.23
Expenditure Disallowance (Net)	3.12	(8.12)
Deferred Revenue Expenditure	(584.86)	307.59
	(486.80)	373.70
Closing at		
Related to Fixed Assets	258.13	163.19
Expenditure Disallowance (Net)	18.22	15.10
Deferred Revenue Expenditure	-	584.86
	276.35	763.15

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Note 5 - Other Long term Liabilities		
Unsecured		
Advance Received from Customers	1,780.39	474.43
	1,780.39	474.43
(Advance from Customers are repayable beyond 12 Months from the reporting date)		
Current Liabilities		
Note - 6 Short-Term Borrowings		
Secured		
- Cash Credit from Banks	21,632.77	18,001.23
- FCNRB Loan	-	1,030.66
- Gold Metal Loan	-	4,720.55
The above bank loans are secured by a pari passu charge on stocks and book debts of the company. The loan extended by banks are further collaterally secured by equitable mortgage of Company's properties at Madurai, Ramnad, Tuticorin, Salem and movable properties to the extent not specifically hypothecated and also further collaterally secured by property owned by whole time directors and their close relatives.		
5.78% promoters shareholding in the company has been pledged collaterally to secure IDBI loan.		
3.81% promoters shareholding in the company has been pledged collaterally to secure Indusind bank loan.		
Fixed Deposit of Rs.1,070 lakhs kept as margin money for KVB, Indusind Bank and ING Vysya Bank.		
SBLC guarantee given by bankers to the vendors are also secured by pari passu charge on stock and book debts and collaterally secured by company's properties at Trichy and Coimbatore.		
Hire Purchase Vehicle Loan	17.98	37.94
(Vehicle Loan is secured by the respective vehicles)		
The Cash Credit is repayable on demand and carries interest of 9.50% to 13% p.a.		
The Gold Metal Loan is repayable on demand and carries interest of 4.00% to 6% p.a.		
	21,650.75	23,790.39
The above amount includes		
Secured Borrowings	21,650.75	23,790.39
Unsecured Borrowings	-	-
	21,650.75	23,790.39

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Note 7 - Trade Payables		
For Goods	12,571.52	1,763.02
	12,571.52	1,763.02
Trade Payables includes a sum of Rs.10,977 lakhs (Previous year Rs,1,151 lakhs) as Gold Metal Loan availed from Axis Bank and The Bank of Nova Scotia against SBLC guarantee extended by Banks.		
Note 8 - Other Current Liabilities		
Fixed Deposit Received from Public	570.77	352.72
Liabilities for expenses	382.14	376.94
Advance from Customers	2,888.10	1,321.15
Interest accrued but not due on Fixed Deposits	108.25	71.96
Unpaid Dividends	1.27	1.27
Liabilities for Capital Goods	20.25	50.97
Hire Purchase Vehicle Loan	19.96	18.03
	3,990.72	2,193.04
Advance from Customers are repayable within 12 Months from the reporting date		
Fixed Deposits from public are repayable within 12 Months from the reporting date		
Note 9 - Short-Term Provisions		
Provision for Employee Benefits	30.00	21.20
Provision for Income Tax (Net of Advance Tax)	-	452.98
Proposed Equity Dividend	685.98	960.37
Provision for tax on Proposed Equity Dividend	111.28	155.80
	827.26	1,590.35
Note 11 - Long Term Loans and Advances		
Capital Advances		
Unsecured, considered good	397.75	347.53
Advance recoverable in cash or kind		
Unsecured, considered good	9.57	9.54
Rental Advances - Unsecured, considered good	558.58	297.52
Other Loans & Advances		
Deposits with Government / Statutory bodies	20.50	20.84
	986.39	675.43
Long term loans and advances includes a sum of Rs.46.58 lakhs due from a party for which the company is proceeding legally and no provision is made as in the opinion of Directors the amount is fully recoverable.		
Note 12 - Other Non Current Assets		
Deferred Revenue Expenses	-	1,151.78
	-	1,151.78

Note 10 - Fixed Assets and Depreciation

Tangible Assets as on 31st March 2013 (` in lakhs)

HEAD OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	Opening as on April 1, 2012	Additions / Transfer	Deletions / Transfer	Closing as on March 31, 2013	Rate %	Opening as on April 1, 2012	Additions	Deletions	Closing as on March 31, 2013	Closing as on March 31, 2013	Closing as on March 31, 2012
Land	2,184.33	92.21	-	2,276.55	-	-	-	-	-	2,276.55	2,184.33
Buildings	1,106.73	42.31	-	1,149.04	1.63%	26.14	18.31	-	44.45	1,104.59	1,080.59
Leasehold Building	28.92	21.97	-	50.88	10.00%	8.67	3.82	-	12.50	38.39	20.24
Plant and Machinery	601.79	306.35	6.58	901.56	4.75%	81.78	36.38	1.03	117.14	784.42	520.01
Furniture and Fittings	1,969.72	835.62	-	2,805.34	6.33%	168.77	150.86	-	319.62	2,485.72	1,800.95
Computer Equipments	553.12	356.76	-	909.88	40.00%	222.35	196.27	-	418.62	491.26	330.77
Vehicles	295.70	64.65	9.74	350.61	25.89%	91.39	53.21	7.12	137.48	213.13	204.31
Total	6,740.31	1,719.87	16.32	8,443.86		599.10	458.87	8.14	1,049.82	7,394.04	6,141.21
Capital Work in Progress (Including Advances)										356.90	217.90
Previous year	*2,758.40*	*4,020.77*	*38.86*	*6,740.31*		*400.99*	*223.89*	*25.78*	*599.10*	*6,141.21*	*2,357.41*

Lease hold Building is amortized over the useful life of the asset, the amortized amount being ` 3.82 lakhs.

Capital work in Progress includes ` 62.93 Lakhs (Previous year ` 38.45 Lakhs) on account of work in progress and ` 293.97 Lakhs (Previous year ` 179.45 Lakhs) for Interiors and other assets for upcoming branches.

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Current Assets		
Note 13 - Inventories		
Raw Materials	2,654.78	1,283.47
Work-in-Progress	77.18	1,768.42
Finished Goods	43,592.45	33,735.10
Packing Materials and Gift Items	203.03	136.00
	46,527.44	36,922.99
Mode of Valuation		
Inventories including company's stock held with goldsmiths are valued at lower of cost or net realizable value. The cost of Raw material, Work in progress and Finished goods inventories is computed on a FIFO basis. The cost of finished goods includes cost of conversion and other cost incurred in bringing the Inventories to their present location and condition. Packing materials and Gift items are valued at cost on FIFO basis.		
Note 14 - Trade Receivables		
Trade Receivables		
Un Secured, considered good		
- Outstanding for a period exceeding six months	-	-
- Others	88.65	46.75
	88.65	46.75
Note 15 - Cash and Cash Equivalents		
Balance with Banks	468.67	240.60
Cheques / Drafts on Hand	10.06	10.71
Cash on Hand *(As certified by Management)**	758.08	387.90
Dividend Account	1.27	1.32
Margin Money Deposit under Lien	1,598.77	270.00
Deposits with original maturity less than 12 Months	65.63	39.92
	2,902.48	950.44
* Sale collection on March 30th and 31st was deposited in the banks on the next working day.		
Note 16 - Short Term Loans and Advances		
Unsecured - Advances to Employees	14.01	18.72
	14.01	18.72
Note 17 - Other Current Assets		
Advance Recoverable Cash or kind	71.29	31.11
Unsecured, Considered good		
Advance to Suppliers	689.54	194.54
Prepaid Expenses	125.87	82.01
Advance to Expenses	168.02	86.68
Deferred Revenue Expenses	-	627.35
Advance Payment of Income Tax	188.90	-
	1,243.63	1,021.70

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
Note 18 - Revenue From Operations		
Sale of Products		
Finished Goods - Gold and Silver	135,201.85	94,021.38
Traded Goods	17,096.02	19,108.37
	152,297.87	113,129.76
Note 19 - Other Income		
Interest Income (TDS Rs.11.75 lakhs) (Previous Year - Rs. 0.73 lakhs)	119.46	4.53
Other Operating Income	61.82	27.38
	181.28	31.91
Note 20 - Cost of Materials Consumed		
Opening Stock	1,283.47	627.94
Add: Purchase	128,928.08	94,879.34
	130,211.54	95,507.28
Less: Closing Stock	2,654.78	1,283.47
	127,556.77	94,223.81
Note 21 - Purchase of Stock-in-trade		
Traded goods	16,100.18	18,700.12
	16,100.18	18,700.12
Note 22 - Changes in Inventories of finished goods, work in progress and stock in trade		
Closing Stock		
Work in Progress	77.18	1,768.42
Finished Goods	43,592.45	33,735.10
	43,669.63	35,503.52
Opening Stock		
Work in Progress	1,768.42	1,971.30
Finished Goods	33,735.10	18,132.62
	35,503.52	20,103.92
Increase / Decrease in Work in Progress and Finished Goods	(8,166.10)	(15,399.61)
Note 23 - Manufacturing Expenses		
Making Charges	254.17	480.97
Stores and consumable	13.14	17.55
Manufacturing Wages	194.25	65.12
	461.56	563.64
Note 24 - Employee Benefit Expenses		
Salaries and Bonus	1,269.90	796.74
Contribution to PF and Other Funds	167.89	87.99
Staff Welfare Expenses	473.09	257.90
Director's Remuneration	270.00	144.00
	2,180.88	1,286.63

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31,	
	2013	2012

Employee Benefits

a) Defined Contribution Plan

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

Particulars	(` In lakhs)
Employer's Contribution to Provident Fund	102.04
Employer's Contribution to Employees' State Insurance Scheme	38.51

b) Defined Benefit Plan

The company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Company. The employee's gratuity funds are managed by Insurance Company.

(` In lakhs)

Particulars	31.03.2013	31.03.2012
Change in Obligation		
1. Obligations at the beginning of the year	38.43	29.00
2. Add: Current Service Cost	3.14	3.14
3. Add: Interest Cost	3.07	2.32
4. Add: Actuarial (Gain) / Losses due to change in assumptions	20.36	6.64
5. Less: Benefits paid	0.11	2.68
6. Obligations at the end of the year	**64.89**	**38.43**

(` In lakhs)

Particulars	31.03.2013	31.03.2012
Fair value of Plan Assets		
1. Fair value of the plan assets at the beginning of the year	41.33	27.17
2. Add: Expected plan assets	5.22	3.15
3. Add: Actuarial Gain / (Loss)	-	-
4. Add: Contribution	25.15	13.69
5. Less: Benefits paid	0.11	2.68
6. Fair value of Plan assets at the end of the year	71.59	41.33
Actual Return on Plan Assets		
1. Expected Return on Plan Assets	5.22	3.15
2 Actuarial Gain / (Loss) on Plan Assets		
Actual Return on Plan Assets	5.22	3.15
Amount Recognized in Balance Sheet		
1. Present value of Obligation as at March 31	64.89	38.43
2 Less: Fair value of Plan Assets as at March 31	71.59	41.33
3. Net Liability / (Asset) recognized in the Balance Sheet	(6.70)	(2.90)
Expenses recognized in Profit and Loss		
1. Current Service cost as per Valuation Report	3.14	3.14
2. Add: Interest cost	3.07	2.32
3. Less: Expected Return on Plan Assets	5.22	3.15
4. Add: Actuarial (Gain) / Loss	20.35	6.64
5. Expense recognized in Profit and Loss account	21.34	8.96
Actuarial Assumptions		
Discount Rate (per annum)	8%	8%
Expected Rate of Return on Plan Assets (per annum)	-	-
Salary Escalation (per annum)	5%	3%

a) Advance Recoverable in cash or kind includes ₹ 6.70 lakhs (Previous year Rs.2.90 Lakhs) being the net assets recognized as per actuarial valuation of gratuity fund as per Accounting standard (AS) 15-"***Employee Benefits***".

b) The expected rate of return on plan assets is based on market expectation, at the beginning of the year, for returns over the entire life of the related obligation.

c) The assumption of future salary increase, are considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) Investment Details

The company made annual contributions to the Employee Group Gratuity Trust based on the actuarial valuation. The said Trust is in the process of making investment of Gratuity Fund through Life Insurance Corporation of India according to guidelines of IRDA.

NOTES FORMING PART OF ACCOUNTS

(` in lakhs)

PARTICULARS	As at March 31,	
	2013	2012
Note 25 - Finance Costs		
Interest on		
- Cash Credit and Working Capital Demand Loan	2,476.10	2,000.37
- FCNRB	94.50	198.21
- Gold Metal Loan	602.96	161.43
- Fixed Deposits	268.71	233.20
Net Loss on Foreign Currency Loan	-	17.20
Interest on Short fall of Advance tax	-	66.63
Expenses related to Bank borrowings	-	98.56
Bank Charges and Commission	260.18	71.92
	3,702.46	2,847.52
Note 26 - Other Expenses		
Rent	205.44	91.57
Rates & Taxes	45.16	30.42
Insurance	103.87	60.63
Power and Fuel	373.59	192.49
Postage and Telephone charges	32.76	29.92
Advertisement and Publicity Expenses	3,860.32	652.89
Customers Loyalty Card Points Redemption	6.59	41.55
Selling Promotional Expenses	560.60	471.27
Travelling Expenses	131.07	67.50
Director's Sitting Fees	0.85	0.75
Professional Charges	63.11	28.74
Printing and Stationary	43.85	34.70
Payment to Auditors	37.64	32.46
Repairs & Maintenance		
- for Building	19.00	17.83
- for Vehicles and others	231.02	124.30
Security Charges	101.68	58.26
Donation	27.18	22.18
Preliminary Expenses written off	-	1.50
Other Expenses	35.24	21.99
	5,878.97	1,980.96
Advertisement and Publicity expenses - In line with changes in Accounting Treatment and in accordance with generally accepted Accounting Standard on Advertisement expenses the company opted to write off existing Deferred Revenue expenditure of earlier years in the current year together with fully charging of current year advertisement and publicity expenses in the profit and loss account of the current year. Consequent to this it has resulted in understatement of profit for the year ended 31st March 2013 by Rs.1,903 lakhs net of taxes respectively on a comparable basis.		
The details of Audit Fees are as follows:		
(i) Payment to Statutory Audit		
Nature of Services		
- For Statutory Audit	16.50	15.00
- For Tax Audit	4.00	3.00
- For Limited Review	9.00	6.75
- For Certification Work etc.,	4.00	4.00
- For Expenses and Service Tax	4.14	3.71
	37.64	32.46

NOTES FORMING PART OF ACCOUNTS

27. Contingent Liabilities

a) Capital commitments (` in lakhs)

Description	2012-13	2011-12
Estimated value of Contracts remaining to be executed on capital account net of advances not provide for	100.00	80.00

b) Show cause notice for a demand of less payment of customs duty on imported goods pertaining to last year for Rs.154 lakhs received by the company for which a Writ is preferred with Honorable High Court of Madras by the company. The company is advised that it has got more than reasonable chance for success and hence no provision is made in the books. Therefore, the liability if any is contingent in nature.

c) In respect of – outstanding Letter Credit given to bankers ` 10,977 lakhs (previous year ` 1,151 lakhs)

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

28. Related Party Disclosures

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

Note: The below 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.

Figure in the brackets pertains to previous year.

Directors / Key management Personnel

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

The following are the transactions that were carried out with the related parties in the ordinary course of business: *(` in lakhs)*

S.No	Particulars	KMP	Enterprises over which KMP and their relatives have substantial interest	Relatives of KMP	Total
1.	Remuneration Paid	270.00 (144.00)	- (-)	45.00 (45.00)	315.00 (189.00)
2.	Rent Paid	28.20 (24.91)	- (-)	- (-)	28.20 (24.91)
3.	Rent Advance outstanding	30.00 (30.00)	- (-)	- (-)	30.00 (30.00)
4.	Fixed Deposit Outstanding	30.50 (330.50)	- (-)	- (-)	30.50 (330.50)
5.	Interest Paid	9.25 (37.67)	1.79 (5.24)	- (0.09)	11.04 (43.00)
6.	Dividend Paid	592.24 (79.20)	58.56 (8.38)	10.06 (1.71)	660.86 (89.29)

29. Earnings per Share

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

	Particulars	2012-13	2011-12
a)	Amount used as the numerator Profit after tax (A) (` In lakhs)	2963.47	5906.04
b)	Basic / Weighted average number of Equity Shares used as the denominator - (B)	13,719,582	13,719,582
c)	Normal Value of Equity Shares (`)	10	10
d)	Basic / Diluted Earnings per share - (A / B) (`)	21.60	43.05

30. Segment Report

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

31. 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.

32. The Company has entered in to leasing arrangements for its branch show room facilities. These lease are for periods ranging from 1 to 5 years with an option to the company for renewing at the end of the initial term. Rental Expenses for operating lease included in the Profit and Loss Account for the year is ` 205.44 Lacs (Previous year ` 91.57 Lakhs).

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

(` in lakhs)

Particulars	2012-13	2011-12
Due within one year	292.70	177.97
Due within one to five years	1,125.93	296.38
Due after five years	1,106.13	243.16

Finance leases

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

` in lakhs

Particulars	Minimum Lease payments Due	Present Value
Not later than 1 year	22.91	20.79
Later than 1 year but not later than 3 years	19.09	17.32

33. Accounting Standard (AS) - 25 "*Interim financial reporting*"

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

34. Details of Products Sold – Broad Heads

` in lakhs

Particulars	2012-2013	2011-2012
Finished Goods Sold		
Gold Ornaments	1,29,589.90	90,514.11
Silver Items	5,611.95	3,507.27
	135,201.85	94,021.38
Traded Goods Sold		
Gold Ornaments	16,716.54	18,833.13
Diamonds	140.21	141.39
Silver Items	239.27	133.84
	17,096.02	19,108.37

Details of Materials Consumed -Broad Heads

` in lakhs

Particulars	2012-13	2011-12
Details of Materials Consumed		
Gold Ornaments	131,125.99	94,952.44
Silver Items and Diamonds	4,364.85	2,571.88
	135,490.84	97,524.32

Details of Inventory – Broad Heads

` in lakhs

Particulars	2012-13	2011-12
Pure Gold	1,183.50	169.73
Gold Ornaments	41,435.37	33,718.11
Silver Items	3,131.00	2,330.00
Diamonds	574.53	569.15
	46,324.40	36,786.99

35. Expenditure in Foreign Currency

` in lakhs

Particulars	2012-13	2011-12
Travelling Expenses	9.58	3.50
Interest on FCNRB Loan	94.50	198.21
Purchase of Goods	-	768.31
Purchase of Capital Goods	60.42	-

36. The Company has no dues to micro and small enterprises during the year ended March 2013 and March 2012.

37. All figures have been rounded off to the nearest thousands.

38. Previous year figures have been regrouped / reclassified to make them comparable with that of current year.

SUBJECT TO OUR REPORT OF EVEN DATE

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

-Sd-
K.N.Rajagopalan
Partner
M.No.018463

For Thangamayil Jewellery Limited

-Sd-
Balarama Govinda Das
Managing Director

-Sd-
Ba. Ramesh
Jt. Managing Director

-Sd-
S.Rethinavelu
Independent Director

-Sd-
Lalji Vora
Independent Director

-Sd-
V.R. Muthu
Independent Director

-Sd-
T.R. Narayanaswamy
Independent Director

-Sd-
V. Vijayaraghavan
Company Secretary

Place – Madurai
Date – May 24, 2013

Balance Sheet Abstract & Company's General Business Profile

a) Registration details

Registration No.	18-44514
State Code	18
Balance Sheet Date	31st March 2013

b) Capital raised during the year

Public Issue	Nil
Bonus Issue	Nil
Rights Issue	Nil
Private Placement	Nil

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

Total liabilities	595.13
Total Assets	595.13

Sources of Funds

Paid up Capital	13.72
Reserve & Surplus	154.02
Non Current Liabilities	34.19
Current Liabilities	390.40
Deferred Tax Liability	2.76

Application of Funds

Non Current Assets	87.37
Current Assets	507.76

d) Performance of the Company

Turnover (including Other Income)	1,524.79
Total Expenditure	1,481.74
Profit before taxation	43.05
Profit after tax	29.66
Earnings per share (Rs.)	21.60
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

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 13th ANNUAL GENERAL MEETING, held at Tamilnadu Chamber Of Commerce & Industry, No. 178 B, Kamarajar Salai, Madurai-625009, on Monday the 22nd July 2013 at 11.45 A.M

as a Shareholder / Proxy*

. . . .

NAME OF PROXY IN BLOCK LETTERS   SIGNATURE OF THE SHAREHOLDER / PROXY

* Strike whichever is not applicable

SCHEDULE IX

FORM OF PROXY

THANGAMAYIL JEWELLRY LIMITED

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

Affix
Reveue
Stamp

Signed this .... day of .... 20 ....

<u>Corporate Office</u>

Thangamayil Jewellery Limited

25/6, Palami Center, New Natham Road,
Narayanapuram, Madurai-625014.
Tel : 0452 - 2565553 Fax : 2566560

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

July 16, 2013

THANGAMAYIL
JEWELLERY LIMITED

BOMBAY STOCK EXCHANGE LIMITED
Corporate Communications Department
Floor 25, PJ Towers
Dalal Street
Mumbai – 400 001.

Dear Sir,

Sub: Form A under Clause 31 of Listing Agreement

Please find below Form A for submission along with the Annual Report for the period ended 31st March, 2013 as per the format prescribed by SEBI u/s.11 of SEBI Act,1992.

1.	Name of the Company	-	Thangamayil Jewellery Limited
2.	Annual Financial Statement for the year ended	-	31st March, 2013
3.	Type of Audi observation	-	Un-qualified
4.	Frequency of observation	-	Not Applicable

(Balarama Govinda Das)
Managing Director

THANGAMAYIL JEWELLERY LTD. MADURAI

(B.Thiagarajan & co)
Chartered Accountants

B. THIAGARAJAN & CO. CHARTERED ACCOUNTANTS No 24 YOGAMBAL ST., T. NAGAR CHENNAI-600 017

(S.Rethinavelu)
Chairman – Audit Committee

THANGAMAYIL JEWELLERY LTD. MADURAI

Regd, office: 124, Nethaji Road, Madurai 625001. Tel: 0452-2345553 Fax : 2344340
Corporate Office : 25/6, Palami center, II & III floor, Narayanapuram, Near Ramakrishna Mutt, New Natham Road, Madurai-625014. Tel : 0452 - 2565553 Fax : 25665
Visit us : www.thangamayil.com email :info@thangamayil.com