Hare Krishna



THANGAMAYIL JEWELLERY LIMITED

10th Annual Report

2009 - 2010

BOARD OF DIRECTORS	
Chairman and Managing Director	Balarama Govinda Das
Joint Managing Directors	Ba. Ramesh
	N. B. Kumar
Independent Directors	S. Rethinavelu
	Lalji Vora
	V. R. Muthu
COMPANY SECRETARY	V. Vijayaraghavan
STATUTORY AUDITORS	B. Thiagarajan & Co.
	Chartered Accountants
	24, Yogambal Street, T. Nagar,
	Chennai – 600 017
REGISTERED OFFICE	No. 124, Nethaji Road,
	Madurai – 625 001
	Ph: 0452-2345553 / 2344340 (fax)
	Email: thangamayil.acc@gmail.com
BANKERS	State Bank of India
	Oriental Bank of Commerce
	Indian Bank
REGISTRAR AND TRANSFER AGENT	S.K.D.C. Consultants Ltd.,
	Ganapathy, Coimbatore-641 006.
BRANCHES	Rajapalayam
	Karaikudi
	Ramnad
	Dindigul
	Theni
	Sivakasi

FIVE YEARS REVIEW OF FINANCIALS

(Rs. In lakhs)

	Year ended 31st March	2009-10	2008-09	2007-08	2006-07	2005-06
1	Sales	45,140.57	24,683.83	22,449.99	12,715.67	4,904.92
2	Other Income	-	1.72	10.12	6.70	19.79
3	Cost of materials	40,515.26	22,063.57	20,822.72	11,760.19	4,378.22
4	Administrative expenses	360.39	234.78	100.9	55.91	45.32
5	Salaries, Wages and Bonus	518.99	297.92	166.72	83.17	60.39
6	Selling expenses	653.89	211.42	100.04	37.54	30.09
7	Interest and financial expenses	649.99	460.49	197.34	151.76	122.16
8	Depreciation	90.65	62.23	29.94	20.82	17.47
9	Tax expenses	744.70	467.62	356.38	210.15	86.18
10	***Profit/(Loss) after Tax***	***1,606.70***	***887.52***	***686.07***	***402.83***	***184.88***
11	Dividend (including tax)	641.52	105.91	50.73	35.57	17.25
12	Net Block	1,500.33	1,009.31	602.59	461.84	378.29
13	Net current assets	12,688.49	6,275.73	3,475.34	1,942.24	1,206.40
14	Miscellaneous expenditure	560.59	602.25	394.80	200.02	60.41
15	***TOTAL ASSETS***	***14,749.41***	***7,887.29***	***4,472.73***	***2,604.10***	***1,645.10***
16	Share Capital	1,371.96	905.29	867.20	304.00	304.00
17	Reserves & Surplus	6,115.35	2,396.45	1,423.88	577.56	225.17
18	Long Term Borrowings	260.36	114.52	-	541.98	487.85
19	Short Term Borrowings	6,739.09	4,225.15	2,021.63	1,086.00	587.72
20	Deferred Tax Liability	262.65	245.88	160.02	94.56	40.35
21	***TOTAL LIABILITIES***	***14,749.41***	***7,887.29***	***4,472.73***	***2,604.10***	***1,645.10***

Key Financial Highlights - Performance at a Glance					
	2009-10	**2008-09**	**2007-08**	**2006-07**	**2005-06**
Sales and Income *(Rs.In lakhs)*	45,140.57	24,685.55	22,460.11	12,722.37	4,924.71
EBIDTA Profits *(Rs.In lakhs)*	3092.04	1877.87	1269.73	785.56	410.70
Profit before tax *(Rs.In lakhs)*	2351.40	1355.15	1042.45	612.98	271.07
Profit after tax *(Rs.In lakhs)*	1606.70	887.52	686.07	402.83	184.89
Net worth *(Rs.In lakhs)*	6926.72	2699.49	1896.28	681.54	468.76
Return on Capital employed	21%	32%	25%	21%	19%
Return on equity	141%	101%	117%	133%	102%
Current Ratio	1.89:1	1.43:1	1.63:1	1.78:1	1.82:1
TOL/TNW	1.01:1	1.74:1	1.03:1	2.06:1	2.34:1
Equity Capital *(Rs.In lakhs)*	1371.96	905.29	867.2	304	304
Book value per share - net of revaluation reserve	50	30	22	22.5	15.5
Earnings per share (EPS) (10 Rs Per Share)	16.46	10.07	13	13.25	12.22

HIGHLIGHTS OF THE YEAR

(Rs .in Lakhs)

	2009-10	2008-09
Sales	45,140.57	24,685.56
EBIDTA	3,092.04	1,877.87
PBT	2,351.4	1,355.15
As a % of Sales	5.21%	5.49%
PAT	1,606.7	887.52
As a % of Sales	3.56%	3.60%
Net Worth Per Share	50.49	29.82
Earning Per Share(W.A)	16.46	10.07
Dividend Per Share (Rs)	4	1
Net Sales / Total Assets	2·90 Times	2.85 Times
Profit After Tax / Inventories (%)	13·76%	13.80%

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

	No. of Shares	Percentage (%)
Promoter and Promoter Groups	8,926,844	65%
Institutional Investors	82,840	1%
Body Corporate	2,315,159	17%
Individuals	2,394,739	17%
Total	**13,719,582**	**100%**

NOTICE TO THE SHARE HOLDERS

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON THURSDAY, THE 24TH DAY OF JUNE, 2010 AT CHAMBER OF COMMERCE, NO.178 B, KAMARAJAR SALAI, MADURAI-625 009 AT 11.30AM TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2010 and the Profit & Loss Account made up to that date along with the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr.S.Rethinavelu who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.Ba.Ramesh who retires by rotation at the close of the Annual General Meeting and being eligible offers himself for re-appointment.
4. To declare a final 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 reappointment.

SPECIAL BUSINESS:

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

RESOLVED THAT in modification of earlier resolution passed at the Annual General Meeting held on 30th May 2009 with regard to remuneration payable to Shri.Balarama Govinda Das, Managing Director, pursuant to section 198,269,309 and 310 and 311 and all other applicable provisions of the companies act 1956,if any,and schedule XIII of the Act amended up to date, consent of the share holders of the company be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2010 subject to all other terms and conditions of the appointment remaining the same from the present salary of Rs.2,50,000/- per month to Rs.4,00,000/- per month, with permission to the Board of Directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof from time to time and in such manner as the Board of Directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto:

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

RESOLVED THAT in modification of earlier resolution passed at the Annual General Meeting held on 30th May 2009 with regard to remuneration payable to Shri.Ba.Ramesh, Joint Managing Director, pursuant to section 198,269,309 and 310 and 311 and all other applicable provisions of the companies act 1956,if any, and schedule XIII of the Act amended up to date, consent of the share holders of the company be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2010 subject to all other terms and conditions of the appointment remaining the same from the present salary of Rs.2,50,000/- per month to Rs.4,00,000/- per month, with permission to the Board of Directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof from time to time and in such manner as the Board of Directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto:

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

RESOLVED THAT in modification of earlier resolution passed at the Annual General Meeting held on 30th May 2009 with regard to remuneration payable to Shri.N.B.Kumar, Joint Managing Director, pursuant to section 198,269,309 and 310 and 311 and all other applicable provisions of the companies act 1956,if any, and schedule XIII of the Act amended up to date, consent of the share holders of the company be and is hereby accorded for the payment of increased and revised remuneration with effect from 01/04/2010 subject to all other terms and conditions of the appointment remaining the same from the present salary of Rs.2,50,000/- per month to Rs.4,00,000/- per month, with permission to the Board of Directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof from time to time and in such manner as the Board of Directors may deem fit, so as not to exceed the remuneration limits as specified in schedule XIII of the Act or any amendment thereto:

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

-sd-
(V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: May 10, 2010

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 18th June 2010 to 24th June 2010 (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 tmjl-investorgrievance@thangamayil.com
6. Members are requested to quote their folio numbers in all their correspondence.
7. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the company. The nomination form 2B prescribed by the Government can be obtained from the company.

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-
(V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: May 10, 2010

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

ITEM NO.6

Shri.Balarama Govinda Das is the Managing Director of the company working closely with from inception of the company. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Managing director of the company. The net worth of the company has increased to Rs. 6926 lakhs in 2010 from Rs.2699 lakhs in 2009.Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from Rs.1877.87 lakhs in 2009 to Rs.3092.04 lakhs in 2010.

The remuneration currently paid to the Managing Director is not in line with the responsibility shouldered by him and taking to in consideration the proposed expansion plans to be implemented in stages, it is very fair and reasonable that their efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary commensurate to their involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by the Board is less than the maximum permissible under the Companies Act 1956.Therefore the Board recommends the resolution for your approval.

Memorandum of Interest:

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

ITEM NO.7

Shri.Ba.Ramesh is the Joint Managing Director of the company working closely with from inception of the company. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Managing director of the company. The net worth of the company has increased to Rs. 6926 lakhs in 2010 from Rs.2699 lakhs in 2009.Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from Rs.1877.87 lakhs in 2009 to Rs.3092.04 lakhs in 2010.

The remuneration currently paid to the Joint Managing Director is not in line with the responsibility shouldered by him and taking to in consideration the proposed expansion plans to be implemented in stages, it is very fair and reasonable that their efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary commensurate to their involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by the

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

Memorandum of Interest:

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

ITEM NO.8

Shri.N.B.Kumar is the Joint Managing Director of the company working closely with from inception of the company. It is a fact that the company's financials has improved year after year among other things, due to the sustained and concerted efforts put in by the Managing director of the company. The net worth of the company has increased to Rs. 6926 lakhs in 2010 from Rs.2699 lakhs in 2009.Similarly earnings before interest, depreciation and tax (EBIDTA) significantly increased from Rs.1877.87 lakhs in 2009 to Rs.3092.04 lakhs in 2010.

The remuneration currently paid to the Joint Managing Director is not in line with the responsibility shouldered by him and taking to in consideration the proposed expansion plans to be implemented in stages, it is very fair and reasonable that their efforts and commitments to the company need to be recognized fully. It is considered that suitable increase in salary and perquisite is necessary commensurate to their involvement and participation in the company's affairs. The proposed remuneration as recommended by the remuneration committee and ratified by is less than the maximum permissible under the Companies Act 1956.Therefore the Board recommends the resolution for your approval.

Memorandum of Interest:

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

BY ORDER OF THE BOARD

For **Thangamayil Jewellery Limited**

-sd-
(V.Vijayaraghavan)
Company Secretary

Place: Madurai
Date: May 10, 2010

Annexure to items 2 & 3 of the notice

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

Name	Mr. S. Rethinavelu	Mr. Ba. Ramesh
Date of Birth	21.12.1942	10.08.1960
Date of appointment	26/09/2007	24/03/2003
Qualification	B.com,B.L.,	S.S.L.C.,
Area of experience	Rich experience in Business / Commercial Spheres	More than two decades experience in Jewellery Business
List of Directorships held in other Indian Companies	Super Polytex Private Limited , Madurai	Thangamayil Gold & Diamond Private Limited, Madurai
Number of Membership in Other committees	**Chairman** Audit committee, Remuneration Committee	**Member** Audit Committee , Share Transfer Committee, Investor Grievance Committee,
Number of Shares held in the company	Nil	2655766

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors have pleasure in presenting their **10th Annual Report** and the Audited Accounts for the financial year ended March 31, 2010.

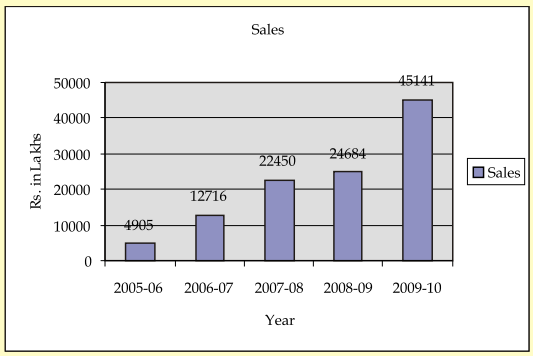
FINANCIAL RESULTS

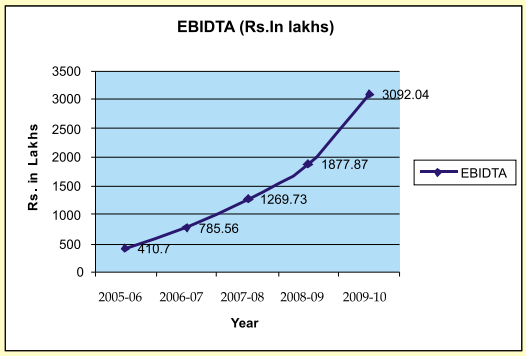
Highlights of Financial results for the year are as here under:

(Rs. in Lakhs)

Particulars	2009-2010	2008-2009
Sales and Other Operating Income	**45,140.57**	**24,685.56**
Earnings before Interest, Depreciation and Taxation (EBITDA)	**3,092.04**	**1,877.87**
Interest and Finance Charges	**649.99**	**460.49**
Depreciation	**90.65**	**62.22**
Profit Before Tax (PBT)	**2,351.40**	**1,355.14**
Taxation	**744.70**	**467.62**
Profit / (Loss) for the Year (PAT)	**1,606.70**	**887.52**

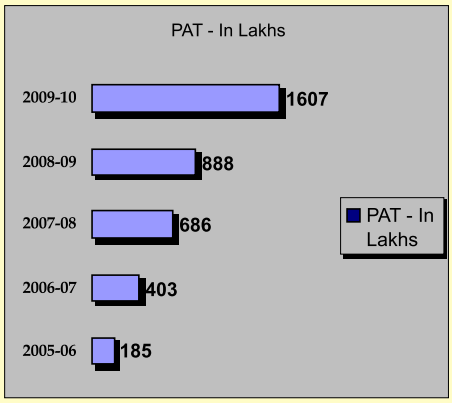
OPERATIONAL REVIEW

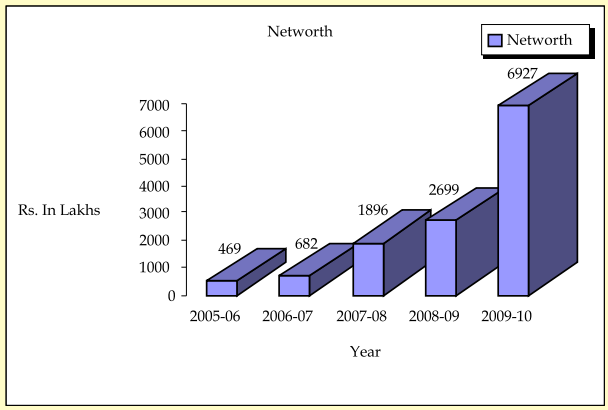




The company has achieved a turnover of Rs.45,140.57 Lakhs for the year ended 31.03.2010 as against Rs.24,685.56 lakhs of previous year, thereby registering a top line growth of **83%.** This tremendous growth was attained as the company opened three more Branches at Dindigul, Theni and Sivakasi, during the financial year 2009-2010.

The Company could make an EBIDTA of Rs.3,092.04 Lakhs as against Rs.1,877.87 Lakhs achieved in the previous year registering a significant growth of **65%** in the EBITDA of the Company.





Consequently the Profit after tax also increased to Rs.1606.70 Lakhs as against Rs.887.52 Lakhs in the previous year.

For a better comprehension of the results of the year, we wish to report that certain structural changes and strategies as given below followed by the management helped the company to post all time record turnover and Profit after tax in the financial year.

a) A better product mix consists of improved varieties and ranges.

b) Gold price stability management practiced in the major part of the year enabled the company to improve the operating profits at gross level.

c) Successful implementation of cost effective initiatives undertaken by the management in all areas of operations.

d) Significant improvement was made in the synergy optimization in cost/efforts and opportunities, and other areas of operations.

e) The decision to expand in the Tier II and Tier III class towns enabled the company to maintain the operating profit margin at EBITDA level, inspite of competition prevailed in the retail market place.

DIVIDEND

Members may be aware that the company has already declared and paid an interim dividend of 30%on equity shares (Rs. 3 per Share) in March 2010. The Board of Directors of the Company has recommended a final dividend of 10 %(Rs. 1 per share) on the paid up share capital as on 31st March 2010. With this the total dividend for the year works out to 40 % on the paid up capital (Rs.4 per share) involving an aggregate of Rs.641.52 lakhs inclusive of dividend tax payable (Tax free in the hands of share holders). Payment of final dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The register of members and share transfer books will remain closed from 18th June, 2010 to 24th June, 2010 (both days inclusive).

Transfer to Reserve

We propose to transfer Rs. 175.00 lakhs to the general reserve. The balance is carried forward in the Profit and Loss Account.

RETAIL EXPANSION PLAN

During the year under review, the efforts in retail expansion plan were further intensified and the company opened 3 more retail stores during the year. The company had launched a new chain of retail stores dealing in Fashion Jewellery, Silver items, accessories and gift items targeting at the medium-end customers. The company has virtually benefited by this expansion that helped to develop its brand name through customer satisfaction.

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

We are now operating from seven outlets and likely to improve our presence in eleven places by end of March 2011. We are suitably placed in a vantage position to fully exploit the Rural India Growth Story by penetrating deeper into Rural towns particularly in the southern districts of Tamilnadu where a significant gold jewellery business takes place .

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

FUTURE PROSPECTS

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

FINANCE

Your company's financial position is comfortable. As against the combined sanctioned working capital limit of Rs.120 crores, the company utilized only up to Rs.63.24 crores as at the end of financial year. With the available resource garnered out of IPO, together with internal accruals and with the undrawn limit from banks, the company should be in a position to comfortably complete the ongoing retail expansion plan and meet its working capital requirements fully.

SIGNIFICANT EVENTS

1) *Initial Public Offer (IPO)*

During the year under review, the Company made an initial public offer (IPO) of its Equity Shares in terms of prospectus dated 7th February 2010. The Company had issued and allotted 38,33,667 Equity Shares through Initial Public Offer (IPO) and 833,000 Equity Shares through Pre IPO placements at an issue price of Rs.75/- per share.

The post issue paid up capital of the Company stands at Rs. 13, 71,95,820 (Rupees Thirteen Crores Seventy One Lacs Ninety Five Thousand and Eight Hundred Twenty Only) divided into 1,37,19,582 equity Shares of Rs. 10/- each which is well within the Authorized Capital of the Company (Rs.20 crores) . The new shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, Mumbai on 19/02/2010.

The Company has duly complied with all the necessary requirements under the Companies Act, 1956, Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000, Foreign Exchange Management Act, 1999, Reserve Bank of India Act, 1934 and all the other related laws and regulations in respect of the composite issue.

The Company has incurred expenses of Rs. 281.43 lakhs in connection with its Initial Public Offer. In terms of Section 78 of the Companies Act, 1956, the same has been adjusted against the Securities Premium Account.

2) *Opening of Branches*

Your Directors are pleased to announce the opening of the three more branches at Dindigul (08/11/2009) and Theni (04/02/2010), and Sivakasi (14/03/2010). These branches have been well equipped with the choicest of various preferences. The above branches are doing extremely well and their performance has been excellent with potential growth and better future prospects.

DIRECTORS

Retirement by Rotation

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

Mr.L.Sivakumar who was the director of the board resigned on July 09, 2009 and the same was taken on record by the board.

Subsidiaries:

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

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, 2010, the applicable accounting standards have generally been followed except for small deviations as explained in the Notes on accounts;

ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That the Directors have prepared the accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

CHANGE IN ACCOUNTING POLICIES

The company is effecting changes in accounting policies as follows:

i) Advertisement and Publicity expenses

The company was following the accounting policy upto last year of deferring the cost incurred on advertisement/publicity to be amortised over a five-year period commencing from the succeeding financial year.

It is decided to change the accounting policy of Deferred Revenue expense to amortize the cost incurred on advertisement/publicity as 20% in both of the year in which it is incurred and in the ensuing year and the balance to be amortised equally in next two years. (i.e. in the ratio of 20:20:30:30). Consequent to this change, the selling expenses is overstated by Rs.278.45 Lakhs resulting in understatement of Net Profit (Net of DTL) by Rs.183.81 lakhs. In the opinion of the directors, after taking into consideration the enduring life span of unexploited Advertisement and Publicity expenses the residual Deferred Revenue Expenditure as reflected in the Balance sheet is fair and proper.

ii) Bonus and Gratuity

The company was following cash basis of accounting for certain employee costs such as Bonus and Gratuity. It is now decided to change the above accounting policy as; to account bonus on accrual basis and adopting actuarial valuation for accounting the liability for gratuity under projected unit credit method.

The above effect has understated the Net profit after Tax by Rs.14.20 lakhs for the year ended 31/3/2010.

The above changes in accounting policy were made in consonance with the applicability of Accounting Standard 15 on 'Accounting for Employee Benefits'.

AUDITORS

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.

The Audit committee and the Board recommend the appointment of M/s.B.Thiagarajan & Co., Chartered Accountants, as Statutory Auditors of the company.

In respect of the observations made by the Auditors in their report, your Directors wish to state that the respective notes to the accounts read with relevant Accounting policies and the change in accounting policies note forming part of this report (Point No.1 of change in accounting policies) and are self explanatory and therefore do not call for any further comments.

INSURANCE

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

FIXED DEPOSITS

During the financial year 2008-09, the Company launched a public fixed deposit scheme to meet a part of the funding requirements of the Company. The scheme has received an overwhelming response and the management of the Company is thankful to all the depositors for participating in the scheme and the faith reposed in the Company. The aggregate amount collected under fixed deposit scheme as on March 31, 2010 was Rs. 415.10 Lakhs from 488 depositors. (Previous year –Rs.40.65 lakhs).

The Company has no overdue deposits and unclaimed deposits as on date.

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

CORPORATE GOVERNANCE

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

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

The Chairman and Managing director and Joint Managing Directors of the Company have certified to the board on financial statements and other matters in accordance with the Clause 49 (V) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March 2010.

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(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 to the company. However, the company makes its best efforts for conservation of energy.

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

(Rupees in lakhs)

Particulars	2009-10	2008-09
On Travelling	4.70	5.63
On interest on FCNRB Loan	260.82	17.63

INTERNAL CONTROL SYSTEMS

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized recorded and reported.

PERSONNEL

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

FUND UTILISATION:

Initial Public Offering (IPO)

In January 2010, your company completed its Initial Public Offer (IPO) and listed its shares on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd.(BSE), Mumbai. Out of the IPO proceeds of Rs.2875.25 lakhs, the Company has utilised Rs.1416.19 lakhs up to 31/3/2010.The detailed statement of utilization of fund vis-à-vis IPO objects as given in the prospectus is as follows:

(Rupees in Lakhs)

	Objects of IPO as projected in the Prospectus		Utilisation	Balance
S No	Purpose	Total	till March 31, 2010	
1.	Cost of setting up of retail outlets (Branches)	1353.25	409.76	943.49
2.	Working capital requirements	1267.00	725.00	542.00
3.	To meet the expenses of Issue	255.00	281.43	(26.43)*
	Total	2875.25	1416.19	1459.06

* *Escalation in Printing and Advertisement cost*

The unutilized amount is parked with Banks in accordance with terms of prospectus

PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

In terms of the provisions of Sections 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure A to the Directors' report.

LISTING OF SHARES AND FEE

The Company's shares are listed at the Bombay Stock Exchanges Ltd.(BSE) and The National Stock Exchange of India Ltd.(NSE), Mumbai. The Company confirms that it has paid annual listing fee due to the above said Stock Exchanges, for the financial year 2010-2011.The Shares of the companies are compulsorily tradable in dematerialized form.

ACKNOWLEDGEMENTS

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

BY ORDER OF THE BOARD

For Thangamayil Jewellery Limited

-sd-

BALARAMA GOVINDADAS

Managing Director

-sd-

Ba. RAMESH

Joint Managing Director

-sd-

N. B. KUMAR

Joint Managing Director

Place – Madurai
Date – May 10, 2010

ANNEXURE A 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 2010.

Sl.No	Name of the Employee	Remuneration Received (Rs.)	Designation	Qualification	Age in years	Experience in years	Date of Commencement of Employment	Last Employment held
1	Balarama Govinda Das	30,00,000	Chairman and Managing Director	B.Com	52	30 Years	March 24,2000	-
2	Ba.Ramesh	30,00,000	Joint Managing Director	H.Sc	46	18 Years	March 24,2000	-
3	N.B.Kumar	30,00,000	Joint Managing Director	H.Sc	42	12 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 SCENRIO

INDIAN GEMS AND JEWELLERY INDUSTRY

According to World Gold Council (WGC), the Indian jewellery market currently is worth about Rs.700 bn (USD14.58 bn). Of this, the urban jewellery market is valued at Rs.280 bn (USD5.83 bn) and the rural & semi rural market is valued at Rs.420 bn (USD 8.75 bn). Gold jewellery forms around 80% of the Indian jewellery market (approx. Rs.560 bn (USD 11.67 bn)), with the balance comprising fabricated studded jewellery that includes diamond studded as well as gemstone studded jewellery. A predominant portion of gold jewellery manufactured in India is for domestic consumption.

The Indian gems and jewellery industry is competitive in the world market due to its low cost of production and availability of skilled labour. The industry employs over 1.40 mn people directly and indirectly.

The Indian gems and jewellery sector is largely unorganized at present. There are over 120,000 Jewellery manufacturing units throughout India.

Family jewellers, who constitute nearly 95% of the market, dominate the industry. Organised players have, however, been growing steadily carving a 5% market share. As India's jeweller' market matures, it is expected to get more organised and the share of family jewellers is expected to decline by the process of effective retail marketing and polarization factors.

Rural and Middle Class Population Demand

Data from National Council for Applied Economic Research (NCAER) indicates that India's income earning population will expand by 8% from 26% in FY06 to 34% in FY10. Even the upper-middle class population is expected to rise from 8% to 10% during the same period. These two segments are expected to fuel consumption growth of luxurious items and this bodes well for the jewellery industry. Disposable income in India increased at a CAGR of 11% since 1997. The median age of Indians is 25 years, one of the lowest in the world compared to 35 in US and 33.6 in China. The urban population which currently accounts for 30% of the total population is expected to increase to 40% by the year 2020. With rising young population, the jewellery industry has significant potential for growth. A well integrated rural India believes in gold more as securing by investment item and it will continue to be backbone of the Indian economy and particularly for influencing gold Jewellery demand.

Shift in buying patterns

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

Branded Jewellery

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

RISK ANALYSIS

The Company is currently operating in outlets at Madurai, Rajapalayam, Karaikudi, Ramnad, Dindigul, Theni and Sivakasi and proposes to open outlets in four other locations in 2010-11. The company has a sound understanding of the tastes and preferences of the rural/semi-urban populace and is confident of catering to the requirements of the simplest locations. However, the project carries with it geography risk which includes the following factors:

1. Tastes and Preferences:

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

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

2. Impact of competition:

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

Recently, Madurai has seen the entry of Alukkas Jewellers, Bhima Jewellers and Kalyan Jewellers are Kerala based retailers who has a presence in 10 other cities. Such new entrants come in with the financial muscle that comes out of managing 10 – 15 outlets and hence have the ability to spend heavily on advertising and on maintaining higher levels of inventory.

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

3. Demand for gold jewellery

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

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

The retailing of gold jewellery is extremely fragmented and the small retailers do not always follow sound business practices. From time to time, attempts have been made to have discounts and promotions that involve the sale of inferior quality jewellery. We expect such efforts to continue in the future. If any such efforts are successful in creating widespread demand for lower quality products, demand and price levels for our products would decline and our business and results of operations would be substantially harmed.

4. Our Profitability may be affected by commodity price sensitivity

The jewellery industry in general is affected by fluctuations in the prices of precious metals and precious and semi –precious stones. The availability and prices of gold, diamonds and other precious metals and precious and 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.

In the past, the volume of sales has shown a high negative correlation with gold prices. The recent hike in gold prices has resulted in significant reduction in volume of gold sold. A fall in gold prices has likewise seen the opposite impact of resulting in a surge in demand for gold jewellery. Hence significant increases in the international prices of gold could adversely affect market demand for gold jewellery and hence have an 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 state of the art Enterprise Resource Planning (ERP) since August 2008, supplier Relations Management and Customer Relations Management, to connect its different locations, dealers and vendors.
- Monthly meeting of the top management committee to review operations and plans in key business areas;
- A well established multi disciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks;
- Audit Committee of the Board of Directors, comprising independent directors, which is functional since October 2007, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any;
- A comprehensive information security policy and continuous upgrades to IT system;
- Documenting Major Business Process including financial reporting, Computer Controlling, Security Checks and Top Committee level Plans.
- **Anti-fraud programme.**

The Board takes responsibility for the total process of risk management in the organisation. The Audit Committee reviews reports covering operational, financial and other business risk areas. Taking into Consideration the high risk associated with this

business, the organisation and management have taken necessary measures towards achieving an environment, free of fraud. This is also facilitated by internal audit. The business risks are managed through cross functional involvement and intense communication across businesses. Results of the risk assessment and residual risks are presented to the senior management.

6. Quality of our products

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

7. Inventory Management.

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

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

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

8. Seasonal fluctuations in sales

We have experienced and expect to continue to experience seasonal fluctuations in our sales. In particular, we have historically experienced higher jewellery sales during the third and fourth quarters of our fiscal year, as a result of the Diwali and the Christmas holiday season and we expect this seasonality to continue in the future. In fiscal 2006, approximately 60% of our jewellery sales were generated during the third and fourth quarters of the year. We also experience considerable fluctuations in sales in the periods proceeding other special annual occasions such as Diwali, Akshaya Tritiya and New Year festivities.

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

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

9. Successful Management of New Outlets.

The project proposes a growth of over 100% in revenue terms over the next 2 years through the setting up of 5 additional outlets. Each of these outlets needs to be effectively managed to ensure the successful scaling up of operations.

10. Enterprises Resources Program (ERP)

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

We 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 protecting the health and safety of our craftsmen and employees working in our factories, 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 low leverage, but the proposed expansion involves an investment of fixed assets and investments on Gold, Diamond, and Silver and for the initial marketing campaign to be financed by partly IPO proceeds and internal accruals.

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

Fluctuations in market interest rates may affect the cost of our borrowings, as most of our indebtedness is at variable interest rates.

We may be more 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.

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

13. Brand Equity and Valuation

The Company has been conducting business under the house name "Thangamayil Jewellery". The house name has been established and promoted in Madurai and the areas surrounding Madurai for over a decade. This brand value has accrued through consistent efforts that have included quality and price assurance, advertisement and promotion and the retail experience. Currently, the Company enjoys a market share in excess of 15% in the sale of Gold and Diamond Jewellery in the city of Madurai and surroundings.

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

The brand building efforts of the past have helped the Company establish comfort with the customers of Madurai and surrounding areas on certain factors such as price assurance, variety, quality etc., which until such time 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 on ongoing policy.

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

Build Thangamayil's image as one with the best in the trade nationwide rather than only in 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;

Target the correct audience and maximize impact on this targeted segment and create a strong and long lasting bond between the customer and the Brand image created for 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 is in the process of getting the necessary trademarks in place with respect to the branding of their Jewellery.

The brand building has got a tremendous cost of requiring considerable funding. As more number of branches were opened and operating at satisfactory level, it is decided by the management to accumulate the write off in advertisement expenses by changing the accounting policies hitherto followed with a view to reflect the possible enduring value in the form of Deferred Revenue Expenditure.

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.

SWOT ANALYSIS

Strengths

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

Weakness

- The Company proposes an expansion of upto 200% in the inventory levels held. This could potentially lead to commodity risk. This is proposed to be mitigated to a certain extent through hedging mechanisms such as gold loans.
- The Jewellery retailing industry remains susceptible to slumps in demand caused by spikes in gold prices. The ability of the Company to spur increased spending and shift in purchasing from unorganized to organized retail outlets is key to its success in countering this risk. However, the low breakeven point of this project largely mitigates the risk associated from slump in demand.
- The Company currently operates in Madurai, Ramnad, Rajapalayam, Karaikudi, Dindigul, Theni and Sivakasi. While the Company has plans to establish a presence across the State, currently the geographical presence is limited. As it expands geographically, the Company's ability to keep a close pulse on the customers' tastes and preferences is extremely important.

Opportunities

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

Threats

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

FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

Results of Operations

1. **Sales**

   Sales for the year 2010 increased by 83%, driven both by volume as well as price / yield increases.

2. **Other Operating Income**

   Other operating income is Rs.45.78 Lakhs in 2009-10 as against Rs.197.72 lakhs in 2008-09 primarily due to loss on hedging / trading in gold.

3. **Expenditure**

   During the year, input cost of Raw material, Packing Material and finished goods, as a percentage to sales has almost remained at same level in last year at around 89%.

   The Company's Advertisements and Promotion expenses, as a percentage of Sales has increased to 1.45% as against 0.87%, due to increase in the number of branches.

4. **Profit before taxation**

   Profit before taxation amounted to Rs. 2351.40 Lakhs and has increased by 74% over previous year.

5. **Provision for Taxation**

   The Company has made provision for taxation for the year amounting to Rs.744.70 lakhs (including deferred tax) on Profits before tax. The effective tax rate for the year is 31.70% as against 34.24% last year.

(A) Financial Condition

Overview

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

1. **Share Capital**

   The issued, subscribed and paid up capital as at March 31, 2010 is Rs.1371.96 lakhs as against Rs.905.29 lakhs as at March 31, 2009.

   During the year, the company has issued of 833,000 shares for Rs.75 each (Face value –Rs.10 per share) through Pre IPO and issued 38,33,667 shares for Rs Rs.75 each (Face value –Rs.10 per share) through IPO in February 2010.

2. **Reserves and surplus**

   Reserves and surplus increased during the year by Rs.3718.90 lakhs which is inclusive of increase in share premium (Rs.3033.33 lakhs).

3. **Fixed Assets**

   Additions of Rs. 583.50 lakhs during the year include primarily Interiors & Furniture (Rs. 268.80 lakhs), Plant & Machinery (Rs.112.25 lakhs), Motor vehicles (Rs.57.98 lakhs), and Information Technology Equipment (Rs. 72.61 lakhs).

4. **Inventories**

   Inventories amounted to Rs. 11645.57 lakhs as at March 2010 against Rs. 6401.00 lakhs as at the previous year end. The increase is primarily on account of an increase in gold ornaments necessitated by increase in the number of branches.

5. **Sundry debtors**

   Sundry debtors amounted to Rs. 15.20 lakhs as at 31st March 2010 as against Rs.57.78 lakhs as at 31st March 2009.

6. **Cash and Bank balances**

   Cash and bank balances with scheduled banks amounts to Rs. 803.08 lakhs as against Rs.83.55 lakhs of the previous year. The increase is on account of the unutilized funds received from IPO being parked in Bank accounts.

7. **Loans and Advances**

Loans and advances amounting to Rs. 1031.06 Lakhs includes primarily, advances paid for raw material and services (Rs.530.11 lakhs) , Rental Advance (Rs.112.05 lakhs), pre-paid insurance, loans and advances paid to employees and deposit with statutory bodies.

8. **Current Liabilities & Provisions**

Sundry creditors amounting to Rs.575.88 lakhs include creditors for advertising and promotion spends, raw materials, packing materials, advance received from Customers and creditors for capital purchases.

Other liabilities amounts to Rs.262.90 lakhs include statutory dues for miscellaneous taxes, provision for final dividend and duties payable to various Government Agencies.

9. **Net working Capital**

The Company has a Working Capital (including cash and bank balances) of Rs.6364.50 lakhs as at 31st March 2010 as against Rs.2113.52 lakhs as at 31st March 2009. The increase in working capital is largely due to higher closing inventory and loans and advances.

10. **Return on Capital employed**

The return on capital employed (average) during the year has decreased to 21% from 32% last year. The percentage has been computed by dividing EPIDTA by the average capital employed (shareholder's funds plus loan funds) during the year.

11. **Debt Equity Ratio**

Your Company has got a Gross Debt Equity ratio of 0.93:1 as at 31.3.2010 as against 1.31:1 as at 31.03.2009.

CAUTIONARY STATEMENT

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

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

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

MANDATORY REQUIREMENT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The provisions of Corporate Governance as contained in Clause 49 of the Listing Agreement shall apply to the Company after the Equity shares are listed at the stock exchange(s). In order to fall in line with these provisions in advance, your Company has decided to commit itself to the highest standards of corporate governance, financial discipline, transparency and complete trust. However the, company came out with IPO in January 2010 and it was successfully and completely subscribed by the public. Hence it is prudent to follow the mandatory guidelines under corporate governance regulations applicable to listed companies. There fore the company continues to adhere to corporate governance under clause 49 of listing agreements entered in to with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai.

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

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

- Strive towards enhancement of Shareholder value through;

  i) Sound business decisions

  ii) Prudent financial management and

  iii) High standards of ethics throughout the organisation.

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

- Achieve excellence in Corporate Governance by

  i) Conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.

  ii) Regularly reviewing the Board processes and the management systems for further improvement.

Thus in TMJL we are committed to conduct our business in a manner which will ensure long-Term growth there by maximizing value of 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. There fore

the company ensures that various disclosures requirement are complied with for effective corporate governance. To this end, the company's philosophy on corporate governance is to endeavor to ensure:

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

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

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

CORPORATE CODE OF CONDUCT

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

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

(2) Fair and accurate presentation of Financial Statements.

(3) Practicing Politically non- alignment .

(4) Maintaining quality of product and services.

(5) Being a good corporate citizen.

(6) Ethical conduct.

(7) Commitment to enhancement of share holder value and statutory compliance.

BOARD OF DIRECTORS

Composition of the Board

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

As at March 31, 2010, the Company's Board consists of 6 directors and is headed by its Chairman cum Managing Director, Mr.Balarama Govinda Das, out of which, three 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 has value to the decision making process of the board.

Non-executive directors- compensation

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

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

Name of Director	Status	No. of Board Meetings		Attendance At the last AGM	No. of other Companies on which Director (other than Pvt. Ltd. Companies)	No of committees** Other than Thangamayil Jewellery Limited in which member
		Held during the year	Attended during the year			
Mr.Balarama Govinda Das (Chairman, Managing Director)	Executive	12	12	Yes	-	-
Mr. Ba.Ramesh (Joint Managing Director)	Executive	12	12	Yes	-	-
Mr. N. B. Kumar (Joint Managing Director)	Executive	12	12	Yes	-	-
Mr. L. Sivakumar*	Executive	12	3	Yes	-	-
Mr. S. Rethinavelu	Non-executive	12	9	Yes	-	-
Mr. Lalji Vora	Non-executive	12	9	Yes	-	-
Mr. V.R. Muthu	Non-executive	12	7	Yes	1	-

**Resigned as a director w.e.f July 09, 2009*

*** 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.

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;

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.

- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial Statements.
- 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 04/05/2009, 10/07/2009, 14/10/2009 and 20/01/2010 to discuss, internal audit report and internal control systems and Auditor's Report for 31/03/09 and quarterly review of operations.

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

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

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

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

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

SHARE TRANSFER COMMITTEE

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

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

During the year, the Committee held two meetings on 30/05/2009 and 12/08/2009 for effecting transfer of shares. All the members were present at the meeting.

INVESTORS GRIEVANCE COMMITTEE

The primary role of the investor grievance committee is

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

The committee has the following members:

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

No complaints were received during the year.

REMUNERATION COMMITTEE

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

The Remuneration Committee consists of 3 Independent Directors (including the Chairman of the Committee). During the year under review, 1 Remuneration Committee meeting was held on May 04, 2009. The composition of the Remuneration Committee and attendance at its meeting is as follows:

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

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

The terms of reference of the Remuneration Committee are:

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

Remuneration Policy

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

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

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

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 and Service Contract in respect of the Financial Year 2009-2010, is given below:-

Name	**Designation**	**Service Contract**	**Remuneration – Salary up to a Maximum**
Balarama Govinda Das	Managing Director	01st Dec 2007 to 30th Nov 2012	Rs.30,00,000
Ba.Ramesh	Joint Managing Director	01st Dec 2007 to 30th Nov 2012	Rs.30,00,000
N.B.Kumar	Joint Managing Director	01st Dec 2007 to 30th Nov 2012	Rs.30,00,000
L.Sivakumar*	Director	-	Rs. 2,10,000

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

**Resigned on July 09, 2009*

MEANS OF COMMUNICATION TO SHAREHOLDERS

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

Quarterly results:

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

Newspapers wherein results are normally published

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

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 (EDIFAR), 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 Conultants 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.

Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from shareholders and other miscellaneous correspondences on change of address, mandates etc., are processed by the STA within 7 days.

Pursuant to Clause 47(c) of the Listing Agreement with Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-practice for due compliance of share transfer formalities by the Company.

In accordance with clause 47(C) the company henceforth as a listed entity will facilitate to produce a certificate from a practicing Company Secretary with in one month of the end of each half of the Financial year, certifying that all certificates have been issued with in one month of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies and a copy of the same shall be made available to the exchange with in 24 hours of the receipt of the certificate by the company.

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:

Out of 47,92,738 equity shares of Re. 10/- each held by persons other than promoters, 47,14,738 shares have been dematerialized as on 31st March, 2010 accounting for 98.37%.

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

Address for investor correspondence:

(i) For transfer / dematerialisation of shares, Payment of dividend on shares and any other layout query relating to the shares of the Company.	S.K.D.C. Consultants Kanapathy Towers, 3rd Floor 1391/A-1, Sathy Road, Ganapathy, Coimbatore -641 006. Tel: 0422 -6549995 Fax: 0422 -2539837
(ii) For any query on annual report	Shri. V. Vijayaraghavan **Company Secretary**
(iii) For investors grievance & general correspondence	**thangamayil.acc@gmail.com**

GENERAL SHAREHOLDER INFORMATION

Request to Shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) Mandate:

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

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

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

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

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

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

Updating of address:

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

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

SMS Alerts:

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

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing their right of claim owing to transfer of the amount to unclaimed dividend account.

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
24.06.2010	11.30 AM	Chamber Of Commerce, 178B, Kamarajar Salai, Madurai – 625 009

Financial Year: 1st April 2010 to 31st March 2011

Financial reporting for the quarter ending:	
30th June 2010	Before 20th July 2010
30th September 2010	between 20th and 31st October 2010
31st December 2010	between 15th and 31st January 2011
31st March 2011	between 20th April and 31st May 2011

Date of Book Closure **18th June 2010 to 24th June 2010** ***(both days inclusive)***

Particulars of dividend payment:

The board has paid an interim dividend of Re. 3 /- per share for the year 2009-10, absorbing a sum of Rs. 482.54 lakhs including dividend distribution tax.

Listing on Stock Exchanges:

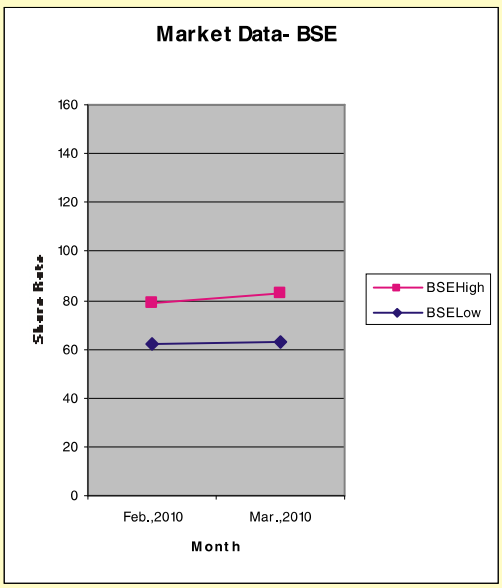
The equity shares of the company are listed at The Bombay Stock Exchange Limited , and National Stock Exchange of India Limited, Mumbai. The Listing Fee has been paid up to date, to both the above Stock Exchanges.

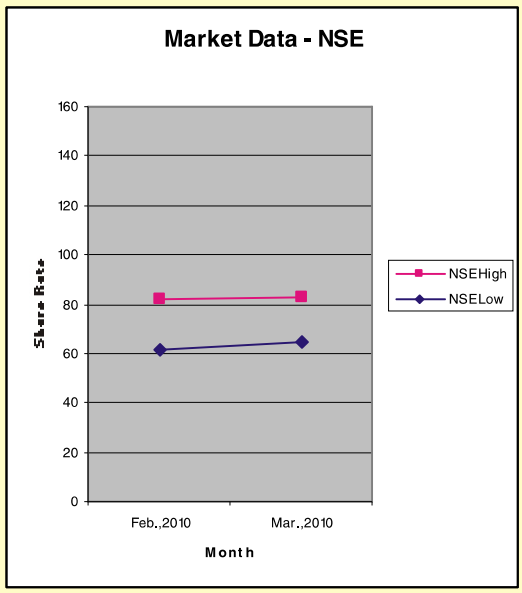
Stock Code/ Symbol:

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 2009-2010

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low(Rs.)	High (Rs.)	Low(Rs.)
Feb.,2010	79.00	62.00	82.00	61.30
Mar.,2010	82.40	62.60	82.50	65.00





Distribution of Share Holding as on 31st March, 2010

Sl.No	Range of Shares(in Rs)	Number of share holders	% to Total Share Holders	No of Shares Held	% to total Shares
1	2	3	4	5	6
1	1 to 5,000	1,656	74.93	201,323	1.47
2	5,001 to 10,000	145	6.56	116,016	0.85
3	10,001 to 20,000	234	10.59	317,568	2.31
4	20,001 to 30,000	44	1.99	107,184	0.78
5	30,001 to 40,000	25	1.13	85,514	0.62
6	40,001 to 50,000	9	0.41	42,219	0.31
7	50,001 to 100,000	38	1.72	282,591	2.06
8	100,001 and above	59	2.67	12,567,167	91.60
Total		**2,210**	**100.00**	**13,719,582**	**100.00**

Category Code	Category of Shareholder	Share Holding details				Shares Pledged or Otherwise encumbered	
		Number of shareholders	Total Number of Shares	Number of shares held in dematerialized form	As a% of (A+B)	Number of Shares	As a % of (7)/(6)*100
1	2	3	4	5	6	7	8
(A)	**Shareholding of Promoter and Promoter Group**						
(1)	Indian Promotors	17	8,926,844	753,929	65.07	Nil	Nil
(2)	Foreign Promotors	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**17**	**8,926,844**	**753,929**	**65.07**	**Nil**	**Nil**
(B)	**Public shareholding**						
(1)	**Institutions**						
(a)	Indian Institutions	2	82,840	82,840	0.6	Nil	Nil
(b)	Foreign Institutions	-	-	-	-	-	-
	Sub-Total (B)(1)	**2**	**82,840**	**82,840**	**0.6**	**Nil**	**Nil**
(2)	**Non-institutions**						
(a)	Bodies Corporate	281	2,315,159	2,255,159	16.88	N.A	N.A
(b)	Individual Share Holders	1,892	2,391,981	2,373,981	17.43	N.A	N.A
(c)	Individual NRI / Foreign Nationals	18	2,758	2,758	0.02	N.A	N.A
	Sub-Total (B)(2)	**2,191**	**4,709,898**	**4,631,898**	**34.33**	**N.A**	**N.A**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**2,193**	**4,792,738**	**4,714,738**	**34.93**	**N.A**	**N.A**
	TOTAL (A)+(B)	**2,210**	**13,719,582**	**5,468,667**	**100.00**	**N.A**	**N.A**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**						
	GRAND TOTAL (A)+(B)+(C)	**2,210**	**13,719,582**	**5,468,667**	**100.00**	**N.A**	**N.A**

GENERAL BODY MEETINGS

Locations and time of General meetings

Date	Year	Type	Time	Venue
24/09/2007	2006 -2007	Annual General Meeting	11.00 AM	Registered Office,No.124, Netaji Road, Madurai-625 001
12/05/2008	2007-2008	Annual General Meeting	02.30 PM	
30/05/2009	2008-2009	Annual General Meeting	03.30 PM	

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

AGM/EGM Held on	Summary
24/09/2007(EGM)	Variation in Rights of Series A Debenture Holders
26/09/2007(EGM)	Conversion of the Company, Increase in Authorised Capital
23/11/2007(EGM)	Issue of Bonus Shares ,
30/11/2007(EGM)	Increase in Authorised Capital , Amended to Articles of Association, Confirmation of Issue of shares, IPO – u/s. 81 (1A), Remuneration to Whole Time Director.
30/07/2008(EGM)	Remuneration to Whole time Directors
14/08/2008(EGM)	Issue of Equity Shares on Preferential basis under the SEBI Guidelines, Director not to hold office or place of profit and remuneration to Mr.B.Prasannan Mr.B.Rajesh kanna
16/03/2009(EGM)	Issue of Equity Shares on Preferential basis under the SEBI Guidelines.
06/01/2010(EGM)	Issue of Equity Shares on Pre – IPO placement basis under the SEBI Guidelines

COMPLIANCE WITH NON-MANDATORY DISCLOSURES

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

The Board:

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

No specific tenure has been fixed for the independent directors.

Remuneration Committee:

Details are given under the heading 'Remuneration Committee'.

Shareholder rights:

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

Audit qualifications:

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

2) The Company has changed the method of accounting of advertisement cost from amortizing over a five year period commencing from the succeeding financial year treatment hitherto followed to, as 20% both in the year of incurrence and ensuing year and the balance in equal installment in next two financial years with retrospective effect, and changed the method of accounting of gratuity benefits from cash basis to on the basis of actuarial valuation of gratuity liability as per Accounting Standards 15 on "Employee Benefits" issued by Institute of Chartered Accountants of India.

    a) But for the change in treatments as mentioned above, the net profit post taxes would have been higher by Rs.198.01 lakhs.

    b) Similarly but for giving the above effect Deferred revenue Expenditure would have been higher by Rs. 278.45 lakhs and Provision for Expenses would have been lower by Rs.20.50 lakhs (Refer Note No.15 in Notes to Accounts)

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, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

a) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be mis –leading;

ii) These statements together present a true and fair view of the Company's Affairs and are in compliance with existing accounting standards, applicable law and regulations.

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

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

d) We have indicated to the Auditors and the Audit Committee:

i) Significant changes in the internal controls over financial reporting during the year.

ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) Instances of significant fraud of which we have become aware and the involvement therein, of any employee having a significant role in the company's internal control system of our financial reporting.

For Thangamayil Jewellery Limited

-sd-
BALARAMA GOVINDA DAS
Managing Director

-sd-
Ba. RAMESH
Joint Managing Director

-sd-
N. B. KUMAR
Joint Managing Director

Place – Madurai
Date – May 10, 2010

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 2010 as envisaged in clause 49 of the listing agreement with the concerned Stock Exchanges.

Place : Madurai
Date : May 10, 2010

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director

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

To

The Shareholders of Thangamayil Jewellery Limited, Madurai.

We have examined the compliance of conditions of Corporate Governance by Thangamayil Jewellery Limited, Madurai – 625 001 for the year ended 31st March 2010, 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 above mentioned 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,

-sd-

K.N.Rajagopalan

Partner

M.No: 018463

Place - Madurai

Date – May 10, 2010

AUDITORS' REPORT

To the Members of THANGAMAYIL JEWELLERY LIMITED

We have audited the attached **Balance Sheet of M/s. Thangamayil Jewellery Limited as at March 31, 2010,** the related Profit and Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We report as follows:

1. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :

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

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

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

d. The company accounts its expense on *advertisement costs on amortization basis (Refer Note 10 of Schedule 19- Significant accounting policies to the financial statement).* Subject to above in our opinion, the Balance Sheet and Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

e. On the basis of written representation received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

f. The Company has changed the method of accounting of advertisement cost from amortizing over a five year period commencing from the succeeding financial year treatment hitherto followed to, as 20% both in the year of incurrence and ensuing year and the balance in equal installment in next two financial years with retrospective effect, and changed the method of accounting of gratuity benefits from cash basis to on the basis of actuarial valuation of gratuity liability as per Accounting Standards 15 on "Employee Benefits" issued by Institute of Chartered Accountants of India.

a) But for the change in treatments as mentioned above, the net profit post taxes would have been higher by Rs.198.01 lakhs (Refer Note No.15 in Notes to Accounts)

b) Similarly but for giving the above effect Deferred Revenue Expenditure would have been higher by Rs. 278.45 lakhs and Provision for Expenses would have been lower by Rs.20.50 lakhs (Refer Note No.15 in Notes to Accounts)

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

I. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

II. in the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and

III. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B. Thiagarajan & Co,

Chartered Accountants

-sd-

K.N.Rajagopalan

Partner

M. No -018463

Place – Madurai
Date – May 10, 2010

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, 2010).

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 Act.

   (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 Act.

   (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, prima facie, prejudicial to the interest of the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of inventory and

fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control systems.

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

   (b) In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding Rupees Five lakhs in respect of each party during the financial year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

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

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

8. According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of activities carried out by the Company.

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

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

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

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

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

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

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

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

16. In our opinion, and according to the information and explanations given to us, term loans obtained during the year have been utilized for the purpose for which they were obtained.

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

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

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

20. The company has raised money through Pre and Post IPO issue during the year. The Company has disclosed the end use of money raised by public issue of equity shares in Note No.2 of Schedule 20 to the financial statements and the same has been verified by us with regard to the Prospectus filed and as disclosed in the Directors' Report.

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

-sd-

K.N.Rajagopalan

Partner

M. No -018463

Place – Madurai
Date – May 10, 2010

BALANCE SHEET AS AT MARCH 31, 2010

All Amounts in Rupees

PARTICULARS	Schedule	As at March 31,	
		2010	2009
SOURCE OF FUNDS			
Shareholders Funds:			
Share Capital	1	137,195,820	90,529,150
Reserves and Surplus	2	611,535,101	239,644,930
Loan Funds:			
Secured Loans	3	658,434,665	427,673,478
Unsecured Loans	4	41,510,000	6,293,373
Deferred Tax Liability		26,265,678	24,588,024
TOTAL		**1,474,941,264**	**788,728,955**
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block at cost	5	162,767,902	104,870,478
Less : Depreciation		25,682,584	16,913,082
Net Block		137,085,317	87,957,396
Capital Advances and WIP		12,948,066	12,973,149
		150,033,383	100,930,545
Current Assets, Loans and Advances:			
Inventories	6	1,167,792,813	643,018,906
Sundry Debtors	7	1,520,263	5,777,994
Cash and Bank balances	8	80,307,797	8,354,946
Loans and Advances	9	103,106,199	49,115,837
		1,352,727,072	706,267,683
Less: Current Liabilities and Provisions:			
Current Liabilites	10	57,587,858	60,268,036
Provisions	11	26,290,233	18,426,291
		83,878,091	78,694,327
Net Current Assets		**1,268,848,981**	**627,573,356**
Miscellaneous Expenditure:			
(to the extent not written off or adjusted)			
Preliminary Expenses		348,586	546,980
Deferred Revenue Expenditure		55,710,313	59,678,074
TOTAL		**1,474,941,264**	**788,728,955**
Significant Accounting Policies	19		
Notes on Accounts	20		

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

For B. Thiagarajan & Co.,
Chartered Accountants

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

Date - May 10, 2010
Place - Madurai

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director

-sd-
Ba. Ramesh
Jt Managing Director

-sd-
N. B. Kumar
Jt Managing Director

-sd-
S. Rethinavelu
Independent Director

-sd-
Lalji Vora
Independent Director

-sd-
V. R. Muthu
Independent Director

-sd-
V. Vijayaraghavan
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH31,2010

All Amounts in Rupees

PARTICULARS	Schedule	As at March 31, 2010	As at March 31, 2009
I. INCOME			
Sales and Other Operating Income	12	4,514,057,010	2,468,383,951
Other Income	13	-	172,435
		4,514,057,010	**2,468,556,386**
II. EXPENDITURE			
(a) Cost of Sales	14	4,051,526,402	2,206,357,155
(b) Personnel Expenses	15	51,898,923	29,792,357
(c) Administration Expenses	16	36,039,037	23,478,480
(d) Selling Expenses	17	65,388,690	21,141,668
		4,204,853,051	**2,280,769,660**
III. NET PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION		309,203,959	187,786,726
Less: Interest & Finance Charges	18	64,998,500	46,049,482
IV. NET PROFIT BEFORE DEPRECIATION AND TAXATION		**244,205,459**	**141,737,244**
Less: Depreciation	5	9,065,367	6,222,535
V. NET PROFIT BEFORE TAXATION		**235,140,093**	**135,514,709**
Less: Provision for Taxation:			
- Current Tax		72,792,000	37,817,000
- Deferred Tax		1,677,654	8,586,284
- Fringe Benefit Tax		-	359,000
		74,469,654	*46,762,284*
VI. NET PROFIT AFTER TAXATION		**160,670,439**	**88,752,425**
Add/(Less): Adjustment in respect of prior years (for tax)		181,506	(1,854,332)
Add: Profit/Loss Brought forward		178,560,105	117,253,470
VII. PROFIT AVAILABLE FOR APPROPRIATION		**339,412,050**	**204,151,563**
VIII. APPROPRIATION			
Proposed Dividend on Equity Shares		13,719,582	9,052,915
Interim Dividend on Equity Shares		41,158,746	-
Corporate Tax on Dividend		9,273,580	1,538,543
Transfer to General Reserve		17,500,000	15,000,000
BALANCE CARRIED TO BALANCE SHEET		257,760,142	178,560,105
		339,412,050	**204,151,563**
Basic / Diluted Earnings per Share of Rs. 10 each		**16.46**	**10.07**
Significant Accounting Policies	19		
Notes on Accounts	20		

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

For B. Thiagarajan & Co.,
Chartered Accountants

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

Date - May 10, 2010
Place - Madurai

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director

-sd-
Ba. Ramesh
Jt Managing Director

-sd-
N. B. Kumar
Jt Managing Director

-sd-
S. Rethinavelu
Independent Director

-sd-
Lalji Vora
Independent Director

-sd-
V. R. Muthu
Independent Director

-sd-
V. Vijayaraghavan
Company Secretary

CASH FLOW STATEMENT

Rupees in Lakhs

PARTICULARS	2009-10	2008-09
Cash Flow from Operating Activities		
Net Profit before tax	2,351.40	1,355.15
Add/(Less) Adjustments:		
Depreciation	90.65	62.23
Finance Charges	649.98	460.49
Gain on Forgien Exchange Rate Fluctuation	108.41	-
Profit /(Loss) on sale of fixed assets	0.51	(6.52)
Preliminary Expenses	1.98	1.98
Deferred Expenses on Advertisement	39.68	(209.43)
Operating Profit before Working Capital Changes	**3,024.78**	**1,676.94**
Adjustments for movements in:		
Inventories	(5,247.74)	(2,870.39)
Sundry Debtors	42.58	(18.02)
Loans & Advances	(539.90)	(334.42)
Current Liabilities	(26.80)	392.30
Total Adjustments	**(5,771.87)**	**(2,830.53)**
Cash Generated from Operations	**(2,747.09)**	**(1,153.59)**
Taxes Paid		
Payment of Direct Taxes	703.35	432.32
Prior period Income (expenses)	1.82	(18.53)
Net Cash flow from Operating Activities [A]	**(3,448.62)**	**(1,604.44)**
Cash Flow from Investing Activities		
Purchase of Fixed Assets(Including Capital Advances)	(583.25)	(480.08)
Proceeds from Sales of Fixed Assets	2.08	4.62
Net Cash used in Investing Activities [B]	**(581.17)**	**(475.46)**
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital(Including Share Premium)	3,500.00	247.59
Public Issue Expenses	(281.43)	-
Proceeds from Long Term Loan	145.84	155.17
Proceeds from Short Term Loan	2,622.35	2,162.86
Dividend Paid (including Corporate Dividend Tax)	(587.45)	-
Finance Charges	(649.98)	(460.49)
Net Cash flow from Financing Activities [C]	**4,749.31**	**2,105.13**
Net Increase / (Decrease) in Cash & Cash equivalents [A+B+C]	**719.53**	**25.23**
Cash & Cash Equivalents at the beginning of the year	83.55	58.32
Cash & Cash Equivalents at the end of the year	803.08	83.55

Notes: 1. The above Cash Flow Statement has been complied from and is based on the Balance Sheet as at March 31,2010 and the relative Profit and Loss Account for the year ended on that date.

2. The above Cash Flow Statement has been prepared in consonance with the requirements of AccountingStandard (AS) -3 on Cash Flow Statements and the reconciliations required for the purpose are as made by the company.

3.Previous year's figures have been regrouped / reclassified wherever necessary in over to confirm with current year's classification.

For B. Thiagarajan & Co.,
Chartered Accountants

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

Date - May 10, 2010
Place - Madurai

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director

-sd-
Ba. Ramesh
Jt Managing Director

-sd-
N. B. Kumar
Jt Managing Director

-sd-
S. Rethinavelu
Independent Director

-sd-
Lalji Vora
Independent Director

-sd-
V. R. Muthu
Independent Director

-sd-
V. Vijayaraghavan
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in Rupees

Particulars	As at March 31,	
	2010	2009
Schedule 1 - Share Capital		
Authorised:		
200,00,000 Equity Shares of Rs. 10 each (Previous Year 200,00,000 Equity Shares)	200,000,000	200,000,000
Issued, Subcribed and Paid up capital:		
13,719,582 Equity shares (Previous Year 9,052,915 Shares) of Rs.10 each, fully paid. (*Refer Note 14 of Schedule 20*)	137,195,820	90,529,150
Of the above the following shares were issued and allotted for consideration other than cash:		
1) 4,15,000 fully paid up equity shares were issued and allotted at a premium of Rs. 50 each in part satisfaction of debt in relation to purchase consideration payable to an associate company M/s. Thangamayil Gold and Diamond Jewellery Pvt Limited.		
2) 43,36,000 fully paid up equity shares were allotted as Bonus share by utilising the balance in Share Premium account in the year 2007-08.		
	137,195,820	**90,529,150**
Schedule 2 - Reserves and Surplus		
Share Premium		
As per last Balance Sheet	42,390,325	21,440,000
Add: Share Premium collected during the year	303,333,355	20,950,325
	345,723,680	42,390,325
Less: Public Issue Expenses	28,143,221	-
	317,580,459	**42,390,325**
General Reserve		
As per last Balance Sheet	18,694,500	3,694,500
Add: Transfer from Profit and Loss Account	17,500,000	15,000,000
	36,194,500	**18,694,500**
Surplus as per Profit and Loss account		
Transfer from Profit and Loss account	257,760,142	178,560,105
	257,760,142	**178,560,105**
Total Reserves and Surplus	**611,535,101**	**239,644,930**

Schedule 5 - Schedule of Fixed Assets and Depreciation

Rupees in lakhs

HEAD OF ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK	
	Opening as on April 1, 2009	Additions / Transfer	Deletions / Transfer	Closing as on March 31, 2010	Rate %	Opening as on April 1, 2009	Additions	Deletions	Closing as on March 31, 2010	Closing as on March 31, 2010	Closing as on March 31, 2009
LAND	25,000,187	436,440		25,436,627		-	-	-	-	25,436,627	25,000,187
BUILDINGS	14,969,067	3,858,041		18,827,108	1.63%	689,699	275,525		965,224	17,861,884	14,279,368
LEASEHOLD BUILDING	-	2,891,505		2,891,505	10%	-	289,150		289,150	2,602,354	-
PLANT & MACHINERY	18,571,222	11,224,688	-	29,795,910	4.75%	3,367,825	1,056,455		4,424,280	25,371,629	15,203,397
FURNITURE & FITTINGS	24,988,232	26,880,380		51,868,612	6.33%	4,668,769	1,944,399		6,613,168	45,255,444	20,319,463
COMPUTER EQUIPMENTS	13,461,865	7,260,808		20,722,673	40.00%	5,579,119	3,789,420		9,368,539	11,354,135	7,882,746
VEHICLES	7,879,905	5,798,458	452,896	13,225,467	25.89%	2,607,670	1,710,417	295,864	4,022,222	9,203,245	5,272,235
TOTAL	**104,870,478**	**58,350,320**	**452,896**	**162,767,902**		**16,913,082**	**9,065,367**	**295,864**	**25,682,584**	**137,085,317**	**87,957,396**
CAPITAL ADVANCES AND WIP	12,973,149	3,539,140	3,564,223	12,948,066	-	-	-	-	-	12,948,066	12,973,149
PREVIOUS YEAR	131,559,566	50,889,164	64,605,103	117,843,627		11,509,834	6,222,535	819,287	16,913,082	100,930,545	120,049,732

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in Rupees

Particulars	As at March 31,	
	2010	2009
Schedule 3 - Secured loans		
From Banks		
FCNRB Loan	285,083,250	229,646,250
Cash Credits	347,315,786	186,575,228
Term Loans	26,035,629	11,452,000
Notes:		
FCNRB and Cash credit is secured by a pari passu charge on stocks, book debts, and collaterally by equitable mortgage of Company's show room in Madurai , Ramnad and Tuticorin Land . It is also personally guaranteed by the Whole time Directors of the Company.		
Term Loan from Banks is secured by charges on land, buildings & plant & machinery of the company and on the proposed outlets to be constructed and also personally guaranteed by the whole time Directors of the company.		
The above loan further collaterally secured by property owned by Whole time Directors and their close relatives.		
	658,434,665	**427,673,478**
Schedule 4 - Unsecured loans		
Fixed Deposits from Public	41,510,000	4,065,000
Loan from Directors	-	2,228,373
	41,510,000	**6,293,373**
Schedule 6 - Inventories (As taken, valued and certified by Management)		
Work in Progress	72,785,813	50,758,962
Finished Goods	1,091,771,382	589,311,171
Packing Materials and Gift items	3,235,619	2,948,773
	1,167,792,813	**643,018,906**
Schedule 7 - Sundry Debtors		
(Unsecured and Considered Good due for less than Six Months)	1,520,263	5,777,994
	1,520,263	**5,777,994**
Schedule 8 - Cash and Bank Balances		
Cash on Hand (as certified by Management)	7,314,918	4,720,466
Balance with Scheduled Bank		
- In Current Accounts	72,992,879	3,511,799
Balance with Non-scheduled Bank		
- In Current Account with Bank of Nova Scotia	-	122,681
	80,307,797	**8,354,946**

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in Rupees

Particulars	As at March 31,	
	2010	2009
Schedule 9 - Loans and Advances		
(Unsecured and Considered Good)		
Advance recoverable in cash or kind	27,641,294	3,333,038
Advances for Purchases	50,218,889	28,272,980
Advance for Expenses	2,792,293	4,427,563
Rent Advances	11,205,360	6,115,000
Prepaid Expenses and Other Advances	7,019,633	6,386,821
Deposits with Government / Statutory bodies	4,228,730	580,435
Total Current Assets	103,106,199	49,115,837
	1,352,727,072	**706,267,683**
Schedule 10 - Current liabilities		
Sundry Creditors for Goods	533,923	32,414,249
Sundry Creditors for Expenses	18,995,221	6,510,063
Advance from Customers	38,058,714	21,343,724
	57,587,858	**60,268,036**
Schedule 11 - Provisions		
Provision for Income Tax (Net of Advance Tax)	10,292,000	7,834,833
Proposed Dividend(Including Corporate Dividend Tax)	15,998,233	10,591,458
	26,290,233	**18,426,291**
Total Current liabilites and Provisions	**83,878,091**	**78,694,327**

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in Rupees

Particulars	As at March 31, 2010	As at March 31, 2009
Schedule 12 - Sales and Other Operating Income		
Sales of Gold, Jewellery, Diamonds , Silver and Other Precious Stones (including VAT)	4,509,479,293	2,448,612,422
Other Trading Receipts	4,577,717	19,771,529
	4,514,057,010	**2,468,383,951**
Schedule 13 - Other Income		
Rent Received	-	140,000
Interest on Deposits	-	32,435
	-	**172,435**
Schedule 14 - Cost of Sales		
Opening Stock	640,070,133	355,980,357
Add : Purchases (including VAT)	4,560,577,152	2,487,483,081
Add : Manufacturing expenses	15,436,311	2,963,850
	5,216,083,596	2,846,427,288
Less: Closing Stock (including VAT)	1,164,557,194	640,070,133
	4,051,526,402	**2,206,357,155**
Schedule 15 - Personnel Expenses		
Salaries & Bonus	28,854,837	16,934,222
Contribution to Provident & Other Funds *(Refer Note 6 of Schedule 20)*	4,229,915	1,826,118
Staff welfare expenses	9,604,171	4,172,017
Directors' Remuneration	9,210,000	6,860,000
	51,898,923	**29,792,357**
Schedule 16 - Administrative expenses		
Rent	1,201,064	698,723
Rates & Taxes	1,243,927	789,035
Insurance	2,459,778	2,209,010
Power and Fuel	7,544,675	4,067,005
Postage and Telephone charges	1,636,406	962,705
Travelling Expenses	6,186,742	5,551,522
Director's Sitting Fees	57,500	60,000
Professional Charges	2,244,634	2,669,555
Printing and Stationery	1,573,433	974,485
Payment to Auditors *(Refer Note 20 of Schedule 20)*	1,072,700	588,673
Repairs & Maintenance		
- for Building	473,005	182,781
- for Vehicles and others	6,362,933	1,964,229
Security Charges	1,173,671	588,473
Donation	502,291	154,750
Loss on sale of assets	-	651,513
Other Expenses	1,908,210	1,167,627
Bad debts written off	199,675	-
Preliminary Expenses written off	198,394	198,394
	36,039,037	**23,478,480**

SCHEDULES FORMING PART OF ACCOUNTS

All Amounts in Rupees

Particulars	As at March 31,	
	2010	2009
Schedule 17 - Selling expenses		
Advertisement and Publicity	55,787,488	13,301,935
(Refer Note 10 of Schedule 19)		
Hallmarking Expenses	2,536,585	2,112,490
Packing Materials	3,556,770	4,776,403
Chit Bonus / Interest	3,507,847	950,840
	65,388,690	**21,141,668**
Schedule 18 - Interest and Finance Charges		
Interest on		
- Working Capital Borrowings	30,885,000	39,669,234
- FCNRB	26,082,454	1,656,754
- Fixed Depsosits	2,394,415	155,718
- Term Loan	1,769,874	353,984
- Others	48,000	-
	61,179,743	41,835,690
Less: Interest Capitalised	974,900	-
	60,204,843	41,835,690
Bank Charges	2,587,202	2,923,009
Credit Card Commission	2,206,454	1,290,783
	64,998,500	**46,049,482**

SCHEDULE 19 – SIGNIFICANT ACCOUNTING POLICIES

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

1. **Revenue Recognition**

   Gross turnover is inclusive of VAT and other statutory levies.

2. **Inventories**

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

3. **Tangible Fixed Assets**

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

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

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

   c) Lease hold Building is amortized over 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**

Assets and Liabilities arising out of foreign exchange transactions, as translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to Revenue Account.

In respect of Forward Contract of Exchange, the difference between the forward rate and exchange at the inception contract is recognised as income or expenses over the period of the contract.

The difference between the forward rate and the exchange rate on date of inception- of a forward contract in respect of forward contracts with underlying assets or liabilities is recognised as income or expense and is amortized over the life of the contract.

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. **Intangible Fixed Assets**

Intangible Assets are recognized only on cost of acquisition.

8. **Borrowing Cost**

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

9. **Expenses**

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

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

10. **Deferred Revenue Expenditure**

   Advertisement costs

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

   Preliminary Expenses

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

11. **Taxes on Income**

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

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

12. **Impairment of assets**

   The Company reviews the carrying value of assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

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

14. **Provisions, Contingent Liabilities**

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

SCHEDULE 20 – NOTES FORMING PART OF ACCOUNTS

1. Estimated amount of contracts remaining to be executed

(Rs. in Lakhs)

Description	2009-10	2008-09
Capital Commitments (Net)	50.00	22.00

2. The position of funds raised in IPO including Share Premium and utilization thereof as per the objectives of the issue up to 31st March 2010 is as under:

(Rs.in Lakhs)

Objects of IPO as projected in the Prospectus			Utilization till March 31, 2010	Balance
S No	Purpose	Total		
1.	Cost of setting up of retail outlets (Branches)	1353.25	409.76	943.49
2.	Working capital requirements	1267.00	725.00	542.00
3.	To meet the expenses of Issue	255.00	281.43	(26.43)*
	Total	2875.25	1416.19	1459.06

**Escalation in Printing and Advertisement costs*

3. The company has utilized the Share Premium to write off the expenses incurred in connection with Public issue to the extent of Rs.281.43 lakhs in accordance with Section 78 of Companies Act, 1956.

4. **Deferred Tax Liability**

The breakup of net deferred tax liability is provided below:

(Amount in Rs)

Particulars	Opening at 01.04.2009	Charge(Credit) Movement during the year	Closing on 31.03.2010
Depreciation	4,401,877	1,782,365	6,184,242
Other Expenses (Net)	-	1,243,931	1,243,931
Deferred Revenue Expenditure	20,186,147	(1,348,642)	18,837,505
Total Deferred Tax Liability	**24,588,024**	**1,677,654**	**26,265,678**

5. **Related Party Disclosures**

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

Directors / Key management Personnel

a)	Key Management Personnel (KMP)	- Balarama Govinda Das – Managing Director - Ba. Ramesh – Joint Managing Director - N. B. Kumar – Joint Managing Director - L. Sivakumar – 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 (Managers), N. B. Arun (Sons of Managing Director) - B. R. Sumati (wife of Ba. Ramesh, JMD) - R. Gokul (Son of Ba. Ramesh, JMD) - K. Thamarai Selvi (Wife of N. B. Kumar, JMD) - K. Ravi Shangar (Son of N. B. Kumar, JMD) - K. Kishore Lal (Son of N. B. Kumar, JMD)
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

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

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

Amount (in Rs lakhs)

S.No.	Particulars	KMP	Enterprises over which KMP and their relatives have substantial interest	Relatives of KMP	Total
(1)	Purchase (sale) of goods	(-)	(147.61)	(-)	(147.61)
(2)	Remuneration Paid	92.10 (68.60)	- (-)	15.60 (8.00)	107.70 (76.60)
(3)	Loans availedby the Company (Balance as at the end of the Year)	- (22.28)	- (-)	- (-)	- (22.28)
(4)	Rent received	- (-)	- (1.40)	- (-)	- (1.40)
(5)	Share Capital Received (Incl. Share premium)	- (160.10)	- (87.50)	15.60 (-)	107.70 (247.60)
(6)	Outstanding balance payable	- (-)	0.91 (1.00)	- (-)	0.91 (1.00)
(7)	Rent Advance	- (1.00)	- (1.00)	- (1.00)	- (1.00)
(8)	Fixed Deposit Received	- (-)	- (-)	- (0.40)	- (0.40)
(9)	Maintenance Sevices	- (-)	- (-)	22.50 (-)	22.50 (-)
(10)	Purchase of Business undertaking	- (-)	- (300.50)	- (-)	- (300.50)
(11)	Dividend Paid	237.61 (79.20)	25.16 (8.79)	5.03 (1.68)	267.80 (89.67)

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

6. **Employee Benefits**

a) Defined Contribution Plan

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

Particulars	Amount in Rs.
Employer's Contribution to Provident Fund	**2,916,845**
Employer's Contribution to Employees' State Insurance Scheme	**816,261**

b) Defined Benefit Plan

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

(Amount in Rs)

Particulars	31.03.2010
Change in Obligation	
1. Obligations at the beginning of the year	955,658
2. Add: Current Service Cost	247,785
3. Add: Interest Cost	76,453
4. Add: Actuarial (Gain)/Losses due to change in assumptions	242,152
5. Less: Benefits paid	210,727
6. Obligations at the end of the year	**1,311,321**
Fair value of Plan Assets	
1. Fair value of Plan assets at the beginning of the year	1,239,074
2. Add: Expected Return on Plan Assets	117,681
3. Add: Actuarial Gain/(Loss)	-
4. Add: Contribution	346,910
5. Less: Benefits paid	210,727
6. Fair value of Plan assets at the end of the year	**1,492,938**
Actual Return on Plan Assets	
1. Expected Return on Plan Assets	117,681
2. Actuarial Gain/(Loss) on Plan Assets	-
Actual Return on Plan Assets	117,681
Amount Recognised in Balance Sheet	
1. Present value of Obligation as at March 31, 2010	1,311,321
2. Less: Fair value of Plan Assets as at March 31, 2010	1,492,938
3. Net Asset/(Liability) recognized in the Balance Sheet	**181,617**

Expenses recognized in Profit and Loss	
1. Current Service cost as per Valuation Report	247,785
2. Add: Interest cost	76,453
3. Less: Expected Return on Plan Assets	117,681
4. Add: Actuarial (Gain) / Loss	242,152
5. Expense recognized in Profit and Loss account	**448,709**
Actuarial Assumptions	
Discount Rate (Per Annum)	8%
Expected Rate of Return on Plan Assets (per annum)	-
Salary Escalation (per annum)	3%

a. Contribution to Provident Fund and Other Fund includes Provision for gratuity Rs.4.49 lakhs

b. Advance Recoverable in Cash or kind includes Rs.1.81 Lakhs being the asset recognized as per actuarial valuation of gratuity fund as per AS-15.

c. Adjustment for gratuity for previous years (up to 31st March 2009) is made in Profit and Loss appropriation account.

d. 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.

e. 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.

f. 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.

7. **Earnings per Share**

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

	Particulars	2010	2009
a)	Amount used as the numerator Profit after tax (Rs.)	160,670,439	88,752,425
b)	Basic / Weighted average number of Equity Shares used as the denominator - (B)	9,762,932	8,814,909
c)	Nominal value of Equity shares (Rs.)	10	10
	Basic / Diluted Earnings per share - (A/B)(Rs.)	16.46	10.07

8. **Quantitative Information**

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

S No	Class of goods	Unit	Purchases/Consumption	Sales	
			Quantity	Quantity	Amount
a)	Gold and Jewellery	Grams	2,819,198 (1,945,208)	2,636,017 (1,813,225)	43427.92 (23625.63)
b)	Studded & Loose Diamond	Cts	194 (-)	202 (-)	53.83 (-)
c)	Silver Articles	Pcs	25,210 (12,210)	20,435 (11,585)	70.28 (44.02)
d)	Silver& Silver Ornaments	Grams	4,050,184 (2,823,035)	3,656,132 (2,203,142)	1100.84 (509.05)
e)	Precious Stones	Carats	126 (266)	74 (140)	1.27 (1.83)
f)	Platinum	Grams Pcs	- (155) 11 (-)	6 (18) 4 (-)	0.40 (0.96) 1.44 (-)
g)	Diamond Ornaments	Grams	- (2,414)	- (1460)	- (69.87)
h)	Others		- (85,415)	- (-)	- (0.55)
i)	Vat		-	-	438.81 (234.19)
j)	Total				**45,094.79** **(24,486.12)**

Note: Figures in brackets pertain to previous year

Amount (in Rs lakhs)

S No	Class of goods	Unit	Opening stock		Closing stock	
			Quantity	Amount	Quantity	Amount
a)	Gold and Jewellery	Grams	455,737 (318,136)	5,613.61 (3362.55)	638,918 (455,737)	10,685.79 (5613.61)
b)	Studded Diamond	Cts	741 (-)	344.95 (-)	734 (741)	235.50 (344.95)
c)	Silver Articles	Pcs	15,758 (15,133)	26.44 (18.64)	20,533 (15,758)	21.96 (26.44)
d)	Silver& Silver Ornaments	Grams	2,054,237 (1,435,385)	405.25 (280.86)	2,448,288 (2,054,237)	691.65 (405.25)
e)	Precious Stones	Carats	175 (301)	3.08 (1.93)	227 (175)	2.30 (3.08)
f)	Platinum	Grams Pcs	86 (89) 44 (-)	3.50 (2.47) 3.67 (-)	79 (86) 51 (44)	3.23 (3.50) 4.98 (3.67)
g)	Diamond Ornaments	Grams	- (4,664)	- (192.52)	- (-)	0.16 (-)
h)	Others		- (-) -	0.20 (0.34)	- (-)	- (0.20)
	Total			**6400.70** **(3859.31)**	-	**11,645.57** **(6400.70)**

Note: Figures in brackets pertain to previous year.

9. **Directors' Remuneration**

(Amount in Rs)

Name	Designation	2009-10	2008-09
Balarama Govinda Das	Managing Director	3,000,000	2,100,000
Ba. Ramesh	Joint Managing Director	3,000,000	2,100,000
N B Kumar	Joint Managing Director	3,000,000	2,100,000
L.Sivakumar*	Director	210,000	560,000
Total		**9,210,000**	**6,860,000**

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

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

(Amount in Rs)

Particulars	31.03.2010	31.03.2009
Net profit Before taxation	235,140,093	135,514,709
Add: Whole time Director's Remuneration	9,210,000	6,860,000
(Profit)/Loss on Sale of Fixed Assets	(51,418)	651,513
Depreciation as per Books of accounts	9,065,367	6,222,535
	253,364,041	149,248,757
Less: Depreciation as per Sec 350 of the Companies Act	9,065,367	6,222,535
Net profit on which Remuneration is Payable	244,298,674	149,248,757
Maximum allowable as per companies Act, 1956 @ 10%	24,429,867	14,302,622
Remuneration paid to Wholetime Directors	9,210,000	6,860,000

11. **Segment Report**

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

12. In the opinion of the management, there is no impairment in the carrying cost of fixed assets of the Company in terms of the Accounting Standard – 28 issued by the Institute of Chartered Accountants of India.

13. During the year the company has capitalized borrowing costs amounting to Rs.9.75 lakhs (Previous year - Nil) in accordance with AS 16 "Borrowing Costs "issued by The Institute of Chartered Accountants of India.

14. The paid-up share capital includes 8, 81,000 fully paid up equity shares issued at a premium of Rs.50 each issued by conversion of redeemable and fully convertible debenture in 2007.

15. The Company has changed the method of accounting of advertisement and employee costs. But for the change in accounting treatments, the net profit post taxes would have been Rs.1804.71 lakhs as against Rs.1606.70 lakhs as reported in Profit and Loss Account.

    Similarly but for changing the accounting treatments, Deferred Revenue Expenditure balance remaining to be amortized would have been Rs.835.56 lakhs as against Rs.557.11 lakhs and Provision for Expenses would have been lower by Rs.20.50 lakhs.

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

17. **AS - 25 Interim financial reporting**

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

18. There are no dues to Micro, Small and Medium Enterprises which are outstanding for more than 30 days as at the Balance Sheet Date. The above information regarding Small Scale undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company, and have been relied upon by the Auditors.

19. Expenditure in Foreign Currency

(Rs.in Lakhs)

Particulars	31.03.2010	31.03.2009
On Travelling	4.70	5.63
On Interest on FCNRB Loan	260.82	17.63
Total	**265.52**	**23.26**

20. The details of Audit Fees are as follows:

(Amount in Rs)

Nature of Service	2009-10	2008-09
For Statutory Audit	750,000	300,000
For Tax Audit	150,000	100,000
For Interim Audit	-	125,000
For Expenses and Service Tax	172,700	63,673
Total	**1,072,700**	**5,88,673**

21. The IPO expense includes a sum of Rs.272,324 paid for Interim audit and other certification services done by the statutory auditors of the company for the purpose of IPO requirements.

22. The Company has amortized Rs. 1.98 lakhs (Previous Year Rs 1.98 lakhs) being one-fifth of Rs.9.92 lakhs being the total expenses incurred in earlier years for increase in Authorized Share Capital.

23. Lease hold Building is amortized over the useful life of the asset, the amortized amount being Rs.2.89 lakhs.

24. Capital advances and WIP includes Rs.78.21 Lakhs (Previous year Rs 79.44 Lakhs) on account of building under construction and land advance and Rs. 51.27 Lakhs (Previous year Rs 50.29 Lakhs) for Interiors and other assets for upcoming branches.

25. The Company has no dues to micro and small enterprises during the year ended March 2010, and March 2009.

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

27. Figure in the brackets pertains to previous year.

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

SUBJECT TO OUR REPORT OF EVEN DATE

For B. Thiagarajan & Co.,
Chartered Accountants

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

For Thangamayil Jewellery Limited

-sd-
Balarama Govinda Das
Managing Director

-sd-
Ba. Ramesh
Jt. Managing Director

-sd-
N. B. Kumar
Jt. Managing Director

-sd-
S. Rethinavelu
Independent Director

-sd-
Lalji Vora
Independent Director

-sd-
V. R. Muthu
Independent Director

-sd-
V. Vijayaraghavan
Company Secretary

Date – 10th May 2010
Place – Madurai

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

a) Registration details

Registration No.	18- 44514
State Code	18
Balance Sheet Date	31st March 2010

b) Capital raised during the year

Public Issue (Including Pre-IPO)	350,000
Bonus Issue	Nil
Rights Issue	Nil
Private Placement	Nil

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

Total liabilities	1,474,941
Total Assets	1,474,941

Sources of Funds

Paid up Capital	137,196
Reserve & Surplus	611,535
Secured Loans	658,434
Unsecured Loans	41,510
Deferred Tax Liability	26,266

Application of Funds

Net Fixed Assets	150,033
Net Current Assets	1,268,849
Miscellaneous Expenditure	56,059

d) Performance of the Company

Turnover (including Other Income)	4,514,057
Total Expenditure	4,278,917
Profit before taxation	235,140
Profit after tax	160,670
Earnings per share (Rs.)	16.46
Dividend Rate (%)	40.00%

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 Ltd.

124, Nethaji Road, Madurai - 1.

ATTENDANCE SLIP

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

FOLIO No :

I hereby record my presence at the 10th ANNUAL GENERAL MEETING, held at Tamil Nadu Chamber Of Commerce No. 178 B, Kamarajar salai, Madurai - 625 009, on Thursday the 24th june 2010 at 11.30 a.m. as a Shareholder / Proxy *

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

* Strike whichever is not applicable

SHEDULE IX

FORM OF PROXY

THANGAMYIL 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 .....