

Timex Group India Limited
Regd. Office : JA-1203, DLF Tower-A, Jasola, New Delhi-110025
Statement of unaudited financial results for the quarter and six months ended 30 September 2014

(Rs. in lakhs)

Particulars	Quarter ended			Six Month Ended		Year ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	30 Sep 2014	30 June 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	31 March 2014
1. Income from operations						
a) Net sales/income from operations (net of excise duty)	3,215	3,258	3,714	6,473	5,594	12,356
b) Other operating income	-	-	-	-	1	2
Total income from operations (net)	3,215	3,258	3,714	6,473	5,595	12,358
2. Expenses						
a) Cost of materials consumed	2,118	1,495	2,009	3,613	3,035	6,426
b) Purchases of stock-in-trade	75	85	92	160	108	216
c) Changes in inventories of finished goods, work in progress and stock-in-trade	(512)	133	135	(379)	527	817
d) Employee benefits expense	555	540	518	1,095	1,047	2,102
e) Depreciation and amortization expense	56	53	59	109	117	234
f) Advertising, marketing and brand building expenses	679	650	456	1,329	1,020	2,013
g) Other expenses	931	611	1,034	1,542	2,444	3,740
Total expenses	3,902	3,567	4,303	7,469	8,298	15,548
3. Loss from operations before other income and finance costs (1-2)	(687)	(309)	(589)	(996)	(2,703)	(3,190)
4. Other income	2	1	4	3	6	9
5. Loss from ordinary activities before finance costs (3+4)	(685)	(308)	(585)	(993)	(2,697)	(3,181)
6. Finance costs	63	51	16	114	35	117
7. Loss from ordinary activities after finance costs but before exceptional items (5-6)	(748)	(359)	(601)	(1,107)	(2,732)	(3,298)
8. Exceptional items (refer note 6)	171	-	-	171	-	-
9. Loss for the period (7+8)	(577)	(359)	(601)	(936)	(2,732)	(3,298)
10. Paid-up equity share capital (face value Re. 1)	1,010	1,010	1,010	1,010	1,010	1,010
11. Reserves excluding revaluation reserve	-	-	-	-	-	(5,371)
Basic and diluted earnings per share Rs. (not annualised except for year ended 31 March 2014)	(0.65)	(0.43)	(0.68)	(1.09)	(2.87)	(3.58)

See accompanying notes to the financial results.

A. Particulars of shareholding						
1- Public shareholding:						
- Number of shares	25,304,900	25,304,900	25,304,900	25,304,900	25,304,900	25,304,900
- Percentage of shareholding	25.07	25.07	25.07	25.07	25.07	25.07
2- Promoter and Promoter group shareholding :						
a) Pledged/ Encumbered						
-Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
-Percentage of shares (as a % of the total shareholding of promoters and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
-Percentage of shares (as a % of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil	Nil
b) Non-encumbered						
-Number of shares	75,645,100	75,645,100	75,645,100	75,645,100	75,645,100	75,645,100
-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
-Percentage of shares (as a % of the total share capital of the company)	74.93	74.93	74.93	74.93	74.93	74.93

B. Investor complaints	Quarter ended 30 Sep 2014
Pending at the beginning of the quarter (Nos)	1
Received during the quarter (Nos)	2
Disposed off during the quarter (Nos)	3
Remaining unresolved at the end of the quarter (Nos)	0

Statement of Assets and Liabilities as at 30 September 2014

(Rs. in lakhs)

Particulars	Unaudited	Audited
	As at 30 September 2014	As at 31 March 2014
Equity and liabilities		
1. Shareholders' funds		
a) Share capital	5,120	5,120
b) Reserves and surplus	(6,376)	(5,371)
Sub total -Shareholders' funds	(1,256)	(251)
2. Non-current liabilities		
a) Long-term provisions	248	258
Sub total -Non-current liabilities	248	258
3. Current liabilities		
a) Short-term borrowings	2,847	1,710
b) Trade payables	7,979	7,236
c) Other current liabilities	2,167	2,203
d) Short-term provisions	721	905
Sub total -Current liabilities	13,714	12,054
Total equity and liabilities	12,706	12,061
Assets		
4. Non-current assets		
a) Fixed assets	1,208	1,341
b) Long-term loans and advances	434	451
c) Other non-current assets	97	117
Sub total -Non-current assets	1,739	1,909
5. Current assets		
a) Inventories	3,037	2,441
b) Trade receivables	6,925	6,889
c) Cash and bank balances	470	523
d) Short-term loans and advances	520	284
e) Other current assets	15	15
Sub total -Current assets	10,967	10,152
Total assets	12,706	12,061

Segment wise Revenue, Results and Capital employed under clause 41 of the listing agreement

(Rs. in lakhs)

Particulars	Quarter ended			Six Month Ended		Year ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	30 Sep 2014	30 June 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013	31 March 2014
1 Segment Revenue						
-Watches	3,181	3,229	3,680	6,410	5,531	12,220
-Others	34	29	34	63	64	138
Total Income	3,215	3,258	3,714	6,473	5,595	12,358
2 Segment Results [profit/(loss)] before tax and interest						
-Watches	(446)	(96)	(167)	(542)	(1,659)	(2,166)
-Others	11	2	5	13	9	27
Total	(435)	(94)	(162)	(529)	(1,650)	(2,139)
Exceptional item	171	-	-	171	-	-
Segment Results [profit/(loss)] after exceptional item	(264)	(94)	(162)	(358)	(1,650)	(2,139)
<i>Less:</i>						
Unallocated expenses /(unallocated income) net	252	215	427	467	1,053	1,050
Interest expense/(income) net	61	50	12	111	29	109
Profit/(Loss) before tax	(577)	(359)	(601)	(936)	(2,732)	(3,298)
3 Capital employed (segment assets-segment liabilities)						
-Watches	450	702	611	450	611	466
-Others	281	243	164	281	164	216
Total capital employed in segments	731	945	775	731	775	682
Unallocable capital employed	(1,987)	(1,623)	(460)	(1,987)	(460)	(933)
Total capital employed	(1,256)	(678)	315	(1,256)	315	(251)

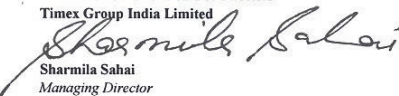
- 1) The statement of unaudited financial results for the quarter and six months ended 30 September 2014 has been prepared following the same accounting policies as those followed in the annual financial statements for the year ended 31 March 2014.
- 2) The results for the quarter and six months ended 30 September 2014 have been subject to "Limited Review" by the statutory auditors of the Company in compliance with the requirement of the listing agreement with the Stock Exchange and a modified opinion has been issued in respect of managerial remuneration (refer note 3 below).
- 3) Managerial remuneration of Rs 7.46 lakhs paid by the Company during the year ended 31 March 2012 was in excess of the amount approved by the Central Government for which the application of the Company to the Central Government was rejected vide its letter dated 26 July 2012. The Company had requested the Central Government to re-consider the same and an application has been made in this regard by the Company vide its letter dated 30 August 2012. Pending approval from the Central Government in this regard, the impact thereof on the loss of the Company for the current period, to the extent of amount of excess remuneration that may be disallowed by the Central Government, if any, is presently unascertainable.

Further, the Company had applied to the Central Government seeking approval of managerial remuneration for the period 29 April 2012 till 28 April 2013 vide its application dated 7 September 2012. The remuneration paid is in excess of the limits specified in the Companies Act, 1956. The Company has not recovered such excess remuneration paid till date and has filed an application with the Central Government for waiver of such excess remuneration paid, since the concerned managerial person has resigned with effect from 31 January 2013. Pending approval from the Central Government, the impact of the excess remuneration paid, if any, on the loss of the Company for the current period is presently unascertainable.

- 4) The accumulated losses of the Company as at 30 September 2014 are Rs. 6,727 lakhs, which have resulted in complete erosion of the net worth of the Company. The Company has also incurred losses of Rs. 577 lakhs for the quarter ended 30 September 2014 (Rs. 936 lakhs for the six months ended 30 September 2014) and as at that date, the Company's current liabilities are in excess of its current assets by Rs. 2,747 lakhs. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. However, the Company expects to incur losses during the current fiscal year 2014-15. As per the business plans approved by the board of directors, the funding requirements of the Company will be met through funds from operations and bank borrowings, which have been guaranteed by Timex Group Luxury Watches B.V., the holding Company. The holding Company has also deferred the redemption of preference share capital from 26 March 2014 to 26 March 2019. In view of the above, the use of going concern assumption has been considered appropriate in preparation of financial statements of the Company.
- 5) During the quarter and six months ended 30 September 2014, according to Schedule II of the Companies Act, 2013, the management has reassessed the remaining useful life of fixed assets, with effect from 1 April 2014. Accordingly, the useful life of certain assets required a change from the previous estimates. If the Company had continued with the previously assessed useful lives, charge for depreciation for the quarter ended 30 September 2014 would have been lower by Rs. 5 lakhs (six months period ended 30 September 2014 by Rs. 10 lakhs, quarter ended 30 June 2014 by Rs. 5 lakhs). Further, based on transitional provision provided in note no. 7 (b) of Schedule II, an amount of Rs. 67 lakhs has been adjusted against retained earnings.
- 6) During the current quarter ended 30 September 2014, the Company has renegotiated the terms of sales with one of its customers. This has resulted in reversal of provision for unearned margin recognised in the books of accounts in respect of the customer in earlier years amounting to Rs. 171 lakhs. This amount has been disclosed under the head exceptional items in the statement of financial results for the quarter and six months period ended 30 September 2014.
- 7) There was an exchange loss of Rs. 183 lakhs during quarter ended 30 September 2014 as against Rs. 31 lakhs for the quarter ended 30 June 2014.
- 8) The above results have been reviewed by the Audit Committee and adopted by the Board of Directors at its meeting held on 13 November 2014.
- 9) The report of statutory auditors is being filed with the Bombay Stock Exchange and is also available on the Company's website (www.timexindia.com).
- 10) The figures for the previous period have been re-classified / re-arranged / re-grouped, wherever necessary, to make them comparable.

For and on behalf of Board of Directors

Timex Group India Limited


Sharmila Sahai

Managing Director

Place: Noida

Date: 13 November 2014

B S R & Co. LLP

Chartered Accountants

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Review report to the Board of Directors of Timex Group India Limited

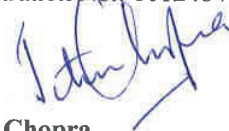
1. We have reviewed the accompanying statement of unaudited financial results of Timex Group India Limited ('the Company') for the quarter and six months ended 30 September 2014, being submitted by the Company pursuant to the requirements of clause 41 of the Listing Agreement, except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding", which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. *Managerial remuneration of Rs 7.46 lakhs paid by the Company during the year ended 31 March 2012 was in excess of the amount approved by the Central Government. The Company's application for approval of such excess remuneration was rejected by the Central Government vide its letter dated 26 July 2012. The Company had requested the Central Government to re-consider the same and an application had been made in this regard by the Company vide its letter dated 30 August 2012.*

The Company has received a direction to recover the excess remuneration of Rs. 7.09 lakhs paid during the year ended 31 March 2012. The Company has not recovered such excess remuneration paid till date and has filed an application with the Central Government for waiver of such excess remuneration paid, since the concerned managerial person has resigned w.e.f. 31 January 2013. The response from Central Government is still awaited.

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4. Without qualifying our opinion, attention is invited to note 4 of the accompanying statement. The Company has significant accumulated losses which have resulted in complete erosion of the net worth of the Company as at 30 September 2014. The ability of the Company to continue as a going concern is dependent on the improvement of the Company's future operations and continued financial support from the holding and ultimate holding company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
5. Based on our review conducted as above, *except for our comment in para 3 above, the impact of which cannot be ascertained*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP
Chartered Accountants
Registration No.: 101248 W/W-100022



Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 13 November 2014