

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF TITAN COMPANY LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **TITAN COMPANY LIMITED** ("the Company") for the quarter ended 30 June 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 4 below. 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 the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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 Statement is 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. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/ encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter ended 30 June 2014 of the Statement, from the details furnished by the Management/Registrars.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No.008072S)



**V. Srikumar**  
Partner  
(Membership No. 84494)



# TITAN COMPANY LIMITED

3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126.  
CIN : L74999TZ1984PLC001456

UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

|   | Rupees lakhs                                  |  |   |   |
|---|---|--|---|---|
|   | Quarter<br>ended<br>30-06-2014<br>(Unaudited) | Quarter<br>ended<br>31-03-2014<br>(Audited)<br>(Refer note 5<br>below) | Quarter<br>ended<br>30-06-2013<br>(Unaudited) | Year<br>ended<br>31-3-2014<br>(Audited) |
| <b>PART I</b>   |   |  |   |   |
| <b>Statement of Standalone Unaudited/Audited Results</b>                                    |   |  |   |   |
| <b>1 Income from operations</b>   |   |  |   |   |
| (a) Net sales / Income from operations ( Net of excise duty)                                | 285,366                                       | 278,681  | 308,779                                       | 1,081,508                               |
| (b) Other operating income  | 3,778   | 1,657  | 1,988   | 10,071                                  |
| <b>Total income from operations (Net)</b>   | <b>289,144</b>                                | <b>280,338</b>   | <b>310,767</b>                                | <b>1,091,579</b>                        |
| <b>2 Expenses</b>   |   |  |   |   |
| (a) Cost of materials consumed  | 181,045                                       | 164,630  | 178,956                                       | 655,878                                 |
| (b) Purchase of stock-in-trade  | 30,795  | 23,360   | 48,473  | 159,142                                 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade           | 4,084   | 17,861   | 14,692  | (9,957)                                 |
| (d) Employee benefits expense   | 14,619  | 13,076   | 13,057  | 53,449                                  |
| (e) Advertising   | 9,925   | 8,737  | 10,467  | 40,443                                  |
| (f) Depreciation and amortisation expense   | 2,434   | 2,043  | 1,461   | 6,559                                   |
| (g) Other expenses  | 21,238  | 23,016   | 20,629  | 87,780                                  |
| <b>Total expenses</b>   | <b>264,140</b>                                | <b>252,723</b>   | <b>287,735</b>                                | <b>993,294</b>                          |
| <b>3 Profit from operations before other income and finance costs</b>                       | <b>25,004</b>                                 | <b>27,615</b>  | <b>23,032</b>                                 | <b>98,285</b>                           |
| 4 Other income  | 2,540   | 2,550  | 3,824   | 12,019                                  |
| 5 Profit before finance costs   | 27,544  | 30,165   | 26,856  | 110,304                                 |
| 6 Finance costs   | 3,497   | 2,274  | 1,703   | 8,711                                   |
| 7 Profit before taxes   | 24,047  | 27,891   | 25,153  | 101,593                                 |
| 8 Tax expense   |   |  |   |   |
| - Current   | 6,613   | 5,663  | 7,043   | 26,300                                  |
| - Deferred  | (293)   | 274  | (138)   | (131)                                   |
| - Taxes of earlier years  | -   | 1,310  | -   | 1,310                                   |
| 9 Profit after taxes  | 17,727  | 20,644   | 18,248  | 74,114                                  |
| 10 Paid-up equity share capital (face value: Re.1 per share)                                | 8,878   | 8,878  | 8,878   | 8,878                                   |
| 11 Reserves excluding revaluation reserves as per balance sheet of previous accounting year |   |  |   | 243,518                                 |
| 12 Basic and diluted earnings per equity share (Rs.) (Not annualised)                       | 2.00  | 2.33   | 2.06  | 8.35                                    |

See accompanying note to the financial results

## PART II

Select information for the quarter ended 30 June 2014

### A PARTICULARS OF SHAREHOLDING

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| 1 Public shareholding   |             |             |             |             |
| - Number of shares  | 416,778,240 | 416,778,240 | 416,778,240 | 416,778,240 |
| - Percentage of shareholding  | 46.9%       | 46.9%       | 46.9%       | 46.9%       |
| 2 Promoters and Promoter group shareholding                                     |             |             |             |             |
| a) Pledged / Encumbered   |             |             |             |             |
| - Number of shares  | 2,559,589   | 2,559,589   | 2,559,589   | 2,559,589   |
| - % of shares (as a % of the total shareholding of promoter and promoter group) | 0.5%        | 0.5%        | 0.5%        | 0.5%        |
| - % of shares (as a % of the total share capital of the Company)                | 0.3%        | 0.3%        | 0.3%        | 0.3%        |
| b) Non-encumbered   |             |             |             |             |
| - Number of shares  | 468,448,331 | 468,448,331 | 468,448,331 | 468,448,331 |
| - % of shares (as a % of the total shareholding of promoter and promoter group) | 99.5%       | 99.5%       | 99.5%       | 99.5%       |
| - % of shares (as a % of the total share capital of the Company)                | 52.8%       | 52.8%       | 52.8%       | 52.8%       |

| Particulars                                    | Quarter ended<br>30-06-2014 |
|--|-----------------------------|
| <b>B INVESTOR COMPLAINTS</b>                   |                             |
| Pending at the beginning of the quarter        | 1                           |
| Received during the quarter                    | 3                           |
| Disposed of during the quarter                 | 3                           |
| Remaining unresolved at the end of the quarter | 1                           |





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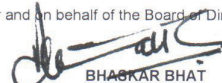
UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

|   | Rupees lakhs   |  |   |   |
|---|--|--|---|---|
|   | Quarter<br>ended<br><b>30-06-2014</b><br>(Unaudited) | Quarter<br>ended<br>31-03-2014<br>(Audited)<br>(Refer note 5<br>below) | Quarter<br>ended<br>30-06-2013<br>(Unaudited) | Year<br>ended<br>31-3-2014<br>(Audited) |
| <b>Segment Results</b>                                  |  |  |   |   |
| Net sales / Income from segments                        |  |  |   |   |
| Watches   | 43,995   | 50,176   | 39,868  | 179,080                                 |
| Jewellery   | 232,527  | 215,733  | 258,661                                       | 863,203                                 |
| Others  | 12,783   | 14,616   | 12,318  | 49,979                                  |
| Corporate(Unallocated)                                  | 2,379  | 2,363  | 3,744   | 11,336                                  |
| Total   | <b>291,684</b>                                       | 282,888  | 314,591                                       | 1,103,598                               |
| Profit / (Loss) from segments before interest and taxes |  |  |   |   |
| Watches   | 4,821  | 6,022  | 3,845   | 18,892                                  |
| Jewellery   | 21,776   | 22,935   | 20,304  | 85,353                                  |
| Others  | 48   | 309  | 277   | 379                                     |
| Total   | <b>26,645</b>  | 29,266   | 24,426  | 104,624                                 |
| Less : Finance costs                                    | 3,497  | 2,274  | 1,703   | 8,711                                   |
| Unallocable expenditure net of unallocable income       | (899)  | (899)  | (2,430)                                       | (5,680)                                 |
| Profit before taxes                                     | <b>24,047</b>  | 27,891   | 25,153  | 101,593                                 |
| Capital employed  |  |  |   |   |
| Watches   | 61,787   | 58,157   | 58,747  | 58,157                                  |
| Jewellery   | 134,399  | 164,664  | (68,931)                                      | 164,664                                 |
| Others  | 21,452   | 21,425   | 17,915  | 21,425                                  |
| Corporate(Unallocated)                                  | 93,628   | 87,842   | 206,916                                       | 87,842                                  |
| Total   | <b>311,266</b>                                       | 332,088  | 214,647                                       | 332,088                                 |

Notes:

- The name of the Company was changed from Titan Industries Limited to Titan Company Limited with effect from 1 August 2013.
- The Company's primary segments consist of Watches, Jewellery and Others, where 'Others' include Eye wear, Precision Engineering, Machine Building, Clocks and Accessories.  
Due to regulatory changes during 2013-14 in relation to purchase and funding of gold, the Company has reviewed the definition of operating assets and operating liabilities and as required by Accounting Standard (AS) 17 - Segment Reporting, has revised the allocation of certain assets to the business segments to reflect the current business practices.
- Consequent to the applicability of the Companies Act, 2013 with effect from 1st April 2014, depreciation for the quarter ended 30 June 2014 has been calculated based on the useful life as specified under Schedule II of the said Act, except for furniture & fixtures and vehicles.  
On account of the above, the depreciation for the quarter ended 30 June 2014 debited to the statement of profit and loss is higher by Rs.740.21 lakhs.  
In terms of Schedule II of the Companies Act, 2013 an amount of Rs 415.24 lakhs (net of tax) has been debited to the opening balance of the retained earnings as at 1st April 2014 towards the carrying amount of assets, where the remaining useful life of these assets are Nil.
- The figures of the previous period have been regrouped/recast, where necessary.
- The figures for the quarter ended 31 March 2014 are the balancing figures between audited figures in respect of full financial year and the year to date figures upto the third quarter of the previous financial year.
- The financial results were reviewed by the Board Audit Committee and were approved by the Board of Directors at their meeting on 1 August 2014.
- The Auditors have carried out a limited review of the financial results for the period ended on 30 June 2014, as required by the Listing Agreement.

For and on behalf of the Board of Directors

  
BHASKAR BHAT  
Managing Director



Hosur, 1 August 2014





1<sup>st</sup> August 2014

PRESS RELEASE

**Titan Company Ltd faces revenue drop of 7.6% in Q1 but contains decline of profit.**

As expected sales income for Titan Company in Q1 dropped by 7.6% largely on account of an unprecedented Q1 of 2013-14 which had witnessed a 47% growth in jewellery business last year when gold price fell sharply. While the sales income declined from Rs.3087.79 crores last year to Rs.2853.66 crores in Q1, the profit after tax for the same period dropped by only 2.9% from Rs.182.48 crores last year to Rs.177.27 crores this year. The Company's PBT stands at Rs.240.47 crores in Q1 as against Rs.251.53 crores during the same period last year, registering a drop of 4.4%.

The watches business in Q1 this year recorded a healthy growth of 10.4%. The income of watches business grew from Rs.398.68 crores to Rs.439.95 crores. The Jewellery income in Q1 was Rs.2325.27 crores as against Rs.2586.61 crores, a decline of 10.1%. The jewellery business continues to face regulatory pressures that have an adverse impact on sales. The Company's other businesses, Eyewear, Precision Engineering and accessories grew by 3.8%, from Rs.123.18 crores to Rs.127.83 crores this year.

The Company has put together exciting plans to stimulate demand for all its product categories through innovative advertising campaigns and new product launches.

Retail expansion continued with a net addition of 22 stores across all its businesses in the first quarter, ending the period with a retail area of over 1.48 mn sq.ft nationally. The Company's retail chain is 1100 stores strong, as on 30<sup>th</sup> June 2014 and is expanding with growth plans in place for all its retail businesses – watches, jewellery and eyewear. The Company also has moved into a new Corporate Office in Bangalore towards the end of the quarter.

Mr. Bhaskar Bhat, Managing Director of the Company stated that "The consumer discretionary spend in the quarter was far more stable than what we witnessed in the past few quarters. With stability in the political environment, the market mood has been positive. However, due to an extraordinary first quarter witnessed by jewellery business last year, the topline growth in this quarter was tough. Regulatory pressures faced by the jewellery industry have amplified the challenge."

S. Ravi Kant  
Executive Vice President

(Corporate Communications)