



14<sup>th</sup> July 2014

BSE Limited  
Corporate Relationship Department  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda Building, PJ Towers  
Dalal Street, Fort,  
Mumbai - 400 001

Dear Sirs,

**Sub: Discontinuation of Tanishq Golden Harvest and Swarna Nidhi Schemes — arising out of change in regulatory framework**

Titan Company Limited (the “Company”) has been operating the Golden Harvest Scheme (GHS) and Swarna Nidhi (SNS) Jewellery Purchase Schemes for its brand Tanishq for many years now. Through both these schemes, lakhs of customers have been able to acquire precious Tanishq Jewellery for various occasions.

In the newly enacted Companies Act 2013 which came into from 1st April 2014, new rules were introduced, specifically under Explanation to Rule 2 (1) (b) 01 the Companies (Acceptance of Deposit) Rules 2014, which appeared to bring such schemes also under the definition of Public Deposits. These rules limit the return that companies could offer deposit holders to 12% and also capped the total amount of deposits within 25% of their net worth. The Company was not in compliance with both the conditions set under the new rules. In a meeting sought by the Company’s representatives with officials of the Ministry of Corporate Affairs on 23rd June 2014, it was clarified by them verbally that the rules were applicable to all jewellery purchase schemes and such schemes were now being covered for safeguarding the interests of the public.

In the light of these developments, the Company which had suspended taking in new customers from 20<sup>th</sup> April, 2014 under this scheme, decided to wind down the scheme entirely and has communicated to its existing customers that it will also stop taking new fresh instalments under the scheme. To make it fair to all its customers, the Company has designed a fair redemption offer, the details of which are available with the stores. The existing customers have been requested to buy jewellery against advances made by them and have also been offered gold coins and even cash refunds if they so desire against the same advances even though they were not offered under the scheme. As a matter of abundant caution and prudence, the Company had always kept, in liquid assets with scheduled banks and others, an amount which exceeded the total advances collected through the jewellery purchase schemes. This is in addition to the inventory of gold jewellery that the Company carries which covers the advances over three times. In the event where the customer does not close the account before 31st August 2014, the Company, in order to ensure compliance to the new rules, will refund the amount received and post the cheque to the address provided in the account passbook.

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We have brought the above development to the information of the Stock Exchange pursuant to clause 36 of the Listing Agreement which requires the Company to intimate material development concerning the operations of the Company as over 25% of the revenue of the Jewellery division of the Company are accounted by the GHS and SNS Jewellery Purchase Schemes. The Company, however, does plan to come up with schemes after the existing ones are closed that will be fully compliant with the new regulations.

Thank you.

Yours truly,  
for TITAN COMPANY LIMITED

A handwritten signature in black ink, appearing to read "A R Rajaram", is written over a solid black horizontal line.

A R Rajaram  
Head – Legal & Company Secretary