



**TITAN**  
COMPANY

31<sup>st</sup> ANNUAL REPORT

2014-15

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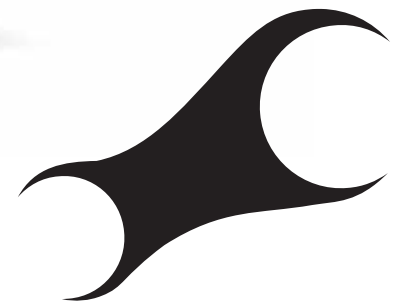
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## WATCHES



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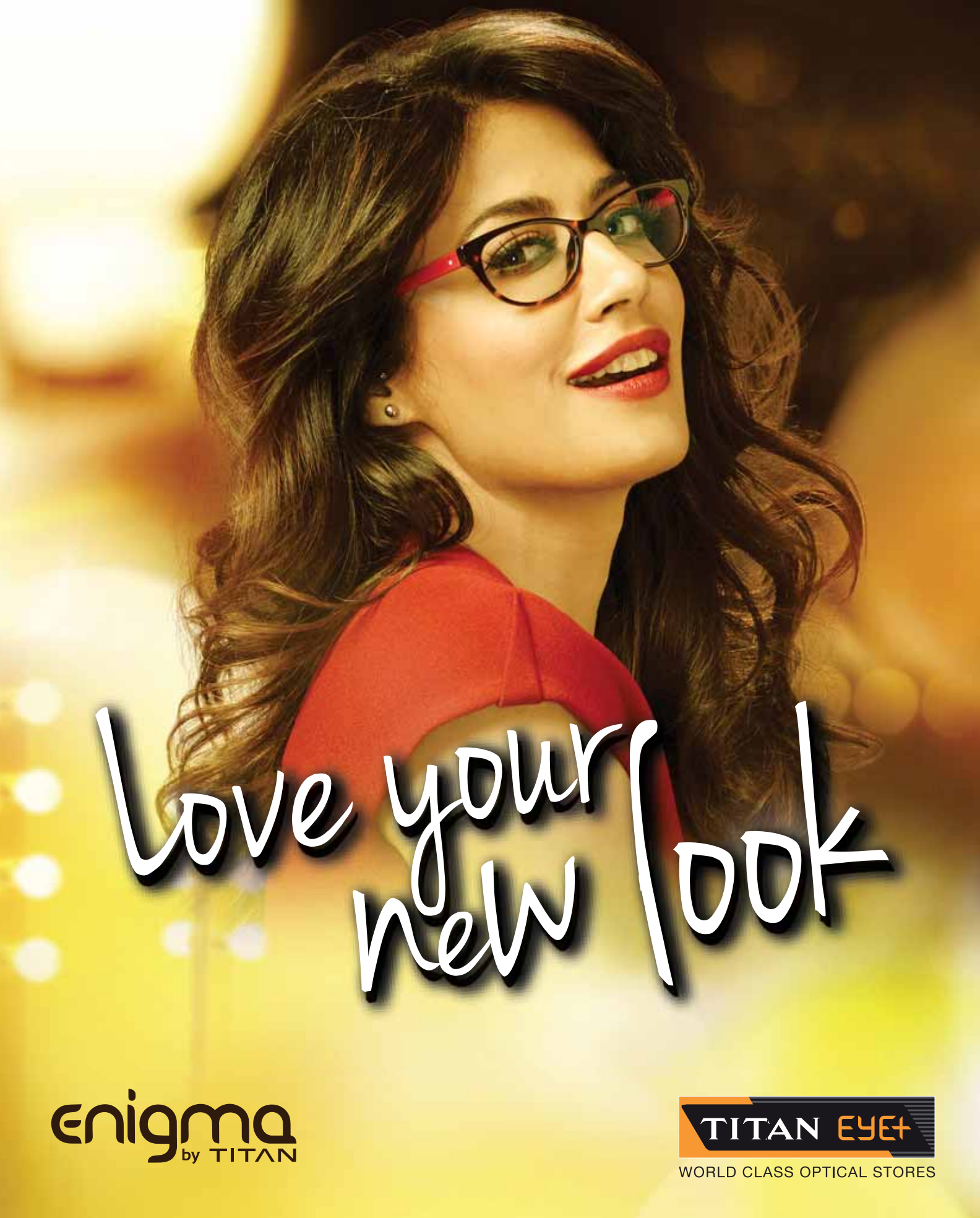
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## Board of Directors

C.V. Sankar (Chairman from 16th June 2014)  
 Hans Raj Verma (Chairman and Director upto 16th June 2014)  
 T.K. Arun  
 Bhaskar Bhat (Managing Director)  
 Ishaat Hussain (upto 20th March 2015)  
 N.N. Tata  
 Harish Bhat  
 T.K. Balaji  
 C.G. Krishnadas Nair  
 Vinita Bali  
 Hema Ravichandar  
 Das Narayandas  
 Ireena Vittal

### CHIEF FINANCIAL OFFICER

S. Subramaniam

### HEAD- LEGAL & COMPANY SECRETARY

A.R. Rajaram

### AUDITORS

Deloitte Haskins & Sells

### BANKERS

Canara Bank  
 State Bank of India  
 The Hongkong and Shanghai Banking Corporation Ltd  
 Standard Chartered Bank  
 Oriental Bank of Commerce  
 Union Bank of India  
 Indian Bank  
 Citi Bank N.A.

### REGISTERED OFFICE

3, SIPCOT Industrial Complex,  
 Hosur 635 126, Tamilnadu  
 e-mail: investor@titan.co.in

### CORPORATE OFFICE

132/133, Divyashree Technopolis,  
 Yemalur, off Old Airport Road,  
 Bangalore - 560 037  
 Ph.: +91 80 6660 9000

### REGIONAL OFFICES

East : 22, Camac Street, Block-B, 4th Floor, Kolkata 700 018  
 West : The Metropolitan, East Wing, 9th Floor, C 26/27, Bandra  
 Kurla Complex, Bandra (East), Mumbai 400 051  
 North : 213A, Okhla Industrial Estate, Phase-3, New Delhi 110 020  
 South : 132/133, Divyashree Technopolis, Yemalur, off Old Airport  
 Road, Bangalore - 560 037

### REGISTRAR & TRANSFER AGENTS

#### TSR Darashaw Ltd.

Unit : Titan Company Ltd,  
 6-10, Haji Moosa Patrawala Industrial Estate,  
 20, Dr. E Moses Road, Mahalaxmi,  
 Mumbai 400 011  
 e-mail: csg-unit@tsrdarashaw.com  
 website: www.tsrdarashaw.com

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#### Annual General Meeting

Friday, 31st July 2015 at 3:00 p.m.  
 at 3, SIPCOT Industrial Complex, Hosur 635 126

#### Book Closure Dates

21st July 2015 To 31st July 2015

## Notice

Notice is hereby given pursuant to Section 96 and 101 of the Companies Act, 2013 (the "Act") that the Thirty First Annual General Meeting ("the Meeting" or "AGM") of TITAN COMPANY LIMITED ("the Company") will be held at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamilnadu, on Friday, 31st July 2015 at 3:00 P.M. to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2015, together with the Reports of the Board of Directors and the Auditors thereon and the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015, together with the Report of the Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March 2015.
3. To appoint a Director in place of Mr. N.N. Tata (DIN: 00024713), who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. T.K. Arun (DIN: 02163427), who retires by rotation and is eligible for re-appointment.
5. Appointment of Auditors:  
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty second AGM of the Company to be held in the year 2016 at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### SPECIAL BUSINESS

#### 6. Appointment of Branch Auditors

To consider and if thought fit to pass with or without

modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), as amended from time to time, the Board of Directors of the Company be and is hereby authorized to appoint as Branch Auditors of any branch office of the Company, whether existing or which may be opened / acquired hereafter, outside India, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditors within the provisions of Section 143(8) of the Act and to fix their remuneration."

#### 7. Ratification of Cost Auditors' Remuneration

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 (the "Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of Rs. 3,00,000/- (Rupees Three lakhs only) plus applicable service tax and reimbursement of out of pocket expenses to M/s PSV & Associates, Cost Accountants, (Firm Registration No. 00304) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on 31st March 2016."

#### 8. Commission to Non-Executive Directors

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 197 of the Companies Act, 2013 and Article 125 (a) of the Articles of Association of the Company and within the limits stipulated in Section 197(1) of the Companies Act 2013, the Company be and is hereby authorised to pay remuneration by way of Commission, to Directors who are neither in the whole-time employment of the Company nor Managing Director(s) of the Company.

RESOLVED FURTHER THAT the gross amounts to be disbursed as remuneration to all such Directors shall not



exceed one per cent of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors may, pursuant to the recommendations of the Board Nomination and Remuneration Committee, decide the exact amount to be disbursed by way of Commission within the limits stipulated above and its allocation amongst the eligible Directors.”

#### 9. Appointment of Director

To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Harish Bhat who was appointed as a Director by the Board of Directors of the Company with effect from 20th April 2015 and who holds office up to the date of this Annual General Meeting under section 161 of the Companies Act, 2013 read with Article 117 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a shareholder proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.”

#### Notes:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 6 to 9 of the Notice, is annexed hereto. The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment at the Annual General Meeting as Directors under item nos. 3, 4 and 9 of the Notice are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the Company.** A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person

shall not act as proxy for any other person or shareholder. A Proxy is not entitled to vote except on a poll. A Proxy form is enclosed herewith. The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 21st July 2015 up to Friday, 31st July 2015 (both days inclusive).**

4. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2015.

5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
6. **The Company would once again request you to share your valuable feedback/ suggestions. We request you to kindly click on <https://www.surveymonkey.com/r/MKBMG95> to undertake the survey. The link will remain active from 8th July 2015 to 16th July 2015.**

7. Subject to the provisions of Section 126 of the Companies Act, 2013 dividend on equity shares as recommended by the Directors, if declared at the Meeting, will be paid on 7th August 2015 to those Members whose names appear on the Register of Members of the Company as on 20th July 2015. In respect of shares held in electronic form, dividend will be paid to the beneficial holders as per the beneficiary list provided by the National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on 20th July 2015.
  8. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., TSRDL regarding changes, if any, in their registered addresses with the PIN code number.
  9. To support the Green Initiative, Members who have not registered their e-mail addresses are requested to register the same with TSRDL/Depositories. This will assist the Company in redressing shareholders' grievances expeditiously.
  10. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or TSRDL, for assistance in this regard.
  11. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
  12. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
  13. As per the provisions of Section 72 of the Companies Act, 2013 the facility for making nominations is available to the shareholders in respect of the equity shares held by them.
  14. The equity shares of the Company are listed in the following Stock Exchanges in India:  
BSE Ltd,  
25, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001  
National Stock Exchange of India Ltd,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East) Mumbai 400 051
- The Company has paid the annual listing fees to each of the above Stock Exchanges for the financial year 2015-16.
15. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Head - Legal & Company Secretary, Titan Company Limited, No. 132/133, Divyashree Technopolis, Yemalur, off Old Airport Road, Bangalore 560037. (e-mail: arrajaram@titan.co.in) Members are requested to bring their copies of Annual Report to the Meeting.
  16. For the convenience of Members, the Company will provide a coach service from Bangalore on the day of the Meeting.  
The coaches will leave for Hosur at 12.00 noon from the following four locations:
    - A. Jayanagar - Ashok Pillar, 1st Block, Siddapura Police Station Road, Bangalore - 560 011.
    - B. Rajajinagar - near ISKCON temple, Opp. Varasidhi Vinayaka Temple, Government School Grounds, Bangalore- 560 010.
    - C. Golden Palm Station, near BRV theatre, Bangalore -560 001.
    - D.
      - i. Corporate Office – 132/133, Divyashree Technopolis, Yemalur, off Old Airport Road, Bangalore - 560 037.
      - ii. At 12:30 p.m. from Golden Enclave, Next to Britannia Gardens, Old Airport Road, Bangalore 560 017.
  17. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their dematerialised account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their dematerialised accounts. Members holding shares in physical form can submit their PAN details to the Company.
  19. Electronic copy of the Notice of the 31st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 31st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
  20. Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website [www.titan.co.in](http://www.titan.co.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hosur for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [investor@titan.co.in](mailto:investor@titan.co.in).
  21. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.
  22. Mr. Pramod SM of M/s. HBP & Co., Practicing Company Secretaries (Membership No. FCS No:7834), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
  23. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting or by ballot form shall be able to exercise their right at the Meeting.
  24. The Members who have cast their vote by remote e-voting or by ballot form prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
  25. Members can opt for only one mode of voting, i.e., either by Ballot Form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
  26. In case a Member is desirous of obtaining a duplicate Ballot Form, he may send an e-mail to [titanagmballot2015@tsrdarashaw.com](mailto:titanagmballot2015@tsrdarashaw.com) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Scrutinizer, Mr. Pramod SM to C/o TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011 not later than Monday, July 27th, 2015 (5:00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- The instructions for e-voting are as under:
- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail IDs are registered with the Company/Depository Participants(s)) :
    - (i) Open email and open PDF file viz; "TCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder – Login
    - (iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your

- choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of Titan Company Limited which is 102014.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Pramod.sm@hbcs.in with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
- i. Initial password is provided in the enclosed ballot form: EVEN (E-Voting Event Number) + User ID + Password.
  - ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- C. Other Instructions:
- i. The e-voting period commences on Tuesday, 28th July, 2015 (9.00 a.m. IST) and ends on Thursday 30th July, 2015 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 24th July, 2015, i.e. the cut-off date may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
  - ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date.
  - iii. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 26th June 2015 may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
  - iv. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  - v. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - vi. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Poling Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- vii. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- viii. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.titan.co.in](http://www.titan.co.in) and on the website of NSDL immediately after the declaration of result by the Chairman or

a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors,

7th May 2015

A R Rajaram  
Head-Legal and Company Secretary

Registered Office:  
3, SIPCOT Industrial Complex  
Hosur 635 126, Tamilnadu

## Annexure to Notice

Pursuant to section 102 of the Companies Act, 2013, (the "Act") the following explanatory statement sets out all material facts relating to the business mentioned under item Nos. 6 to 9 of the accompanying Notice.

### Item No.6

The Company has branches outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorize the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

The Board recommends the Resolution at Item No. 6 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No.6 of the Notice.

### Item No.7

The Company is required under section 148 of the Act to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. PSV & Associates as the Cost Auditors of the Company to conduct cost audit of the Company for the year ending 31st March, 2016, at a remuneration of Rs. Three lakhs plus service tax and out-of-pocket expenses.

M/s. PSV & Associates have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company.

The Board recommends the remuneration of Rs. Three lakhs plus service tax and out-of-pocket expenses to M/s. PSV & Associates as the Cost Auditors and the approval of the shareholders is sought for the same by way of an Ordinary Resolution.

None of the Directors and KMP of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

### Item No.8

Section 198 of the Companies Act, 2013 permits payment of remuneration to Non-Executive Directors of a Company by way of Commission, if the Company authorizes such payment by a Special Resolution.

At the Annual General Meeting of the Company held on 27th July 2010, the Shareholders had approved the remuneration payable to Non-Executive Directors of the Company by way of Commission not exceeding one per cent of the net profits of the Company, computed in the manner referred to in Section 198(1) of the Companies Act, 1956 commencing from Financial Year 2010-11, by a special resolution. Pursuant to Sec 309 (7) of the Companies Act, 1956 such approvals obtained from Shareholders are valid only for a period of 5 years. Since the validity of the earlier resolution passed by the Shareholders expires in Financial Year 2014-15, approval is sought from Shareholders for renewal of the resolution for a further period of 5 years commencing from Financial Year 2015-16.

Considering the rich experience and expertise brought to the Board by the Non- Executive Directors, it is proposed that commencing from financial year 2015-16, remuneration not exceeding one per cent of the net profits of the Company calculated in accordance with provisions of the Act, and subject to further appropriate ceiling(s), be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of Nomination and Remuneration Committee of the Board and approval by the Board of Directors of the Company, for a further period of five years. Such payment will be in addition to the sitting fees for attending Board meeting / Committee meetings of the Board.

In view of this, the Shareholders are requested to approve the resolution pursuant to Item No. 8 of the Notice as a Special Resolution.

The Directors may be deemed to be concerned or interested in this item of business as it relates to their remuneration.

A copy of the Memorandum and Articles of Association of the Company is available for inspection of Members on any working day between 11 a.m. and 1 p.m. at the Registered Office of the Company from the date of this notice upto the date of the Annual General Meeting.

### Item No. 9

Mr. Harish Bhat, a nominee of Tata Sons Limited was appointed as an additional director on 20th April 2015. Mr. Bhat holds a Post Graduate Diploma in Management (PGDM) from the Indian Institute of Management, Ahmedabad where he was ranked first in the graduating batch, winning the IIMA Gold Medal for Scholastic Excellence, and also holds a B.E. (Hons.) degree in Electrical and Electronics from Birla Institute of Technology and

Science, Pilani, where he graduated first class with distinction. He joined the Tata Group as a TAS probationer in 1987 and has completed 28 years of service with the Group. Mr. Harish Bhat was the CEO and Managing Director of Tata Global Beverages Limited from 1st July 2012 to 31st March 2014 and continues on its Board as a Non-Executive Director from 1st April 2014. He was also previously with Tata Tea Limited from 1988 to 2000 holding various positions.

Mr. Harish Bhat had earlier also served in the Company as Chief Operating Officer of the Watches & Accessories Division from April 2006 till June 2012. Mr. Bhat was awarded the British Chevening Scholarship for Young Managers by Govt. of United Kingdom in 1997. He is a prolific writer, and has also authored a book, "Tata Log", on the modern history of the Tata group. He is on the Board of Directors of other Tata Group Companies such as Tata Coffee Limited, Tata Starbucks Limited, Tata Industrial

Services Limited, Infiniti Retail Limited and Trent Limited. Mr. Bhat serves as a member of the Group Executive Council of Tata Sons Limited.

None of the Directors and KMP of the Company or their respective relatives other than Mr. Harish Bhat is concerned or interested in the Resolution mentioned at Item No.9 of the Notice.

By Order of the Board of Directors,

7th May 2015

A R Rajaram  
Head-Legal and Company Secretary

**Registered Office:**

3, SIPCOT Industrial Complex  
Hosur 635 126, Tamilnadu

**Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)  
(Directorship & Committee Membership other than Titan Company Ltd)**

Particulars	Mr. N.N. Tata	Mr. T.K. Arun	Mr. Harish Bhat
<b>Date of Birth</b>	12th November 1956	17th October 1959	8th November 1962
<b>Date of Appointment</b>	7th August 2003	31st July 2012	20th April 2015
<b>Qualifications</b>	B.A (Economics) from University of Sussex, IEP, INSEAD, France	Bachelor's Degree in Commerce. Associate Member of Institute of Company Secretaries of India.	BE (Hons) - BITS, Pilani, PGDM - Indian Institute of Management Ahmedabad
<b>Expertise in specific functional areas</b>	Mr. Tata oversaw the growth of Westside and other Trent formats from one-store operation in 1998 to over a hundred stores in 2012. He took over as the Managing Director of Tata International Limited in August 2010 which is a global trading and distribution company with presence in leather products, metals trading, minerals trading and agri trading with a consolidated revenue of ₹ 10,450 crores in 2013-14 from ₹ 2,630 crores in 2010-11 and employing over 10,000 personnel spanning 39 countries across Africa, Asia, Europe, Latin America and Middle East.	Proficient in matters of Law, Finance, Administration, Public Private Partnerships for infrastructure projects and arbitration.	Overall business management including functional expertise in sales, marketing and corporate management.
<b>Directorships held in other companies (excluding foreign companies)</b>	i. Voltas Ltd. ii. Tata Investment Corporation Ltd. iii. Kansai Nerolac Paints Ltd. iv. Trent Hypermarket Ltd. v. Trent Ltd. vi. Retailers Association of India vii. The Cricket Club of India Ltd. (Representative of Sir Dorabji Tata Trust on the Executive Committee) viii. Tata International Ltd. ix. Bachi Shoes Ltd. x. Massimo Dutti India Private Ltd. xi. Inditex Trent Retail India Private Ltd.	i. TRIL Infopark Ltd.; ii. Tamilnadu Petroproducts Ltd.; iii. Manali Petrochemicals Ltd.; iv. Southern Petrochemical Industries Corporation Ltd.; v. Ascendas IT Park (Chennai) Ltd.; vi. Tanflora Infrastructure Park Ltd.; vii. TIDEL Park Ltd.; viii. Tamilnadu Road Development Company Ltd.; ix. Titan TimeProducts Ltd.; x. Tamilnadu Industrial Development Corporation Ltd.	i. Tata Global Beverages Ltd. ii. Tata Coffee Ltd. iii. Tata Starbucks Ltd. iv. Tata Industrial Services Ltd. v. Infiniti Retail Ltd. vi. Trent Ltd.
<b>Membership / Chairmanships of committees of other companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)</b>	<b>Audit Committee:</b> i. Trent Ltd. - Member ii. Kansai Nerolac Paints Ltd. - Member <b>Stakeholder Relationship Committee:</b> i. Voltas Ltd. – Chairman	<b>Audit Committee:</b> i. Tanflora Infrastructure Park Ltd.; - Chairman ii. Tamilnadu Petroproducts Ltd. - Member; iii. Manali Petrochemicals Ltd. - Member; iv. Southern Petrochemical Industries Corporation Ltd. - Member; v. Ascendas IT Park (Chennai) Ltd. - Member; vi. Tamilnadu Road Development Company Ltd. - Member. vii. TRIL Infopark Ltd. - Member; <b>Stakeholder Relationship Committee:</b> i. Manali Petrochemicals Ltd. - Member.	<b>Audit Committee:</b> i. Tata Global Beverages Ltd. - Member ; ii. Tata Starbucks Ltd. - Member <b>Stakeholder Relationship Committee:</b> i. Tata Coffee Ltd. - Member ;
<b>Number of shares held in the company</b>	46,900	NIL	80,000



## Directors' Report

To the Members of Titan Company Limited

The Directors are pleased to present the **Thirty First Annual Report** and the Audited Statement of Accounts for the year ended 31st March 2015:

### Financial Results

₹ in crores

	2014-2015	2013-2014
Sales Income	11,936.71	10,955.14
Other Income	70.58	120.19
Total Income	12,007.29	11,075.33
Less: Excise Duty	33.50	39.35
Net Income	11,973.79	11,035.98
Expenditure	10,749.85	9,867.35
Gross profit	1,223.94	1,168.63
Finance Costs	80.66	87.11
Cash operating profit	1,143.28	1,081.52
Depreciation / Amortisation	87.39	65.59
Profit before taxes	1,055.89	1,015.93
Income taxes - Current	241.00	263.00
- Deferred	(8.18)	(1.31)
Profit after taxes for the year	823.07	754.24
Less: Income tax of earlier years	-	13.10
Net Profit	823.07	741.14
Profit brought forward	934.56*	831.39
Appropriations		
Proposed dividend on equity shares	204.19	186.44
Tax on dividends	41.57	31.68
Transfer to general reserve	469.35	415.70
Balance carried forward	1,042.52	938.71

\*after adjusting depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with NIL remaining useful life (net of deferred tax).

The economic outlook for the year 2014-15 was promising while improvement in consumer demand was quite lukewarm. The Company's jewellery business was also impacted due to regulatory changes and termination of the consumer friendly Golden Harvest Scheme. The Company's brands witnessed good growth during the first half, while in the later half it witnessed a decline due to the absence of the Golden Harvest Scheme which used to contribute about 30% of the Jewellery Division's revenues. The Company will however continue to invest in strategic initiatives taking into account its long term and sustainable growth plans.

During the year under review, the Company's sales income grew by 8.96% to ₹ 11,936.71 crores compared with ₹ 10,955.14 crores in the previous year. Profit before tax grew by 3.93 % to ₹ 1,055.89 crores and the net profit grew by 11.05% to ₹ 823.07 crores. This performance came in the backdrop of an environment where the consumer sentiment did not pick up as expected. The strength of Company's brands contributed to sales growth across all retail formats of watches, jewellery and eyewear.

The Watches business of the Company recorded an income of ₹ 1,921.04 crores, a growth of 7.27%, which was achieved

through meticulous planning and execution of key initiatives. The income from Jewellery segment grew by 9.24% touching ₹ 9,429.97 crores. The income from other segments comprising Precision Engineering, a B2B Business, the Eyewear Business and accessories grew by 12.91% to ₹ 564.31 crores.

The year witnessed aggressive expansion of the Company's retail network with a net addition of 123 stores. As on 31st March 2015, the Company had 1201 stores, with over 1.59 million square feet of retail space delivering a retail turnover of just under ₹ 12,000 crores.

The Management Discussion and Analysis report, which is attached, dwells into the performance of each of the business division and the outlook for the current year.

## International Operations

The Watches exports registered a handsome growth of 12% to clock a turnover of ₹ 137.76 crores against a backdrop of several headwinds in international markets. The business sustained its targeted investments in retail and brand building in key, large markets. The presence of Titan in modern retail is adding to both image and business. Entry into In-flight sales through Singapore Airlines paves way for a new route to building the brand. Vietnam, UAE and Malaysia lead the growth stories while Indonesia, Nigeria, Philippines and SAARC markets hold promise for future.

## Dividend

The Directors are pleased to recommend the payment of dividend on equity shares at the rate of 230% (₹ 2.30 per equity share), subject to approval by the shareholders at the Annual General Meeting (AGM).

## Transfer to General Reserve

An amount of ₹ 469.35 crores is proposed to be transferred to the general reserve.

## Finance

The Jewellery Division of the Company was successfully operating customer schemes for jewellery purchases for many years. As on 1st April 2014, the Company had around seven lakhs subscribers contributing to these schemes. These schemes were not covered under the Companies Act, 1956 relating to acceptance of public deposits as such schemes were exempt from the definition of deposits. However, under the Companies Act, 2013 (the "Act") and Regulations made there under ('Deposit Regulations') the scope of the term "deposit" has been enlarged and therefore a view has been taken that the jewellery purchase schemes

offered by the Company to its customers will be treated as public deposits. In these circumstances, the Company discontinued fresh enrolment of subscribers and initiated steps to close the current customer schemes, which were wound down by 31st August 2014.

Under the Deposit Regulations, a company is permitted to accept deposits subject to applicable provisions, to the extent of 25% of the aggregate paid-up share capital and free reserves from public and 10% of the aggregate paid-up share capital and free reserves from Members of the company, after prior approval by way of a Special Resolution passed by the Members in this behalf. In pursuance thereof, a Postal Ballot was conducted during August/September 2014 and requisite approval was obtained from the Members of the Company and a new customer scheme for jewellery purchase was launched in November 2014 in compliance with the Deposit Regulations.

The details relating to deposits, covered under Chapter V of the Act, are as under:

- (a) accepted during the year: ₹ 51,148.86 lakhs\*
- (b) remained unpaid or unclaimed as at the end of the year: ₹ 3.85 lakhs
- (c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-
  - (i) at the beginning of the year: No
  - (ii) maximum during the year: No
  - (iii) at the end of the year: No

\*Includes an amount of ₹ 44,238 lakhs received under the old Jewellery Purchase Scheme which was outside the purview of deposits under the Companies Act, 1956

There are no deposits that have been accepted by the Company that are not in compliance with the requirements of Chapter V of the Act.

## Material changes and commitments affecting financial position between end of the financial year and date of report

There have been no material changes and commitments affecting financial position between end of the financial year and the date of the report.

## Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements. There have been no investments made or guarantees given under Section 186 of the Companies Act, 2013 during the year under review. The particulars of loans given as part of treasury operations of the Company bearing interest ranging from 10.40% to 11.25% p.a. are furnished below:

Information under Section 186(4) of the Companies Act, 2013				₹
	Opening balance a's on 1st April 2014	Additional ICD during the year	Amount Matured and paid	Closing balance as on 31st March 2015
Loans given in the form of unsecured short term Inter-Corporate Deposits	1,900,000,000	5,060,000,000	4,580,000,000	2,380,000,000

## Contribution to Exchequer

During the year under review, the Company made payments aggregating ₹ 939.04 crores by way of taxes (central, state and local) and duties as against ₹ 973.78 crores in the previous year.

## Adequacy of internal controls and compliance with laws

The Management of the Company has over the years set up internal control mechanisms to cater to the growing needs of the businesses. The Company has invested significantly in computerization of processes across the network and has implemented ERP systems to automate and control transactions in all its businesses. The process is a continuing one and refinements are made as and when felt required. One of the big initiatives to enhance control in retail operations in the last few years was the establishment of the Operations Control Group, reporting to the Chief Financial Officer, which conducts comprehensive periodic audit of retail operations through its team members and outsourced resources. This group also conducts investigation of frauds at store levels as and when detected. The Company has also established various back office desktop audits to detect frauds across the network, be they from employees, business associates or even customers. The Company is currently working on implementation of Internal Financial Controls as per the Committee of Sponsoring Organisation 2013 framework.

The Company has an internal audit department for reviewing the internal control systems. The department is headed by a Chartered Accountant who oversees a team comprising currently of 8 members. The Head - Internal Audit reports to the Audit Committee and issues reports on monthly and/or quarterly basis on audit plans and audit findings. Besides the internal team, the

Company is also utilizing the services of an external team from a globally reputed audit firm to conduct internal audits in various areas throughout the year. The Board Audit Committee reviews the effectiveness of the internal audit function periodically at its Committee meetings. The composition of the Board Audit Committee is disclosed in the Corporate Governance Report which forms a part of the Annual Report. The internal audit function also reviews the Corporate Risk Assessment exercises and the Risk Register on a yearly basis. The Company intends to appoint a Head of Risk Management who will oversee and coordinate the Company's risk management function.

A compliance team in the Legal & Secretarial department ensures, amongst others, that there are adequate systems and processes in the Company commensurate with the size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Human Resources department carries out a similar exercise for ensuring compliance with all relevant labour legislations.

Based on the foregoing, the Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of the Board Audit Committee, is of the opinion that the internal controls of the Company are adequate to address the financial, operational and compliance risks of the Company.

## Risk Management

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has in place, a Risk Management framework to identify, evaluate business risks and challenges across the Company both at corporate level as also separately for each business division.

The top tier of risks for the Company is captured by the operating management after serious deliberations on the nature of the risk being a gross or a net risk and thereafter in a prioritized manner presented to the Board for their inputs on risk mitigation/management efforts. Based on this framework, a Risk Management policy is being developed.

The Board engages in the Risk Management process and has set out a review process so as to report to the Board the progress on the initiatives for the major risks of each of the businesses that the Company is into.

The Risk Register of each Business gets updated on an annual basis and is placed for due discussions at Board meetings and appropriateness of the mitigation measures to ensure that the risks remain relevant at any point in time and corresponding mitigation measures are optimized.

## Related Party Transactions

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are subject to internal audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The Company has developed an Internal Guide on Related Party Transactions Manual and prescribed, Standard Operating Procedures for purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. The Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 in Form AOC-2 is annexed as **Annexure- I**.

## Subsidiaries

As on 31st March 2015, the Company had the following subsidiaries:

- 1) Titan TimeProducts Limited, Goa
- 2) Favre Leuba AG, Switzerland
- 3) Titan Watch Company Limited, Hong Kong and
- 4) Titan Engineering and Automation Limited

During the year 2014-2015, TTPL sold a total of 59,81,400 nos. of ECBs and micro assemblies (previous year: 64,59,583 nos.). Net sales income during the year was ₹ 24.46 crores against the previous year's figure of ₹ 23.11 crores. The drop in volumes is largely attributed to the decline in the off-take of watch circuit boards from Titan Company Limited (2012-13: 6.43 million nos., 2013-14: 4.85 million nos., 2014-15: 4.7 million nos.). The quality, delivery and competitive price of the products continue to be well-received by the Holding Company and external customers.

As at 31st March 2015, Favre Leuba AG had registered a loss of CHF 0.92 million, i.e. ₹ 5.89 crores (2013-14: CHF 0.61 million i.e. ₹ 3.60 crores) which primarily represents amortization of trademarks design and development expenses.

Titan Watch Company Limited, became a subsidiary of the Company's subsidiary Favre Leuba AG during the year and hence is a subsidiary of the Company. It has a capital of HK \$ 10,000 and no Profit and Loss account has been prepared as it has not yet commenced business.

Titan Engineering and Automation Limited (TEAL) was incorporated on 24th March 2015 to acquire the Precision Engineering Business Division of the Company subject to such approvals as may be statutorily applicable through a court approved scheme of arrangement. The first financial year of the Company will be upto 31st March 2016 and hence annexation of its financial statements would not arise.

The annual accounts of these subsidiary companies were consolidated with the accounts of Titan Company Ltd for 2014-15. None of these companies declared a dividend in 2014-15.

The statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures forms part of the Annual Report.

## Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared as per Accounting Standard AS 21 and Accounting Standard AS

23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (3) (m) of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, are furnished in **Annexure-II** to the Board's Report.

### Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-III** of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

### Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure-IV** in the prescribed Form MGT-9, which forms part of this Report.

### Vigil Mechanism

The Company has a whistle blower mechanism wherein the employees can approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the policy. A mechanism is in place whereby any employee of the Company has access to the Chairman of the Audit Committee to report any concern. No person has been denied access to the Chairman to report any concern. Further, the said policy has been disseminated within the organisation and has also been posted on the Company's website.

### Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at

workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the financial year 2014-15, the Company had received six complaints on sexual harassment, all were disposed-off with appropriate action taken and nil complaints remain pending as of 31st March 2015.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

### Business Responsibility Reporting

As per Clause 55 of the Listing Agreement executed with the Stock Exchanges, the Company's corporate sustainability initiatives has been hosted on the Company's website as permitted vide circular no. CIR/CFD/DIL/8/2012 issued by the Securities and Exchange Board of India.

### Directors and Key Managerial Personnel

At the Annual General Meeting of the Company held on 1st August 2014, the Company appointed Mr. T.K. Balaji, Dr. C.G. Krishnadas Nair, Ms. Vinita Bali, Mrs. Hema Ravichandar, Prof. Das Narayandas and Mrs. Ireena Vittal as the Independent Directors and all have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In accordance with the provisions of the Act and in terms of the Memorandum and Articles of Association of the Company, Mr. N N Tata and Mr. T K Arun retire by rotation and are eligible for re-appointment.

During the year Mr. Hans Raj Varma resigned from the Board and TIDCO nominated Mr. CV Sankar as Chairman. The Board places on record its appreciation of the valuable contribution and guidance provided by Mr. Varma. Mr. Ishaat Hussain resigned from the Board on 20th March 2015 and was associated with the Company as a Board member for over twenty five years. The Board places on record its appreciation of the valuable contributions and guidance provided by him. Mr. Harish Bhat was appointed as an Additional Director with effect from 20th

April 2015 and he holds office till the conclusion of the Annual General Meeting. A notice has been received from a shareholder to appoint Mr. Harish Bhat as a Director, along with the requisite deposit amount.

None of the Directors are related to each other within the meaning of the term "relative" as per Section 2(77) of the Act.

Six meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of the Annual Report.

Pursuant to the provisions of Section 203 of the Act, which came into effect from 1st April 2014, the appointments of Mr. Bhaskar Bhat, Managing Director, Mr. S. Subramaniam, Chief Financial Officer and Mr. A.R. Rajaram, Company Secretary as Key Managerial Personnel of the Company were formalised.

### Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls are adequate and operating effectively.

Accordingly, pursuant to the requirements of Section 134 (5) of the Act the Directors hereby confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Board Evaluation

The performance evaluation of the Board, its Committees and individual Directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, its Committees and self-evaluation.

The Chairperson of the Board Nomination and Remuneration Committee (BNRC) held separate discussions with each of the Directors of the Company and obtained their feedback on overall Board effectiveness as well as on each of the other Directors.

Based on the questionnaire and feedback, the performance of every Director was evaluated in the meeting of the BNRC.

Some of the key criteria for performance evaluation, as laid down by the BNRC were as follows-

#### Performance evaluation of Directors:

- Contribution at Board / Committee meetings
- Guidance / Support to Management outside Board / Committee Meetings

#### Performance evaluation of Board and Committees:

- Board structure and composition
- Degree of fulfillment of key responsibilities
- Establishment and delineation of responsibilities to Committees
- Effectiveness of Board Processes, Information and Functioning
- Board Culture and Dynamics
- Quality of relationship between the Board and Management
- Efficacy of communication with External Stakeholders
- Committees – strengths and areas of improvement

### Independent Directors

A separate meeting of the independent directors ("Annual ID meeting") was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman. Post the Annual ID meeting, the collective feedback of each of the Independent Directors was discussed by the Chairperson of the BNRC with the Board covering performance

of the Board as a whole, performance of the non-independent directors and performance of the Board Chairman.

## Remuneration Policy

The Board has, on the recommendation of the BNRC framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

## Policy on Directors' appointment and remuneration and other details

In accordance with the agreement between the promoters, 3 Directors each may be nominated by Tata Sons Limited and Tamilnadu Industrial Development Corporation Limited. The guidelines for selection of Independent Directors is as set out below:

The Board Nomination and Remuneration Committee shall oversee the Company's nomination process for Independent Directors and in that connection to identify, screen and review individuals qualified to serve as an Independent Director on the Board.

### Process for selection

The Committee may act on its own in identifying potential candidates. The Committee shall review and discuss details pertaining to candidates and will conduct evaluation of candidates in accordance with the process that it sees fit and appropriate and thereafter pass on its recommendation for nomination to the Board, based on the following guidelines:

### Attributes

- i) The Committee shall seek candidates who is not a nominee or related to either Promoters of the Company. Such candidates shall possess integrity, leadership skills, managerial qualities, foresight abilities and competency required to direct and oversee the Company's management in the best interest of its stakeholders i.e. shareholders, customers, employees and communities it serves.
- ii) The candidate must be willing to regularly attend the meetings of the Board and develop a strong understanding of the Company, it's businesses and it's needs, to contribute his/her time and knowledge to the Company

and to be prepared to exercise his/her duties with skill and care. Besides these, the candidate should have an understanding of governance concepts and legal duties of a Director.

- iii) It is desirable that the candidate should have expertise to fill in the gap(s) identified by the Company in the current composition of the Board.
- iv) Ideally the candidate should possess experience of 5 years on the Board of a listed company.
- v) The candidate's age shall not exceed 70 years at the time of joining the Board.
- vi) Fortrightness and ability to possess foresight abilities in the Governance of a Corporate.

### Board Composition

Keeping in mind that women constitute a majority of the Company's customers it would be desirable to have one-third of the Board's strength represented by woman members.

### Procedure

1. The Committee may retain search firms or advisors as it deems appropriate to identify candidates.
2. Develop a list of potential candidates of Independent Directors which may be refreshed every year. The Committee to create a list of probable candidates from known sources or from the database of Ministry of Corporate Affairs, Government of India or Stock Exchanges.
3. The Committee may also consider profiles of suitable expatriates.
4. The candidate considered by the Committee as potentially qualified will be contacted to determine their interest in being considered to serve on the Board and if interested will be interviewed.

As and when a candidate is shortlisted, the Committee will make a formal recommendation to the Board.

### Other Disclosures

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of the director	Commission (₹)	Sitting fee (₹)	Total (₹)	Ratio (times)
A]	Median Employee remuneration			5,16,000	
B]	Directors remuneration				
1	Mr. C.V. Sankar	32,41,900	80,000	33,21,900	6.43
2	Mr. Hans Raj Verma	7,09,700	60,000	7,69,700	1.49
3	Mr. T. K. Arun	58,54,900	2,77,500	61,32,400	11.88
4	Mr. Ishaat Hussain	66,12,900	2,95,000	69,07,900	13.38
5	Mr. N. N. Tata	8,87,100	47,500	9,34,600	1.81
6	Mr. T. K. Balaji	19,51,600	1,27,500	20,79,100	4.02
7	Dr. C. G. Krishnadas Nair	51,45,200	2,92,500	54,37,700	10.53
8	Ms. Vinita Bali	36,93,500	1,70,000	38,63,500	7.48
9	Mrs. Ireena Vittal	44,35,500	2,32,500	46,68,000	9.04
10	Mrs. Hema Ravichandar	36,93,500	2,10,000	39,03,500	7.56
11	Prof. Das Narayandas	17,74,200	90,000	18,64,200	3.61
12	Mr. Bhaskar Bhat	2,88,00,000	-	4,91,25,764*	95.20

\*Inclusive of salary, perquisites, commission and retiral benefits.

- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; -

Name	% Change
Mr. C.V. Sankar	NA
Mr. Hans Raj Verma (Upto 16th June 2014)	-83.53
Mr. T.K. Arun	34.42
Mr. Ishaat Hussain (Upto 20th March 2015)	42.86
Mr. N.N. Tata	-51.56
Mr. T.K. Balaji	-38.46
Dr. C.G. Krishnadas Nair	-5.78
Ms. Vinita Bali	33.72
Mrs. Hema Ravichandar	1.07
Prof. Das Narayandas	30.86
Mrs. Ireena Vittal	49.26
Mr. Bhaskar Bhat	9.90
Mr. S.Subramaniam	14.71
Mr. A.R Rajaram	12.57



- iii) The percentage increase in the median remuneration of employees in the financial year - 10.5%
- iv) The number of permanent employees on the rolls of Company - 7558.
- v) The explanation on the relationship between average increase in remuneration and company performance –

The average increase in the remuneration of the employees of the organisation takes into account the Company performance which is typically done on a scale of 20, inflation rate in the market and trends as projected by benchmarking professional consultants.

- vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:  
(₹ in crores)

Particulars	Mr. Bhaskar Bhat, Managing Director	Mr. S. Subramaniam, Chief Financial Officer	Mr. A.R. Rajaram, Head – Legal & Company Secretary
Remuneration in FY 2015	4.91	2.02	0.81
Revenue	11903.21	11903.21	11903.21
Remuneration As a % of revenue	0.041%	0.017%	0.006%
Profit before Tax (PBT)	1055.89	1055.89	1055.89
Remuneration (as % of PBT)	0.46%	0.2%	0.1%

- vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year.

Particulars	2014-15	2013-14	% Change
Market Capitalisation (₹ crores)	34,765.71	23,322.14	49.06
Price Earnings Ratio	42.24	31.46	34.27

- viii) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.

Particulars	31st March 2015	1987-88 IPO	% Change*
Market Price (BSE) in ₹	392	10	78300
Market Price (NSE) in ₹	391.60	10	76320

\*Adjusted for Bonus and Split in 2011

- ix) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
No such differentiation was followed in giving the increment during the last financial year. The average increment in salary was basis individual performance.

- x) The key parameters for any variable component of remuneration availed by the directors

The Members had, at the AGM of the Company held on 27th July 2010 approved payment of Commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said Commission is decided each year by the Board of Directors and distributed amongst the non-executive directors based on performance evaluation, attendance and contribution at the meetings of the

Board and its Committees, as well as the time spent on operational matters other than at meetings.

- xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

The highest paid Director is the Managing Director. No employee has received remuneration in excess of the Managing Director during the year.

- xii) Affirmation that the remuneration is as per the Remuneration Policy of the Company.

The Company's Remuneration Policy is based on the principle of internal equity, competence and experience of the employee and industry standards. Through its compensation programme, the Company endeavours to attract, retain, develop and motivate a high performance workforce and engaged workforce. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the Remuneration Policy of the Company.

#### **Information as per Rule 5(2) of the Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company during working hours before 21 days of the Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary or through mail addressed to arrajaram@titan.co.in.

## **AUDITORS**

### **Statutory Auditors**

The Members are requested to ratify the appointment of its Statutory Auditors, Messrs Deloitte, Haskins & Sells, Chartered Accountants (Firm's Registration No. 0080725), from the conclusion of this Thirty First Annual General Meeting upto the conclusion of the Thirty Second Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for re-appointment as Auditors of the Company. As required under Clause 49 of the Listing Agreement, the auditors have also

confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its PED activity may require to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Messrs PSV & Associates to audit the cost accounts of the Company for the financial year 2014-15 on a remuneration of ₹ 3 lakhs. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Messrs PSV & Associates, Cost Auditors is included at Item No. 7 of the Notice convening the Annual General Meeting.

### **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs HBP & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **(Annexure-V)**

### **Auditor's report and secretarial auditor's report**

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report and secretarial auditor's report.

### **Acknowledgements**

Your Directors wish to place on record their appreciation of the support which the Company has received from its promoters, shareholders, lenders, business associates, vendors, customers, media and the employees of the Company.

On behalf of the Board of Directors,

7th May 2015

**C.V. Sankar**  
Chairman

## Annexure - I

## Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(s) of the related party and nature of relationship – Tata Sons Limited. Promoter.
  - (b) Nature of contracts/arrangements/transactions – Leave & License Agreement
  - (c) Duration of the contracts / arrangements/ transactions - 5 years
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any – An agreement was entered into between Tata Sons Limited and Titan Company Limited to use ground floor admeasuring 2189 Square Feet together with Mezzanine floor in the building for a period of 5 year starting from 1st June 2013 to 31st May 2018 for the purpose of running an exclusive World of

Titan Store. The agreement was originally entered into 1989 and came up for renewal and is in the ordinary course of business, below market price and hence considered as not at arm's length.

- (e) Justification for entering into such contracts or arrangements or transactions – The arrangement has been in existence since 1989 and is required for part of retail operations.
  - (f) Date(s) of approval by the Board – 27th January 2015
  - (g) Amount paid as advances, if any: - ₹ 3,00,00,000/-
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 - Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

The Company has not entered into any material contracts or arrangement or transactions with its related parties which is at arm's length and hence not applicable.

On behalf of the Board of Directors,

**C.V. Sankar**  
Chairman

7th May 2015

## Annexure - II

[Pursuant to Section 134 of the Act and Rule 8 of the Companies (Accounts) Rules, 2014]

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

#### WATCHES AND ACCESSORIES

- New Stainless Steel Case manufacturing plant at Kallapalayam, Coimbatore commenced commercial production on 3rd March 2015. The new plant will focus on producing high quality cases for the premium segment. The first phase of investment is ₹ 75 crores. The plant will reach production of 1 million units in the next three years. Salient features of the new plant includes plant design and layout based on lean and green principles, state-of-the-art multi axis CNC machines for tool manufacturing and machining from European OEMs, high speed knuckle joint presses from AIDA, Japan, heat treatment equipment from Indian experts and curing equipment from US. The unit has also created a captive polishing vendor setup in Coimbatore capable of producing rich "look and finish" on the cases.
- State-of-the-Art facility created to manufacture premium 18 Karat solid gold watches for NEBULA Brand with an investment of ₹ 4.5 crores. The facility has 5 axis high speed CNC milling machine from Agie, Swiss and CNC turning machine from Takisawa, Japan. These machines are capable of making complex contours using 0.1 mm cutters and generate profiles for jewelry artworks on cases & bracelets. This plant has addressed the challenges and established the process of making 18 Karat rose gold watches in bulk production.
- Titan EDGE currently has two hands function. Titan R&D has come out with another three distinctive functions namely slim 3 hands, slim 3 hands + date and slim 2 hands + date. The new movement has been thoroughly tested and new collection in EDGE will be available in the market during 2015-16.

#### JEWELLERY

The Jewellery Division has affiliated with a number of external agencies and research institutes to bring new technologies into jewellery manufacturing. These technologies are aimed at providing the Division with new capabilities and improve the

operational efficiencies.

The Division has invested ₹ 8.5 crores in upgrading the gold refining infrastructure with state-of-the-art equipment. With an installed capacity of 45 tonnes / year, the gold loss has come down by more than 80% in the process.

Furthermore, an investment of about ₹ 1 crore in CNC technology has enabled the creation of a new line of CNC based precision jewellery from the Division.

The Division has been recognised as a Research Institution for its efforts by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India and is eligible to avail customs / central excise duty exemption under the scheme. The Division has spent to the tune of ₹ 5 crores each as capital and revenue expenditure in R&D.

The Division has invested about ₹ 20 crores in automation like reduction of stone play, devesting, bagging, etc. and upgradation of machinery with latest technology in areas of casting, polishing and finishing operations in jewellery manufacturing. These investments are expected to improve the efficiency of processes and improve the quality of output.

#### EYEWEAR

Nano-cleaning method has been adopted in this year. This technology enables the cleaning of lenses without holding it physically. By this process the scratch related rejection of lenses during manufacturing has been reduced to 0.2%. In one more significant step, Lens Lab has successfully adopted new soft tools of longer life for lens polishing process. By doing this ₹ 26 lakhs will be saved over a year. One automatic job – ticket folding machine has been introduced in shop floor this year resulting in improved operational alignment. There are several other cost saving initiatives undertaken in Lens Lab which contributed ₹ 1.9 crores in cost savings.

New Product Development: In 2014-15, the most significant product developed and launched was the ozone coating of lenses. Ozone coating is capable of filtering out harmful UV and blue color of the visible spectrum coming out from most of the electronic devices and gadgets like, lap top, I-Pad, smart phones etc. The blue-violet light is responsible for age related muscular degeneration (AMD) in human eyes. Ozone coating helps prevents AMD. One more significant new product has been

developed in 2014-15. That was high curvatures prescription sunglasses for both single vision and progressive ranges. Like last year, Lens Lab will continuously focus on developing new products and processes in the coming years too.

### PRECISION COMPONENTS & SUB-ASSEMBLY (PECSA)

The spark plug high voltage (7000 KV) testing was developed indigenously after understanding the process. Braid wire welding process has been absorbed and executed in-house for the product - high current filter. Heat stacking technology developed in-house for joining plastic parts with PCB instead of importing.

The Division developed products like high speed chassis, grease valves and riveting head, wireless IO module. Some of the other developments include:

- High speed chassis – New product development
- Grease valve, Riveting head - import substitution
- Wireless IO module – New product development

There was no instance of technology importation during the last 3 years.

### CONSERVATION OF ENERGY & FUEL WATCHES AND ACCESSORIES

The Company has successfully implemented various energy and fuel conservation projects with internal expertise and association with external agencies with state-of-the-art equipment and technology in the areas of lighting, vacuum system, air-conditioning and process water cooling / evaporation systems at its watch manufacturing facility. During 2014-15, these conservation initiatives has resulted in power & fuel cost saving of ₹ 150 lakhs which includes energy conservation of 0.87 million units and fuel conservation of 22 KL. Other initiatives were:

- In line with the vision of becoming “Carbon Neutral”, the Company is continually sourcing part of its energy consumption at watch manufacturing facility through renewable energy resources – Wind Mills. During 2014-15, 6.6 million units of energy has been sourced from our joint venture wind farms with Green Infra Wind Power Theni Limited (formerly known as TVS Energy Limited - 4.6 million units) and Green Infra Wind Power Projects Limited (2.0 million units) which has resulted in cost savings of ₹ 175.0 lakhs and reduced the carbon emission to an extent of 5,450 tonnes.

- The Company has invested in LED lighting projects at the Hosur watch manufacturing facility to meet general lighting requirements, considering the phenomenal energy conservation potential to the extent of 60%. During 2014-15, an investment of ₹ 12 lakhs has been made on this project for replacement of 1000 light fittings with LED. This initiative can support energy conservation of 60,000 units/ year and cost savings of ₹ 5.50 lakhs/year.
- To harvest solar power, the Company has installed the roof top solar system with a capacity of 216 KW during May 2014 and an investment of ₹ 125 lakhs for an annual generation capacity of 3.0 lakhs units. During 2014-15, 2.78 lakhs units of energy has been generated from this project which has resulted in a cost savings of ₹ 24.85 lakhs.
- Dedicated Power Feeder System - The Company has installed a “Dedicated Power Feeder System” to its watch manufacturing plant in Hosur to ensure 100% uninterrupted power supply to the manufacturing operations. Dedicated Power Feeder System also gives the opportunity to enhance the wind power sourcing from a level of 50 % of our annual consumption to 80% during 2015-16. The Company has also signed a new Wind Power Purchase agreement with M/s Green Infra Wind Generation Limited for the procurement of additional 4.0 million units for a period of 10 years from May 2015. This initiative is expected to deliver a cost savings of ₹ 125 lakhs per year and reduction of carbon emission to an extent of 3,280 tons per year.

### JEWELLERY

The Jewellery Division has taken conscious steps towards using environmentally sustainable technology in its manufacturing processes and facilities.

The Division has installed 100KW roof-top solar PV cells with an investment of ₹ 69.57 lakhs and contributes to savings of ₹ 10.50 lakhs (1,50,000 KWH) in energy cost.

The installation of screw-type Kaesar Compressors at an investment of ₹ 13.5 lakhs accounts to an annual saving of ₹ 2 lakhs (21,600kWh) in energy costs.

The newly built refining facility is equipped with comfort cooling system at an investment of ₹ 14 lakhs returning a saving of ₹ 5.37 lakhs (76,800KWH) in annual energy costs.

The newly constructed administrative building, with an area of 14,000 sq. ft is equipped with LED lighting completely and provides a 50% saving in energy consumption compared to equivalent CFL lighting systems. Also, plans are in place to convert the entire lighting to LED in the 40,000 sq. ft. production shop floor.

### EYEWEAR

Many initiatives towards energy conservation have been undertaken by the team in the Lens Lab during 2014-15. The most significant development is to optimize the compressed airline in a manner that at any point of time only one air-compressor supplies the air to all pneumatically controlled machineries as against two air-compressors used earlier. By this optimization process about 1,55,520 KWH has been conserved in the whole year. Similarly, Lens Lab has saved another 1,51,200 KWH after effective utilization and optimization of AC chillers of air handling unit (AHU). Another 9,000 KWH has been saved by improving the power factor to 96% of incoming KEB supply. Last, but not the least, some 2,040 KWH have been saved by isolating quality-neutral unwanted equipment load from the diesel generators in the absence of KEB power supply. All these initiatives were undertaken without any separate capital expenditure throughout the year. Towards utilizing alternate source of energy in the near future, some initiatives towards adapting solar lighting will be undertaken. The snapshot of energy consumption in Lens Lab during 2014-15 is given as below:

Total KEB energy consumed = 11.13 lakhs units @ ₹ 6.00/- per unit

Total Diesel consumption = 18,000 litres @ ₹ 51/- per litre

Total lens production = 5,13,929 pieces. Therefore energy consumption per lens = ₹ 14.78/- which is almost 22% less than earlier year.

### EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in lakhs)

	Year ended 31.3.2015	Year ended 31.3.2014
(a) Capital	168	17
(b) Recurring	1,572	529
(c) Total	1,740	546
(d) Total R & D expenditure as percentage of turnover	0.15%	0.05%

### FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned ₹ 358.99 crores in foreign exchange and spent ₹ 533.71 crores (including ₹ 41.52 crores in capital imports).

On behalf of the Board of Directors,

**C.V. Sankar**  
Chairman

7th May 2015

## Annexure - III

[Pursuant to Section 135 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Policy Rules, 2014]

## ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Titan Company Limited has always believed in serving and improving the quality of life of the people it touches. Titan has successfully re-written the rules of the game in these industries in India – the ways in which these products are manufactured, sold and serviced and in the ways in which its workers and customers have been treated.

Titan will leverage the skills and competencies financial and people resources as well as the infrastructure and relationships of the Company in order to excel at and maximise social impact.

Apart from having a significant geographical focus in the states of Tamil Nadu, Uttarakhand and Karnataka, Titan will also dispassionately look at other geographies as and when such a need arises keeping in mind its CSR policy framework for reach and support.

Titan's CSR policy and strategy and a broad gist of programs can be accessed through our website [www.titanworld.com](http://www.titanworld.com)

2. The composition of the CSR committee

The composition of the Board CSR committee at Titan is

1. Chairperson: Mrs. Ireena Vittal – Chairperson & Independent Director
2. Member: Ms. Vinita Bali – Independent Director
3. Member: Prof. Das Narayandas – Independent Director
4. Member: Mr. T.K. Arun – Director
5. Member: Mr. Bhaskar Bhat – Managing Director

3. Average net profit of the company for the last three financial years

Sl. No	Particulars	₹ lakhs	₹ lakhs
A.	Profits of the Company as per Companies (Corporate Social Responsibility) Rules, 2014		
	F.Y. 2011-12	85,156.43	
	F.Y. 2012-13	102,094.08	
	F.Y. 2013-14	103,179.50	
			290,430.00
B.	Average profits of last three years		96,810.00
C.	Amount to be spent on CSR @ 2% (Sec 135(5)) - (2% on B)		1,936.20

4. Prescribed CSR Expenditure (two percent of the amount as in item 3C above)

Amount to be spent on CSR - ₹ 19.36 crores.

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year 2014-15 – ₹ 19.36 crores.

(b) Amount unspent, if any - ₹ 7.04 crores.

(c) Manner in which the amount spent during the financial year is detailed below.

The table at the end of the report highlights the key areas of spends during the year 2014-15.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

The Board CSR committee met 4 times during the year, and deliberated on various choices and also the broad policy and strategy that should be adopted by the Company as part of its CSR.

The Board of Directors also appreciated and has taken note of the fact that CSR is in the DNA of the Organization, in the manner it has embraced the community in all its operations. Be it the transformation of the lives of the underprivileged women through creation of self-help groups, or in the manner it transformed the lives of the Karigars who create our Jewellery, and therefore set path breaking changes in the Jewellery industry, all of these have been manifest in our business operations. Apart from investing in this, the Company has also over a decade invested in creating skills through its BTC (Basic Training Centre for apprentices) and JPMW (Jewellery and Precious Metal Worker) schemes for the underprivileged. All the above have now been integrated into our business operations of the company.

The Company's volunteering program has been successfully operating in many locations over the years. Volunteers are engaged to carry out some of our CSR projects or sometimes involve in local causes as part of responsible citizenship. On an average the Company clocks in around 4500 man-hours of volunteering each year.

The Company has carefully charted out its spend on projects and programs that are both short and long term, and through piloting initiatives before embarking on a long term program. The spends during the year 2014-

15 have been close to 2/3rd of the budgets earmarked and represents a threefold increase from the previous year spends of around ₹ 4.0 crores.

We have carried forward the unutilized amounts into the coming year, and will be piloting projects in newer areas as per our policy spends even as we scale up those programs that have seen considerable progress and impact. The Company will continue to invest in programs that have been implemented over the years, while at the same time realign with its stated policy and objectives over a period of time.

While we have defined primary metrics of impact, we will over the coming years work on understanding the social impact of our CSR investments in the areas we choose.

- 7. The CSR committee of Titan Company hereby declares that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the company.

7th May 2015

**Bhaskar Bhat**                      **Ireena Vittal**  
 Managing Director                      Chairperson  
 Board CSR Committee

**ANNEXURE TO CSR REPORT 2014-15**

1	2		3	4	5	6	7	8		
Sl No	CSR Project or activity identified		Sector in which the Project is covered (Schedule VII - Ref:)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken (Broad areas given)	Amount outlay (Total Budget) (₹ Cr)	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overheads: (Total Overheads captured in last row) (₹ Cr)	Cumulative expenditure upto the reporting period (₹ Cr)	Amount spent: Direct or through implementing agency (key NGO partners given)	Amt Spent directly (₹ Cr)	Amt Spent through implementing Agency/ partners (₹ Cr)
	2a Program	2b Key projects								
1	Education / Girl Child support	Titan Kanya - Girl child education Titan Scholarship program Tribal children education in Mysore and education support to children in Yadgir, others	I, II	Kanya - Mainly in Uttarakhand & Krishnagiri, some in Delhi, Hyderabad, West Bengal, Mumbai & Chennai Tribal children: Mysore & Yadgir Scholarship : Krishnagiri and Dehradun	-	3.76	3.76	Scholarship program directly by the company. Kanya and other education programs : KC Mahindra Trust, IIMPACT, SVYM, Kalike	0.77	2.99
2	Skill Development	Adoption of ITI Skilling the underprivileged and others	II, III	ITI : Salem Skill Development : Chennai, Uttarakhand	-	0.96	0.96	ITI : Directly Skill development : SGBS Trust, ILFS	0	0.96
3	Support To Arts, Crafts and Culture	Revival of Porgai artisans craft ,support to theatre, s upport to promoting , Arts & Crafts	V	Porgai : Dharmapuri Theatre and arts in Karnataka	-	0.89	0.89	Porgai Artisan Trust & Tribal health initiative India Foundation for Arts	0	0.89
4	Responsible citizenship	Rehabilitation and support to Natural calamities, Uttarakhand and J&K Incubation projects through IIT Chennai Support to Cancer treatment facility upgradation Eye care - for the rural adults and children Support to local causes and volunteering	I, II, III, IV, IX	Uttarakhand and J&K - for natural calamity support IIT Chennai for CSR Project Tata Medical Centre - Kolkata Eye care in Karnataka, TN and Uttarakhand	-	5.06	5.06	Himmottan Trust, IIT Chennai, Shankara Netralaya, Drishti , Nirmal Eye care, Tata Medical centre Many others through local volunteering efforts	0	5.06
5	Overheads	Pertaining to CSR personnel, Volunteering for all CSR projects, including training corporate allocated overheads.	All sectors covered above	Across all locations	-	1.65	1.65	Includes all projects	1.65	0
<b>Total</b>					<b>19.36</b>	<b>12.32</b>	<b>12.32</b>		<b>2.42</b>	<b>9.90</b>



## CORPORATE SOCIAL RESPONSIBILITY POLICY AND STRATEGY

### Introduction

Titan Company Limited (the "Company" or "Titan"), incorporated in 1984 as a joint venture of the Tata Group and TIDCO, engaged in the manufacturing and sale of watches, jewellery, precision engineering components, eyewear and accessories has always believed in serving the Community and improving the quality of living of the people it touched. Titan has successfully re-written the rules of the game in these industries in India – the manner in which these products are manufactured, sold and serviced and in the ways in which its workers and customers have been treated.

### Corporate Sustainability

At Titan Company we aim to treat the Corporate Sustainability function (that covers CSR, Climate Change and Affirmative Action) as an intrinsic and essential part of being in business. The function will therefore draw inspiration from the Company's vision:

**"We create elevating experiences for the people we touch and significantly impact the world we work in"**

Titan will leverage the skills and competencies, financial and people resources as well as the infrastructure and relationships of the Company in order to excel and maximize societal impact. This will ensure that Corporate Social Responsibility (CSR) will benefit from the business activity of the Company even as it serves the communities that interface with such business activity.

**Accordingly, the CSR focus at Titan will be driven by broad themes such as upliftment of the underprivileged girl child, skill development and support for Indian Arts, Crafts and Indian Heritage.**

The Company shall work towards responsible citizenship by continuing present initiatives, supporting local and national causes and taking up others as and when required even as it works towards scaling up on the larger chosen themes.

In all its efforts, Titan will seek to actively engage and integrate wherever appropriate the requirements of Affirmative action and other State and Central Government initiatives from time to time.

### Geographical focus

Apart from having a significant geographical focus in the states of Tamil Nadu, Uttarakhand and Karnataka, Titan would also dispassionately look into other geographies as and when such a need arises keeping in mind its CSR policy framework for reach and support.

### Aligning to Companies Act

The CSR policy of the Company is aligned to the following guidelines

- The requirements of Clause 135 of the companies Act 2013 and the corresponding Rules
- Schedule VII of the Companies Act

### Spends

Titan Company will spend at least 2% of its average net profits of the previous three financial years for its CSR activities that shall not include investment in any projects considered as business as usual related activities.

Any surplus arising out of CSR projects or programs or activities shall not form a part of the business profits of the company.

### Implementing mechanism

Titan will implement its CSR initiatives through a combination of its own in-house teams/volunteering, partnering with Non-Governmental Organisations (NGOs) and institutes of repute and other partner organisations who have competencies in the field under consideration. The Corporate Sustainability Group will be driving CSR initiatives through one or many of these mechanisms.

### Monitoring mechanism

Each of the CSR projects and programs will have clearly defined output, progress of which will be reviewed and reported on a quarterly basis or as per schedules defined under various projects as appropriate by the Corporate Sustainability team.

### General

Due diligence and IT support of a very high order is being put in place to drive these initiatives. All the projects are expected to undergo performance monitoring through well laid out processes.

The table below gives an indicative list of projects and programs that are derived from the CSR policy and strategy and would spread over a three to five year period.

<b>Indicative List of Programs *</b>						
<b>CSR Programs</b>	<b>SI No</b>	<b>CSR Projects</b>	<b>Ref to Schedule VII</b>	<b>Implementation Mode</b>	<b>Schedule **</b>	<b>Remarks</b>
Focus on the Girl Child through Education and other Interventions	1	Titan Kanya –Education to drop out Children/Govt Schools , Titan Scholarship, School Adoption	II	NGO/Inhouse Team for Scholarship	Ongoing	Scholarships for Boys and Girls continue
	2	Health and Hygiene, including Toilet Construction in Girls Schools	I	NGO /And Partners	Q2/Q3	
	3	Employability Skill Development-Vocational Training for Kanya Girls	II	NGO / Partners	Q3	
	4	Education Support for Tribal Children / Teacher Training	II,III	NGO/Partners	Ongoing	Tribal School Boys and Girls , Teacher Education
Employability Skill Development	1	Skill Development – Retail Focus	II	NGO / Partners	Ongoing	
	2	Skill Development Pilot for Long Term in Select Areas – School of Excellence	II	NGOs / Partners	Q1-Q4	Pilot this year
Celebrating Indian Arts/Crafts and Indian Heritage	1	Create an Excellence Recognition Program that Would Support Communities in the space of arts and crafts	V	Through Partners	Q4	
	2	Adoption of 2-3 Communities in the space of crafts as Pilot for Holistic Development	V	NGOs / Partners	Q2-Q4	
	3	Explore and Pilot with two Culture/Heritage Projects	V	NGOs / Partners Inhouse Where Practical And Feasible	Q1,Q4	1 Project Ongoing
Responsible Citizenship*	1	Happy Eyes – Eye Care Uttarakhand Rehabilitation other local causes as and when required	I-X1	NGOs And Partners	Ongoing	
* Ongoing Programs Will Continue And Align With The Overall Policy And Strategy Over A Period Of Time. Some Of Them Include Iti Adoption, Civic Awareness For Students Etc						
** The duration of some of the projects may be more than a year depending on the strategic nature						

## Annexure - IV

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i)	CIN:	L74999TZ1984PLC001456
ii)	Registration Date	26.07.1984
iii)	Name of the Company	TITAN COMPANY LIMITED
iv)	Category / Sub Category of the Company	Public Company /Limited by shares
v)	Address of the Registered office and contact details	3, SIPCOT Industrial Complex, Hosur- 635 126, Tamil Nadu, India. Tel- 4344-664199 Fax-4344-276037 ; e-mail: corpcomm@titan.co.in
vi)	Whether listed company (Yes / No)	Yes. Listed on BSE and National Stock Exchange of India Limited
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	T S R Darashaw Ltd, 6-10, Haji Moosa Patrawala Industrial Estate,20, Dr. E Moses Road, Mahalaxmi, Mumbai- 400 011, Maharashtra, India. Tel- 22 6656 8484 Fax-22 6656 8494 Email id: csg-unit@tsrdarashaw.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY -

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
i)	Watches	2652	16.12
ii)	Jewellery	3211	79.14
iii)	Others		4.74
<b>TOTAL</b>			<b>100.00</b>

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i)	Titan TimeProducts Limited L-15, Verna Electronic City, Verna, Salcete, Goa 403 722	U33301GA1991PLC001148	Subsidiary	100%	2(87)
ii)	Favre Leuba AG, Zug, Switzerland, C/o TATA AG. Gotthardstrasse, 3, CH-6300, Zug, Switzerland	Foreign Company	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
iii)	Titan Engineering and Automation Limited 3, SIPCOT Industrial Complex, Hosur- 635 126, Tamil Nadu, India.	U33111TZ2015PLC021232	Subsidiary	100%	2(87)
iv)	Green Infra Wind Power Theni Limited No. 29, Haddows Road, Chennai – Tamil Nadu, India.	U40105DL2011PLC274929	Associate Company	26.79%	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt or State Govt(s)	247,476,720	-	247,476,720	27.88	247,476,720	-	247,476,720	27.88	-
c) Bodies Corp.	223,531,200	-	223,531,200	25.18	223,531,200	-	223,531,200	25.18	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>471,007,920</b>	<b>-</b>	<b>471,007,920</b>	<b>53.06</b>	<b>471,007,920</b>	<b>-</b>	<b>471,007,920</b>	<b>53.06</b>	<b>-</b>
<b>(2) Foreign</b>									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other....	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>471,007,920</b>	<b>-</b>	<b>471,007,920</b>	<b>53.06</b>	<b>471,007,920</b>	<b>-</b>	<b>471,007,920</b>	<b>53.06</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	13,782,407	45,200	13,827,607	1.56	18,544,407	45,200	18,589,607	2.09	0.53
b) Banks / FI	612,519	30,180	642,699	0.07	317,081	29,180	346,261	0.04	-0.03
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	6,978,046	-	6,978,046	0.78	9,188,139	-	9,188,139	1.03	0.25
g) FIs	192,496,938	30,000	192,526,938	21.69	180,107,461	30,000	180,137,461	20.29	-1.40
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify) Foreign Portfolio Investment Corptn	-	-	-	-	11,169,812	-	11,169,812	1.26	1.26
<b>Sub-total (B)(1)</b>	<b>213,869,910</b>	<b>105,380</b>	<b>213,975,290</b>	<b>24.10</b>	<b>219,326,900</b>	<b>104,380</b>	<b>219,431,280</b>	<b>24.71</b>	<b>0.61</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	11,692,751	86,620	11,779,371	1.33	9,748,821	86,620	9,835,441	1.11	-0.22
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	75,012,738	22,720,350	97,733,088	11.01	72,061,902	21,342,737	93,404,639	10.52	-0.49
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	91,332,514	1,579,400	92,911,914	10.46	92,713,944	1,027,200	93,741,144	10.56	0.10
c) Others (specify) i) trust	369,577	-	369,577	0.04	356,736	-	356,736	0.04	0.00
ii)OCB	9,000	-	9,000	0.00	9,000	-	9,000	0.00	0.00
<b>Sub-Total(B)(2)</b>	<b>178,416,580</b>	<b>24,386,370</b>	<b>202,802,950</b>	<b>22.84</b>	<b>174,890,403</b>	<b>22,456,557</b>	<b>197,346,960</b>	<b>22.23</b>	<b>-0.61</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>392,286,490</b>	<b>24,491,750</b>	<b>416,778,240</b>	<b>46.94</b>	<b>394,217,303</b>	<b>22,560,937</b>	<b>416,778,240</b>	<b>46.94</b>	<b>-</b>
C. Shares held by									
Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>863,294,410</b>	<b>24,491,750</b>	<b>887,786,160</b>	<b>100.00</b>	<b>865,225,223</b>	<b>22,560,937</b>	<b>887,786,160</b>	<b>100.00</b>	<b>-</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Shareholding at the end of the year 31.03.2015			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Tamilnadu Industrial Development Corporation Limited	247,476,720	27.88	-	247,476,720	27.88	-	
2	Tata Sons Limited	135,125,411	15.22	-	135,125,411	15.22	-	
3	Tata Steel Limited	-	-	-	38,775,840	4.37	4.37	
4	Tata Investment Corporation Limited	17,225,640	1.94	-	17,225,640	1.94	-	
5	Tata Chemicals Limited	13,826,180	1.56	-	13,826,180	1.56	-	
6	Tata Global Beverages Limited	9,248,060	1.04	-	9,248,060	1.04	-	
7	Ewart Investments Limited	4,964,480	0.56	-	4,964,480	0.56	-	
8	Tata International Limited	2,559,589	0.29	0.29	2,559,589	0.29	-	
9	Piem Hotels Limited	1,806,000	0.20	-	1,806,000	0.20	-	
10	Kalimati Investment Company Limited	38,775,840	4.37	0.00	0	-	-4.37	
		<b>471,007,920</b>	<b>53.06</b>	<b>0.29</b>	<b>471,007,920</b>	<b>53.06</b>	<b>-</b>	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No	Shareholding at the beginning of the year 01.04.2014	Cumulative Shareholding during the year 31.03.2015	
		No. of shares	% of total shares of the company
<b>1</b>	<b>KALIMATI INVESTMENT COMPANY LIMITED</b>		
	At the beginning of the year	38,775,840	4.37
	Decrease in Promoters Share holding during the year by way of transfer (6th June 2014)	-38,775,840	-4.37
	At the End of the year	-	-
<b>2</b>	<b>TATA STEEL LTD</b>		
	At the beginning of the year	-	-
	Increase in Promoters Share holding during the year by way of transfer (6th June 2014)	38,775,840	4.37
	At the End of the year	38,775,840	4.37

(iv) Shareholding Pattern of top ten Shareholders:

(other than Directors, Promoters and holders of GDRs and ADRs):

Sl. No	Name	No of shares as on 31.03.2014	No of shares as on 31.03.2015	Net Changes	% to Capital
1	Mr. Jhunjhunwala Rakesh Radheshyam	61,673,145	50,248,697	-11,424,448	1.2
2	Matthews Pacific Tiger Fund	27,327,339	27,457,503	130,164	0.01
3	Dendana Investments (Mauritius) Limited	19,526,000	19,526,000	0	0.00
4	Ms. Rekha Jhunjhunwala	18,241,575	17,291,575	-950,000	-0.11
5	Copthall Mauritius Investment Limited	14,335,510	13,601,390	-734,120	-0.08
6	National Westminster Bank Plc As Depository Of First State Asia Pacific Leaders Fund A Sub Fund Of First State Investments Icv	13,723,301	15,276,170	1,552,869	0.17
7	Old Westbury Large Cap Strategies Fund	6,715,000	6,395,000	-320,000	-0.04
8	Uti-Mahila Unit Scheme	3,416,239	5,932,983	2,516,744	0.28
9	Franklin Templeton Investment Funds	2,648,008	5,719,626	3,071,618	0.35
10	Matthews India Fund	2,063,820	8,435,467	6,371,647	0.72

## (v) Shareholding of Directors and Key Managerial Personnel:

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Mr. N N Tata (Director)</b>				
	At the beginning of the year	46,900	0.0052	46,900	0.0052
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc):	0	0	0	0
	At the End of the year	46,900	0.0052	46,900	0.0052
<b>2</b>	<b>Mr. T K Balaji (Director)</b>				
	At the beginning of the year	561,000	0.0631	561,000	0.0631
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc):	0	0	0	0
	At the End of the year	561,000	0.0631	561,000	0.0631
<b>3</b>	<b>Mr. Bhaskar Bhat (Managing Director)</b>				
	At the beginning of the year	80,960	0.0091	80,960	0.0091
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity, etc):	0	0	0	0
	At the End of the year	80,960	0.0091	80,960	0.0091
<b>4</b>	<b>Mr. A.R.Rajaram (Company Secretary)</b>				
	At the beginning of the year	1650	0.0001	1650	0.0001
	Decrease in Shareholding during the year:	1250	0.0001	1250	0.0001
	At the End of the year	400	0.0000	400	0.0000

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	60,627	20,000	130,609	211,236
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	167	-	167
<b>Total (i+ii+iii)</b>	<b>60,627</b>	<b>20,167</b>	<b>130,609</b>	<b>211,403</b>
Change in Indebtedness during the financial year	-	-	-	-
· Addition	-	-	51,149	51,149
· Reduction	50,648	20,167	174,565	245,380
Net Change	-50,648	-20,167	-123,416	-194,231
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	9,979	-	7,193	17,172
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>9,979</b>	<b>-</b>	<b>7,193</b>	<b>17,172</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr. Bhaskar Bhat
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	181
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	0
2	Stock Option	
3	Sweat Equity	
4	Commission	260
	- as % of profit	
	- others, specify	
5	Others, please specify	
	<b>Total (A)</b>	<b>452</b>
	Ceiling as per the Act	5444



## B. Remuneration to other Directors:

(₹)

Sl. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Total Amount
<b>1</b>	<b>Independent Directors</b>			
	Mr. T.K. Balaji	1,27,500	19,51,600	20,79,100
	Dr.C.G. Krishnadas Nair	2,92,500	51,45,200	54,37,700
	Ms. Vinita Bali	1,70,000	36,93,500	38,63,500
	Mrs. Hema Ravichandar	2,10,000	36,93,500	39,03,500
	Prof. Das Narayandas	90,000	17,74,200	18,64,200
	Mrs. Ireena Vittal	2,32,500	44,35,500	46,68,000
	<b>Total (1)</b>	<b>11,22,500</b>	<b>2,06,93,500</b>	<b>2,18,16,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>			
	Mr. C.V. Sankar	80,000	32,41,900	33,21,900
	Mr. T.K. Arun	2,77,500	58,54,900	61,32,400
	Mr. N.N. Tata	47,500	8,87,100	9,34,600
	Mr. Ishaat Hussain	2,95,000	66,12,900	69,07,900
	Mr. Hans Raj Verma	60,000	7,09,700	7,69,700
	<b>Total (2)</b>	<b>7,60,000</b>	<b>1,73,06,500</b>	<b>1,80,66,500</b>
	<b>Total Managerial Remuneration</b>	<b>18,82,500</b>	<b>3,80,00,000</b>	<b>3,98,82,500</b>
	Overall Ceiling as per the Act (in lakhs)			1089

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in lakhs.)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	46	93	139
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3	7	10
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others, Allowances	21	72	93
	<b>Total</b>	<b>70</b>	<b>172</b>	<b>242</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2015.

## Annexure - V

## Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st March 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Titan Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Titan Company Limited., (hereinafter called the 'Company') Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Other laws applicable to the Company namely:
  1. Factories Act, 1948 & the Central Rules or Concerned State Rules, made thereunder
  2. Boilers Act, 1923 & Rules made thereunder
  3. Indian Electricity Act, 1956 & its Central Rules / Concerned State Rules, made thereunder
  4. Indian Explosives Act, 1884
  5. Gas Cylinder Rules, 1981 (Under Indian Explosives Act)
  6. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (Under Indian Explosives Act)
  7. Environment (Protection) Act, 1986
  8. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ Concerned State Rules.
  9. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ Concerned State Rules

10. Hazardous Wastes (Management and Handling) Rules, 1989
11. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
12. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ Concerned State Rules.
13. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.
14. The Employees' State Insurance Act, 1948 & its Central Rules/ Concerned State Rules.
15. The Minimum Wages Act, 1948 & its Central Rules/ Concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade.
16. The Payment of Wages Act, 1936 & its Central Rules/ Concerned State Rules if any.
17. The Payment of Bonus Act, 1965 & its Central Rules/ Concerned State Rules if any.
18. The Payment of Gratuity Act & its Central Rules/ Concerned State Rules if any.
19. The Maternity Benefit Act, 1961 & its Rules.
20. The Equal Remuneration Act, 1976.
21. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.
22. The Apprentices Act, 1961 & its Rules.
23. Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
24. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
25. The Legal Metrology Act, 2009 & Legal Metrology (Packed Commodities) Rules 2011
26. The Workmen's Compensation Act, 1923
27. The Industrial Dispute Act, 1947
28. The Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958
29. The Tamil Nadu Labour Welfare Fund Act, 1972
30. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
31. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India, is not Applicable as the same is not notified during the year under review.
- ii. The Listing Agreements entered into by the Company with National Stock Exchange and the Mumbai Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Board duly recorded and signed by Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has approved the de-merger of its PED Division to its wholly owned subsidiary and that the Company is in the process of getting approvals from SEBI, Members and Hon'ble High Court in accordance with law. There is no other specific events/actions in pursuance of the above referred laws, rules, regulations guidelines etc., having a major bearing on the Company's Affairs.

For HBP & Co  
Company Secretaries

**Pramod S M**  
Partner

FCS 7834 / CP No. 13784

Place: Bangalore,  
Date: 7th May, 2015

## 'Annexure A'

To,  
The Members,  
Titan Company Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on my audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For HBP & Co  
Company Secretaries

**Pramod S M**  
Partner  
FCS 7834 / CP No. 13784

Place: Bangalore,  
Date: 7th May, 2015

## Management Discussion and Analysis

### THE ECONOMY

Despite a better economic outlook, the year gone by witnessed lukewarm demand improvement as consumer sentiment did not exactly pick up the way it was expected to. The market saw significant disruption by E-commerce players trying to build their share in each category. Regulation of gold imports, funding and sales transactions severely affected the industry despite some marginal roll back. Unemployment, especially of youth continues to affect both demand for youth products and general sentiment amongst families where they are significant wage earners.

GDP growth is expected to increase to 6.3% (as per old CSO workings) in the current fiscal 2015-16 from an estimated GDP growth in 2014-15 of 5.5%. Consumer Price Inflation is falling steadily and is averaging around the 6% mark. RBI reduced rates reflecting its confidence on controlled inflation. Raw material prices have been declining internationally, across most commodities and sectors. This will also put downward pressure on future inflation levels and also shield the Rupee from extreme volatility on account of lower oil prices and hence the Current Account Deficit. Overall Indian consumer confidence has already risen to 125+ levels (Nielsen Survey of Consumer Confidence Index), which is the highest amongst all countries worldwide. This is significantly higher than last year, however lower than the peak Indian consumer confidence levels achieved a decade ago, when the economy was growing at nearly 9%.

Growing aspirations and positive sentiment of consumers going forward, basis strong government and good macro-economic

indicators such as low inflation and stable rupee are expected to drive discretionary spends up. A large untapped opportunity has emerged in middle India towns (tier 3 & 4) where consumer aspirations are comparable to tier 1 & 2 towns, but access is restricted. This is now being further tapped by the rapid rise in E & M-commerce, fuelled by smart phone penetration.

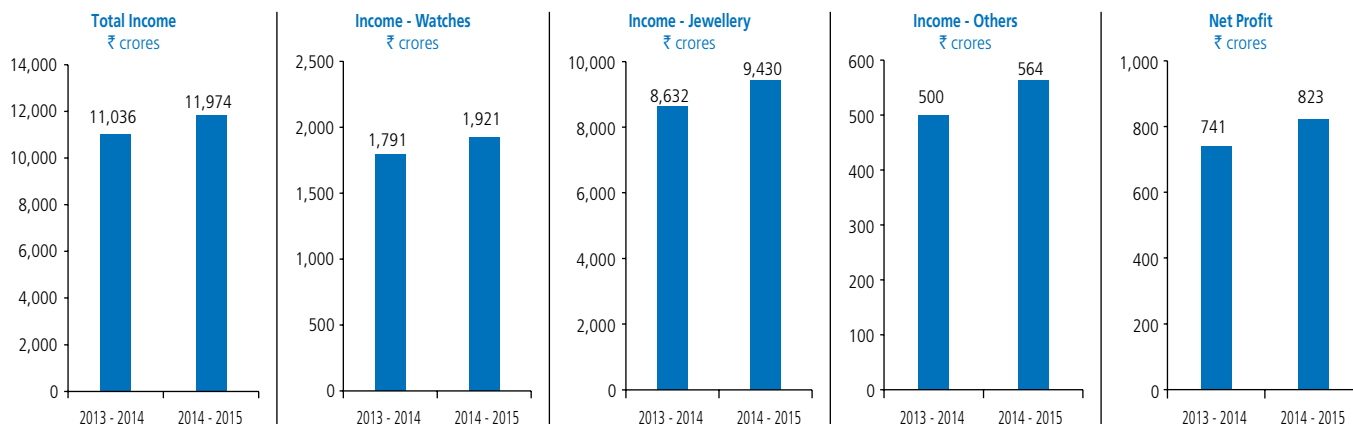
Growing economic independence and rise of working women segment is leading to greater demand for our brands like Tanishq and Raga. Youth segment is large and their aspirations are growing rapidly as well, hence with Fastrack and Sonata Superfibre, the Company is well placed to tap this opportunity. Rising fashion quotient and expressive lifestyles amongst the middle and upper-middle class segments is also a favourable factor for the Company's products and brands.

E-commerce has grown substantially last year backed by an almost endless amount of foreign capital. The Company is seeing this both as an opportunity for its brands to tap a new channel and a potential disruption to the exclusive brick and mortar retail stores.

### WATCHES & ACCESSORIES DIVISION

#### Overview

The Watches and Accessories Division turned in a reasonably good performance despite a challenging environment. The economy remained sluggish, consumer sentiment was weak, the retail environment remained one where deep discounts were doled out to attract consumers and watches as a category lacked consumer appeal compared to categories like apparel, mobile phones, laptops, etc. In such a scenario, Titan and its portfolio of brands, maintained its market share in the organized watch market recording an overall value growth of 6%.



## The year 2014-15

In such a challenging environment, the Division chose to invest in and strengthen its brands, bring out a slew of new products and significantly enhance its market presence in terms of look and feel.

Titan products have once again taken center stage and have been widely acclaimed by consumers, business associates and all other stake holders. New collections introduced during the year such as the Raga Garden of Eden collection, the Titan Regalia Armour collection, the Titan Ceramics collection and Sonata's Sona Sitara collection were all runaway successes.

In terms of advertising and communication, the Division made significant investments in sharpening the brand proposition of each of its brands and targeting its consumers in a more focused manner.

Competitor brands like Fossil, Casio, most Swiss brands and all the fashion brands continued to expand their retail presence but the main challenge for Titan remains the fight for 'share of wallet' with other consumer durables. The 'smart watch', introduced by many of the telecom giants, has in many ways rekindled interest in the watch category. Technology products will play an important role in the category in the years ahead.

The emergence of E-commerce as a significant channel manifested itself strongly during the year. E-commerce has in many ways changed shopping behavior where many consumers now research and select products on e-commerce sites and then go to stores where they compare prices before buying. Deep discounting by many players in this space has not only changed buying behavior but is repositioning the watch category vis-à-vis other categories.

To enhance on-ground presence, the World of Titan chain, the exclusive brand outlet channel of the Company, commenced renovations. During the year, over 40 stores have been renovated and have taken on the new retail identity. With this, a total of 151 stores now carry the new retail identity. As far as the Multi Brand Outlets (MBOs) are concerned, the new look Shop-in-Shops, were invested in and given to 120 outlets during the year. With this, a total of 250 MBOs now have the new look Shop-in-Shops.

The Division continued to expand its retail foot-print taking its total count of World of Titan's to 419, Fastrack stores to 161 and multi-brand Helios stores to 42. The Company has the largest retail and distribution network for watches and accessories in

India. Today, its watches are available in over 9,000 multi-brand dealer outlets across 2,500 towns. Besides this, the Company has around 750 service centres which provide reliable and timely after-sales service.

A number of initiatives were put in place during the year to address costs. The sales force which has been consolidated under a central sales organization now leverages all the brands to keep trade pay-outs at acceptable levels. A new consolidated Terms of Trade for Multi Brand Outlets has been put in place and certain retail outlets across World of Titan, Helios and Fastrack stores were closed down. Distributor consolidation was initiated and completed across the country to get better economies of scale.

The Division's Design Studio is one of its kind in the country and is largely responsible for the beautiful products and collections that are rolled out. Product design remains at the core of the Watch Division's strategy and is the pillar on which the Company's brands have been built. During the year, a stream of stunning new products across all the Company's brands were rolled out, both at the high end and at the low end, to offer every segment of consumers a wide variety of choice. The Skeletal Edge watch won the coveted Red Dot award for design for the second year in succession as well as the Good Design Award.

In manufacturing, the focus on automation continued with a view to increase productivity. The new manufacturing plant set up in Coimbatore to manufacture high-end stainless steel cases has commenced commercial production and will largely benefit the import substitution efforts of the Division. To leverage movement manufacturing the Division now manufactures and exports components to Swiss Quartz movement manufacturers.

On the international front, despite several political and economic challenges in many of the key markets, the watches business did relatively well showing good overall value growth. This was mainly due to the relentless focus on modernizing retail presence and driving initiatives to make the Titan brands more interesting and appealing. Titan is present in 32 countries and the focus remains on establishing a good distribution network before investing for larger growth in the medium term. The Company continues its strong presence in Vietnam, Singapore, Malaysia and Thailand in the Far East, Saudi Arabia, UAE, Qatar, and Oman in the Middle East, and Bangladesh, Sri Lanka and Nepal closer to India.

Favre Leuba, the heritage Swiss brand that the Company acquired in 2011-12, is being actively worked on and the brand positioning exercise and product designs are at an advanced stage

of completion. The acquisition dovetails with the Company's growth agenda in India's growing premium and luxury watch market.

The Fragrance business launched in the previous year had its first full year of operations. During the year, the products saw wide acceptance. Channels of distribution have been effectively set up and Skinn is today available in 800 MBOs apart from World of Titan outlets and departmental stores.

Titan's strategic partnership with Tata Ceramics Limited to market its products in India has progressed well. Due to focused marketing and improved customer service, the business grew handsomely during the year.

The Management believes that the Watches and Accessories Division with its portfolio of brands and businesses is much stronger today as a result of its initiatives in the current year and made it 'future ready' for a five year plan that it views with optimism.

## Opportunities, threats and risks

While Titan dominates the watch market in India, competition in the form of international watch and fashion brands, the need to make even larger investments to capture share of voice and wallet, limited head-room for growth, a consumer increasingly looking for offers and discounts, and a depreciating rupee, are threats that the watch business is constantly dealing with.

Middle India, with ever increasing access to the internet, television and mobile telephone, is emerging as a big growth opportunity for marketing and selling watches. The women's segment and youth segment are large opportunities for growth. The emergence of E-commerce retailers and the increasing propensity to buy online has already made this channel a focus area for the Company.

The launch of the smart watch by Apple and other global technology majors could lead to a convergence of watches and wearable wrist devices. While we are evaluating impact this may have on watches especially as fashion and lifestyle devices, we have entered into partnership with a few technology majors to add greater functionality to our products relevant to Indian consumers.

## JEWELLERY DIVISION

### Industry Structure and Developments

The Jewellery Division has been conducting consumer sentiment studies every quarter for nearly 2 years. There has been a gradual

improvement in the mood of the public in the 8 cities where the survey is done. If we were to sum up the mood in December 2013, it was one of Caution. It improved to Cautious Optimism in July 2014 and to Optimism in December 2014. Much of this is attributable to the arrival of the new government and the impact that the public expects the government to deliver. This is a positive development for a discretionary category like ours.

## Opportunities and Threats

In the same vein, over the next 5 years, we expect some of the earlier social effects of a booming economy to come back and act as tailwind. Large scale migration of young, modern families across cities and the breaking down of their connections with their local jewelers; reducing importance of "squirreling away for the future" and increasing consumption of products of desire; changing role of jewellery from "savings to adornment"; explosion in the numbers of career working women, their spends on various objects of grooming and the rightful share of jewellery in that exponential increase in romance and commitment and the opportunity for solitaire diamond products.

If we combine all these, along with the under-exploited wedding market, the opportunities for the Jewellery Division's brands are exceptional in the 10-year horizon. While the branded competition has significantly increased in the last couple of years, each jewellery chain is also creating a unique space for itself and a big part of their growth is coming from migration of customers from the unorganized sector. Also, with some recent big-ticket initiatives, our brands have strengthened their value proposition and are in a much better position to build for the future.

The combination of strong brands backed by the Tata trust, capabilities across Design/Merchandising/Brandbuilding/Retail/Manufacturing/Outsourcing/Bullion areas, an exceptional network, capable and committed franchisees and vendor partners and the best employee talent pool by far, our operations will be very difficult to beat.

## Risks and Concerns

The biggest impediment to our growth and fortunes has actually been from government policies. Since 2013, many interventions have come, stayed or have gone back, leaving behind a weakened business and operating model.

- In Q1 2013, the 80:20 rule for gold imports was introduced along with the abolition of Gold-on-lease. Gold supply became an issue and we also had to resort to working capital financing after many years. In Q1 of



2015, both these policies were reversed, bringing back the advantages.

- The customs duty on gold was increased all the way up to 10% in Q2 of FY14. This had since created a huge arbitrage effect for smuggling to thrive under and creating significant imbalances in the domestic price of gold. There have been many days in FY15, where our gold rate was 5-6% higher than the market, putting pressure on us to reduce. The situation has improved somewhat but the circumstances remain for it to regress.
- The Department of Company Affairs decision to regulate jewellery purchase schemes was the next big policy change that hit us badly in FY15 and will continue to have an effect at least till end FY16. We had to short close our schemes in Q2 and it was by end Q3 that our new scheme was finally in place. Even then, the 25% net worth cap still restricts this business and its growth over time.
- The new government initiatives to contain black money and the introduction of the PAN card rule for all transactions from ₹ 1 lakh to 5 lakhs (it is already a law for above ₹ 5 lakhs) is the latest and most significant impediment in our path. We have made multiple representations to the Finance Minister and his colleagues on the lack of relevance of this for our industry (much of our sales comes from savings of women and exchange of old jewellery, neither of which is really black money) as well as the unfairness of the law (law-abiding entities like us will be significantly affected while the flouters will continue to thrive, in the absence of any serious enforcement). We are hoping for some relief on this.

## EYEWEAR DIVISION

### Industry Structure and Developments

The eyewear industry in India, as per estimates, has grown at a CAGR of 16% over the last five years. In 2014-15, there was a slow-down in the category. The network expansion of national players was not as aggressive as in the past while some regional players continued to expand. Due to the slow-down, many brands were running promotions for a considerable period in the year.

Key developments during the year 2014-15 are:

- Despite the slowdown in sentiments, Titan Eyeplus grew at a healthy rate of 24% over the previous year. This was

backed by one of its best years of network expansion where the number of exclusive stores grew from 285 to 358. The brand is now present in 128 towns across the country.

- To strengthen the style positioning of the brand, "Enigma" a collection of frames specially designed for Indian women was launched. For the men, "Adreno" a sports collection was introduced. Both these collections received an encouraging response.
- A new advertising campaign targeting women was launched based on insights that women largely tend to avoid wearing spectacles when they want to look their best.
- The Titan Ozone lens was launched for consumers exposed to multiple screens including computers, to prevent eye strain and fatigue.
- In Sunglasses, Fastrack sunglasses touched a volume of 1 million for the year.
- New selling aids through use of software was successfully tested out in stores.
- The training of store staff using new media & technologies has given encouraging results.
- "Make Hearts Beat", an initiative to delight and retain customers of Titan Eyeplus received national and international acclaim for its customer centricity.

### Integrated Supply Chain and Manufacturing

The lens manufacturing facility developed a new coating to help customers delay the onset of age related muscular degeneration by cutting out harmful blue rays. The product has been received well in the market. The manufacturing facility also set new benchmarks in first time acceptance. The ISCM function embarked upon an innovation programme "I-Create" aimed at orbit shifting improvements in the area of cost, alignment, quality and responsiveness.

### Risks and Concerns

Most of the top opticians have upgraded their stores to attract premium customers. Most regional players have started using multiple media vehicles to advertise and attract customers. The advertising blitz by international lens players has helped in upgrading customers to branded lenses. The shift from glass lenses to plastic lenses has also been quite fast across the

country. In frames too, there has been a shift towards buying well-known brands. The category also witnessed entry of serious e-commerce players. The advertising investments in the eyewear category have tripled in the last 5 years.

## PRECISION ENGINEERING DIVISION

### Industry Structure and Developments

The precision engineering business comprised the following businesses:

**Precision Engineering Component and Sub-Assemblies (PECSA):** PECSA caters to the specialised requirements of the aerospace, defence, oil and gas and engineering sectors. It supplies parts to leading tier-I aerospace & defence companies through long-term contracts. PECSA is becoming a default choice of large multi-national companies in the Aerospace and Defence sector for precision components & assemblies. The business enjoys nearly 750 customer qualified parts that strengthens the future prospects. Moreover a number of companies, global market leaders in the aerospace industry have grown their business with the Division and are looking at strengthening the relationship. UTC group is the largest customer for PECSA in the Aerospace segment. On the defence programs, with the Make in India push by the government and the purchase of the Rafale aircraft this Division expects to see a revival of offset activity.

**Machine Building and Automation (MBA):** MBA caters to the assembly line automation needs of automotive, electrical and medical industries. Around 10 customers were acquired during the year totalling around 75 customers. Global installations foot print keeps increasing for its ability to meet international standards. The Division entered the manufacture of assembly lines for medical devices with a potential for repeat orders. A rising demand for automation will strengthen revenues.

### Opportunities and Threats

#### Automation Business

MNC customers' enquiry level is significantly high compared to last year in automotive component segment. Having reputation as a quality machine supplier, few customers invited for global bidding for supplying machines. The euro currency parity is so low which is eroding the competitive edge on cost for exporting machines to Europe. Also the imported machines from Europe are less expensive than last year. Imports from China are getting costlier and there is a perceptible shift to manufacturing in India.

#### Aerospace

There is good scope for growth in all our current aerospace customers especially the UTC group as their outsourcing spend is on the rise and are looking to increase content significantly in low cost countries. Offset opportunities post the decision to purchase Rafale aircraft from France is likely to increase.

### Risks and concerns

#### Automation Business

The business is largely depending on some of the major projects by customers. The delay in finalization would cause serious impacts on revenue for particular year or quarter. Competition from MNC machine builders is seen active in the market. Our service support around the globe is limiting us from expanding further. As a first step, we have planned to have our sales and service office in China.

#### Aerospace

The orders from existing customers may witness a decline.

### Subsidiarisation

Over the last 10 years, Precision Engineering Division has built substantial design and engineering capability while growing the business profitably. The Precision Engineering Division expects to grow significantly as this is a global business with large B to B opportunity. However, this business is capital intensive and strategic associations which can facilitate technology development may be necessary for business development. With this objective in mind, the Company has now created a 100% subsidiary company called Titan Engineering and Automation Limited (TEAL). After capitalising this subsidiary adequately, the Precision Engineering Division's assets and business are proposed to be transferred to this wholly owned subsidiary. Additional capital for this company will be raised when needed through appropriate funding.

### Risks, threats and concerns

Specific risks pertaining to the Division are denoted below:

The Company has been facing talent attrition, particularly on the design side. These issues have been addressed by attracting young Graduate Engineering Trainees (GET) and diploma engineers and uses its "grow your own timber" strategy to retain key multinational Tier-I customers in the aerospace, Defence, oil & gas and other specialised sectors.

The entry of MNC automation companies to India is visible. The Automation business unit has already been working on technologically advanced systems to face the competition.

US Dollar parity variation would influence the profitability of the business of PECSA. The focus point for this business would be to improve productivity significantly.

### Company-wide Outlook for FY 2015-16

While the opportunities and risks faced by each business is highlighted above overall as Titan Company looks ahead with cautious optimism, in its consumer business, the Company has over three decades endeavoured to transform unorganised sectors of industry be it in Watches, Jewellery or Eyewear. However, non-compliance of the law of the land by other players in the industries and government's (Central & State) inability to deal with such non-compliance swiftly and effectively has only made the playing field more uneven. In the present circumstance, therefore the Company can only pursue advocacy and continuous customer education to achieve higher than present rate of growth. In the Precision Engineering business however, the Company's competence has been sufficiently recognised by global customers and we expect to enhance to grow aggressively in this business.

### HUMAN RESOURCES

The Company had 7558 employees on rolls and about 6473 contract at the end of the year 2014-15. We recruited 774 new employees, with a net addition of 124 employees during the year. Of the total head count of 7558, 3632 employees were engaged in factories, 3385 in retail, sales and marketing and 541 in support functions. The Company also had an attrition of 650 employees which resulted in an attrition rate of 8.3%.

The year also saw 372 employees in Titan completing 20 and 25 years of long service in the company. In addition, we continued to recognize our employees through mechanisms such as Moment of Fame with the Outstanding Titanian and Dream Team (OTDT) awards being the high point of the year.

Our approach towards remuneration continued to ensure that our employees and their families enjoy a respectable standard of living. We derive inputs for employee remuneration from individual, team and company performance as well as internal and external parity.

The Human Resources function reinforced Titan's longstanding

commitment towards the well-being and development of its employees through the revamp and launch of several people processes such as talent management, performance and potential appraisals, learning and development initiatives for employees at every level and leadership development efforts. In the area of learning & development the special focus has been on building customer orientation and sales capability in our retail and sales teams. HR has also worked with IT to improve employee experience through the launch of cloud based people process platforms that leverage technology to improve process effectiveness in both Employee Self Services as well as Manager Self Services.

The Management continued to enjoy cordial industrial relations with the Titan Employees Union, resulting in motivation, efficiency and productivity. The long term wage settlement with the Employee Forum of the Roorkee unit for the period April 1, 2015 – March 31, 2019 was concluded amicably. Our employees have continued to participate enthusiastically in various programs such as small group activities, cross functional teams, safety forums and volunteering efforts. A notable achievement this year was Titan receiving the National Award for the Empowerment of Persons with Disabilities - 2014 from the Government of India.

During the year, Titan's Corporate Office shifted to a new location at Yamalur in Bangalore. This is an interim arrangement till we move to our new Corporate Office at Electronic City.

### INTEGRATED RETAIL SERVICES GROUP

The Integrated Retail Services Group was responsible for a considerable network expansion during 2014-15, setting up a total of 123 stores (1,42,349sq. ft). The network as on 31st March 2015 was as follows:

	No. of stores	Area (in sq. ft)
World of Titan	430	4,16,806
Fastrack	143	89,679
Helios	42	53,475
Tanishq	174	7,15,644
Goldplus	33	80,850
Zoya	2	9,346
Eye+	366	2,26,803
Service Centres	693	59,333

During 2015-16, the Company has augmented plans to add 105 stores in Watches and Accessories, 33 stores in Jewellery and 81 stores in Eyewear and closed 7 Helios stores in FY 2014-15.

## SEGMENT-WISE PERFORMANCE

Segment Results				(₹ in lakhs)
	Year Ended 31-3-2015 (Audited)	Year Ended 31-3-2014 (Audited)	Year Ended 31-3-2013 (Audited)	
Net sales / Income from segments				
Watches	1,92,104	1,79,079	1,67,587	
Jewellery	9,42,997	8,63,203	8,10,799	
Others	56,431	49,979	41,403	
Corporate (Unallocated)	5,847	11,337	1,555	
<b>Total</b>	<b>11,97,379</b>	<b>1,103,598</b>	<b>10,21,344</b>	
Profit / (Loss) from segments before finance costs and taxes and after share of profit/ (losses) of associate				
Watches	20,648	18,892	20,185	
Jewellery	94,419	85,352	89,085	
Others	1	379	(313)	
<b>Total</b>	<b>1,15,068</b>	<b>1,04,623</b>	<b>1,08,957</b>	
Less : Finance Costs	8,066	8,711	5,064	
Unallocable expenditure net of unallocable income	1,413	(5,681)	3,266	
<b>Profit before taxes</b>	<b>105,589</b>	<b>1,01,593</b>	<b>1,00,627</b>	
Capital Employed				
Watches	67,093	58,156	67,056	
Jewellery	192,107	1,64,665	96,750	
Others	26,959	21,425	16,903	
Corporate (Unallocated)	31,054	87,841	15,578	
<b>Total</b>	<b>317,213</b>	<b>332,087</b>	<b>1,96,287</b>	

### How the Company fared

The Company achieved 9% growth in sales turnover; profit before tax increased 4% while profit after tax grew 11% over the previous year. Some of the key financial indicators comprise:

	2014-15	2013-14	2012-13	2011-12	2010-11
Sales to Net fixed assets (No. of times)	16.17	17.41	20.82	22.79	21.92
Sales to Debtors (No. of times)	63.71	72.06	62.31	55.00	57.80
Sales to Inventory (No. of times)	2.95	2.83	2.78	3.12	3.30
Retained Earnings - Rupees in crores	568.05	559.09	514.97	380.13	301.00
% of Net profit for the year	69.0%	75.4%	71.0%	63.3%	69.9%
Return on Capital Employed (EBIT)	33.1%	37.9%	55.9%	62.0%	58.5%
Return on Net worth	29.3%	33.0%	42.5%	48.5%	49.2%

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed

or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which it operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

## CORPORATE GOVERNANCE REPORT

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors. The Company has complied with the applicable requirements of Clause 49 of the Listing Agreement.

### MANDATORY REQUIREMENTS

#### CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance at Titan Company Limited is based on the philosophy of a business enterprise being a Corporate Citizen of the nation in which it operates. The Company strives to maximize satisfaction to its primary stakeholders, i.e. its customers, its employees, its business associates, the communities it significantly operates in and its shareholders. The Company believes in not merely following the laws of the land in letter and spirit but also in some cases going beyond mere compliances and thereby holding out as a beacon to other companies. The

vision of the Company: *"To create elevating experiences for the people we touch and significantly impact the world we work in"* underpins the Corporate Governance philosophy. The Company realizes that it must disseminate information pertaining to its affairs so that all stakeholders may gain a true understanding of its activities and aspirations. The Company aims at attainment of the highest levels of transparency, accountability and equity in its operations, thus leading to best standards of Corporate Governance. It is the Company's belief that good ethics needs good business sense and our business practices are in keeping with this spirit by following the Tata Code of Conduct thereby maintaining high ethical standards. The Company is a signatory to Global Compact, which has social dimensions to the functioning of the corporate entity within the ecosystem.

### BOARD OF DIRECTORS

Titan Company Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on 31st March 2015, the Company had 10 Directors, comprising 9 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31st March 2015 is as follows:

Category	Name of the Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. C. V. Sankar Mr. T. K. Arun	2
Nominee Directors of Tata Group (Non-Executive, Non-Independent)	Mr. N. N. Tata	1
(Executive, Non-Independent)	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T. K. Balaji Dr. C. G. Krishnadas Nair Ms. Vinita Bali Mrs. Hema Ravichandar Prof. Das Narayandas Mrs. Ireena Vittal	6
<b>Total</b>		<b>10</b>

Mr. Hans Raj Verma resigned from the Board effective 16th June 2014 and Mr. Ishaat Hussain resigned from the Board effective 20th March 2015.

During the year, the Company had a Non-Executive Chairman, nominees of the Promoters and fifty percent of the total strength of the Board of Directors was independent.

The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review.

The Board of Directors met six times during the Financial Year 2014-15. Board meetings were held on 6th May, 1st August, 23rd September & 30th October in 2014 and on 27th January & 17th, 18th March upto 31st March 2015.

The information as required in terms of Clause 49 of the listing agreement is being regularly placed before the Board. The Board also reviews the declaration made by the Managing Director and executives of the Company regarding compliance with all laws applicable to the Company on a quarterly basis.

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at 31st March 2015 are as indicated below:

Name of Director	No. of Board meetings attended out of 6 meetings of the Board of Directors	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
			As Chairman	As Director	As Chairman	As Member
Mr. Hans Raj Verma <sup>1</sup>	1	NA	NA	NA	NA	NA
Mr. Bhaskar Bhat	6	Yes	1	5	-	3
Mr. N. N. Tata	2	Yes	4	5	1	2
Mr. Ishaat Hussain <sup>2</sup>	6	Yes	NA	NA	NA	NA
Mr. T. K. Balaji	3	Yes	3	7	1	3
Dr. C. G. Krishnadas Nair	6	Yes	1	5	4	4
Ms. Vinita Bali	4	Yes	-	4	-	1
Mrs. Hema Ravichandar	5	Yes	-	3	-	2
Prof. Das Narayandas	3	Yes	-	1	-	-
Mr. T. K. Arun	6	Yes	-	10	1	9
Mrs. Ireena Vittal	5	Yes	-	8	1	6
Mr. C. V. Sankar <sup>3</sup>	3	Yes	6	8	-	2

<sup>1</sup> Mr. Hans Raj Verma, nominee of TIDCO resigned on 16th June 2014.

<sup>2</sup> Mr. Ishaat Hussain, nominee Director of Tata Sons Limited, resigned on 20th March 2015.

<sup>3</sup> Mr. C.V. Sankar, nominee of TIDCO, was nominated as Director of the Company on 31st October 2013 and as Chairman of the Board effective 16th June 2014.

## CODE OF CONDUCT

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors and by definition to the Managing Director and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended 31st March 2015. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

## AUDIT COMMITTEE

The Audit Committee of the Board was constituted in 1999. The constitution of Audit Committee is in conformation with the

requirements of Section 177 of the Companies Act, 2013 and also as per the requirements of Clause 49 (III) (A) of the Listing Agreement.

## Powers of the Audit Committee

The Audit Committee shall have powers, which includes the following:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee are as under:

- As per the Companies Act, 2013 (“the Act”):
  - o “The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—
    - the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
    - review and monitor the auditor’s independence and performance, and effectiveness of audit process;
    - examination of the financial statement and the auditors’ report thereon;
    - approval or any subsequent modification of transactions of the company with related parties;
    - scrutiny of inter-corporate loans and investments;
    - valuation of undertakings or assets of the company, wherever it is necessary;
    - evaluation of internal financial controls and risk management systems;
    - monitoring the end use of funds raised through public offers and related matter.
  - o The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
  - o Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.
- As per Clause 49,
  - o “The role of the Audit Committee shall include the following:
    - 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;
    - Recommendation for appointment, remuneration and terms of appointment of auditors of the company; (as also provided in the Act)
    - Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
    - Reviewing, with the management, the annual financial statements and auditor’s report thereon (as also provided in the Act) before submission to the board for approval, with particular reference to:
      - Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
      - Changes, if any, in accounting policies and practices and reasons for the same
      - Major accounting entries involving estimates based on the exercise of judgment by management
      - Significant adjustments made in the financial statements arising out of audit findings
      - Compliance with listing and other legal requirements relating to financial statements
      - Disclosure of any related party transactions
      - Qualifications in the draft audit report
    - Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
    - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) (as also provided in the Act), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
    - Review and monitor the auditor’s independence and performance, and effectiveness of audit process; (as also provided in the Act)
    - Approval or any subsequent modification of transactions of the company with related parties; (as also provided in the Act)
    - Scrutiny of inter-corporate loans and investments; (as also provided in the Act)
    - Valuation of undertakings or assets of the company, wherever it is necessary; (as also provided in the Act)
    - Evaluation of internal financial controls and risk management systems; (as also provided in the Act)
    - Reviewing, with the management, performance

of statutory and internal auditors, adequacy of the internal control systems;

- Reviewing the adequacy of internal audit function, if any, 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 of 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 statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - 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;
  - To review the functioning of the Whistle Blower mechanism;
  - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- o The Audit Committee shall mandatorily review the following information:
- Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor.

- Additionally, the Audit Committee of the Board will also need to
  - o Oversee financial reporting controls and process for material subsidiaries.
  - o Oversee compliance with legal and regulatory requirements including the Tata Code of Conduct (“TCoC”) for the company and its material subsidiaries.

Dr. C.G. Krishnadas Nair, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 1st August 2014.

As at the year-end, the Audit Committee of the Board comprised of five members, four of them being Independent Directors. All members are financially literate and have relevant finance and / or audit exposure. Mr. T. K. Arun is General Manager (Finance) and Company Secretary of Tamilnadu Industrial Development Corporation Limited and has accounting and financial management expertise.

The Audit Committee met four times during the Financial Year 2014-15 on 5th May, 1st August, 30th October in 2014 and on 27th January up to 31st March 2015.

The quorum as required under Clause 49 (III) (B) was maintained at all the meetings.

The names of the Directors who are members of the Audit Committee and their attendance at Audit Committee meetings are given below:

Name of Director & Category	No. of Meetings attended out of four meetings
Dr. C. G. Krishnadas Nair, Chairman (Non-Executive) (Independent)	4
Mr. Ishaat Hussain (Non-Executive) (Non-Independent) <sup>1</sup>	4
Mr. T. K. Balaji (Non-Executive) (Independent)	1
Ms. Vinita Bali (Non-Executive) (Independent)	3
Mr. T.K. Arun (Non-Executive) (Non-Independent)	4
Mrs. Ireena Vittal (Non-Executive) (Independent)	4

<sup>1</sup> Mr. Ishaat Hussain, nominee Director of Tata Group, resigned on 20th March 2015.



The Managing Director, the Chief Financial Officer, the Chief Executive Officers of the Watches & Accessories, Jewellery, Prescription Eyewear, Precision Engineering, the Chief Human Resources Officer and the Head – Internal Auditor were present at meetings of the Audit Committee. Representatives of the Statutory Auditors, M/s. Deloitte Haskins & Sells and outsourced Internal Auditors, M/s. Ernst & Young are invited to the meetings of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

## OTHER COMMITTEES OF THE BOARD OF DIRECTORS

### a. Nomination and Remuneration Committee

The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board of Directors of Titan Company Limited (the “**Company**”) the selection and appointment or reappointment of Independent Directors (“**IDs**”) in the Board and its committees which shall include “*Formulation of the criteria for determining qualifications, positive attributes and independence of a director*”, devise a policy on Board diversity, recommend to the Board appointment of Key Managerial Personnel (“**KMP**” as defined by the Companies Act, 2013) and executive team members of the Company as defined by the Committee, support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors. Additionally, the Committee may also oversee the performance review process of the KMP and the executive team of the Company. Recommend to the Board the remuneration policy for directors, executive team/KMP as well as the rest of the employees, recommend to the Board the remuneration payable to directors and executive team/KMP of the Company on an annual basis, oversee familiarisation programmes for directors, oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team), provide guidelines for remuneration of directors on material subsidiaries, the Committee shall recommend to its Board how the company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies, endeavour to play a larger role to help the Company navigate the future to guide the

management in the areas of capability building, leadership development, succession planning and in general “future proofing” the Company from a leadership perspective, be the sounding board for the HR strategy of the Company and perform such other duties and responsibilities as may be consistent with the provisions of its charter.

The performance evaluation is based on financial performance, market performance etc., of the Company. The Nomination and Remuneration Committee also recommends the total remuneration payable to Non-Executive Directors and the criteria for payment amongst the Directors. The criteria for payment of Non-Executive Directors Commission for Financial Year 2014-15 is attendance at the meetings of the Board and the Committees thereof. The erstwhile Nomination committee has been merged with the Remuneration Committee and renamed Nomination and Remuneration Committee. The Remuneration Policy is annexed as **Annexure- A**.

The Committee met four times during the Financial Year 2014-15 on 6th May and 4th June in 2014 and on 7th January and 17th March in 2015.

The following Directors are the members of the Nomination and Remuneration Committee:

Name of Director & Category	No. of Meetings attended out of four meetings
Mrs. Hema Ravichandar (Chairperson) (Non-Executive) (Independent)	4
Mr. T K Balaji (Non-Executive) (Independent)	2
Mr. Hans Raj Verma (Non-Executive) (Non-Independent) <sup>1</sup>	2
Mr. Ishaat Hussain (Non-Executive) (Non-Independent) <sup>2</sup>	4
Mr. C V Sankar (Non-Executive) (Non-Independent) <sup>3</sup>	1
Dr. C G Krishnadas Nair (Non-Executive) (Independent)	2
Mr. N N Tata (Non-Executive) (Non-Independent)	-

<sup>1</sup> Mr. Hans Raj Verma, nominee of TIDCO resigned on 16th June 2014.

<sup>2</sup> Mr. Ishaat Hussain, nominee Director of Tata Group, resigned on 20th March 2015.

<sup>3</sup> Mr. C.V. Sankar, nominee of TIDCO, was nominated as Chairman of the Board in place of Mr. Hans Raj Verma, nominee of TIDCO who resigned on 16th June 2014.

#### **b. Stakeholders' Relationship Committee**

Section 178(5) of the Companies Act, 2013 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders' Relationship Committee. The Company has complied with this provision and the Stakeholders' Relationship Committee carries the mandate as was decided upon in the erstwhile Shareholders' Grievance Committee. Further, the Company has merged the erstwhile Share Transfer Committee with the Stakeholders' Relationship Committee. The terms of reference of the Committee are to review statutory compliance relating to all security holders, consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/notices/balance sheet, oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund, oversee and review all matters related to the transfer of securities of the company, approve issue of duplicate certificates of the company, review movements in shareholding and ownership structures of the company, ensure setting of proper controls and oversee performance of the Registrar and Share Transfer Agent, recommend measures for overall improvement of the quality of investor services and set forth policies relating to and oversee implementation of the Code of Conduct for prevention of Insider Trading. During the Financial Year 2014-15, a meeting of the Stakeholders Relationship Committee was held on 18th March 2015. The members of the Stakeholders Relationship Committee are as follows:

Dr. C.G. Krishnadas Nair (Chairman) (Non-Executive) (Independent)

Mr. T.K. Arun (Non-Executive) (Non-Independent)

Mr. Bhaskar Bhat (Executive) (Non-Independent)

The Compliance Officer is the Company Secretary, Mr. A R Rajaram under Listing Agreement.

#### **c. Committee of Directors**

The Board has constituted the Committee of Directors to approve routine and specific matters delegated by the Board.

The present constitution of the Committee of Directors is as follows:

Mr. Ishaat Hussain (Non-Executive) (Non-Independent) (up to 20th March 2015)

Mr. C. V. Sankar (Non-Executive) (Non-Independent) (from 16th June 2014)

Mr. T. K. Arun (Non-Executive) (Non-Independent)

Mr. Hans Raj Verma (Non-Executive) (Non-Independent) (upto 16th June 2014)

Mr. Bhaskar Bhat (Executive) (Non-Independent)

The business transacted by the Committee is placed before the Board at the next meeting, for noting.

#### **d. Ethics Committee**

The Ethics Committee reviews the compliance with the Tata Code of Conduct and the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

The composition of the Committee is as follows:

Dr. C.G. Krishnadas Nair (Chairman) (Non-Executive) (Independent)

Mrs. Hema Ravichandar (Non-Executive) (Independent)

Mr. T.K. Arun (Non-Executive) (Non-Independent)

Mr. Bhaskar Bhat (Executive) (Non-Independent)

During the year 2014-15, this Committee held meetings on 26th April, 31st July and 29th October in 2014 and on 16th January in 2015.

Mr. C. K. Venkataraman has been designated as Chief Ethics Counsellor of the Company. The Compliance Officer designated for compliance with SEBI Guidelines for Insider Trading, is Mr. S Subramaniam, Chief Financial Officer.

The Company has also adopted a Policy against Sexual Harassment and the same has been uploaded on the website of the Company.

#### **e. Corporate Social Responsibility Committee**

Section 135 of the Companies Act, 2013 prescribes that every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores

or more or a net profit of rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Company had set up the Corporate Social Responsibility Committee well before the Companies Act, 2013 came into force. The terms of reference of the Committee are to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company, recommend the amount of expenditure to be incurred on the activities referred to in clause above, monitor the Corporate Social Responsibility Policy of the Company from time to time, oversee the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen, oversee activities impacting the quality of life of various stakeholders and monitor the CSR policy and expenditure of the material subsidiaries.

The Committee had met on 8th July and 30th October in 2014 and on 17th February and 18th March in 2015.

The composition of the Committee is as follows:

Mrs. Ireena Vittal (Chairperson) (Non-Executive) (Independent)

Mr. T.K. Arun (Non-Executive) (Non-Independent)

Ms. Vinita Bali (Non-Executive) (Independent)

Prof. Das Narayandas (Non-Executive) (Independent)

Mr. Bhaskar Bhat (Executive) (Non-Independent)

#### **f. Risk Management Committee**

The Securities and Exchange Board of India (SEBI) vide its circular number CIR/CFD/POLICY CELL 2/2014 dated 17th April 2014 inserted a new requirement pertaining to constitution of Risk Management Committee to be effective from 1st October 2014. This requirement is applicable to top 100 companies by market capitalization. The terms of reference of the Risk Management Committee shall be to oversee the Company's risk management process and controls, setting strategic plans and objectives for risk management, risk philosophy and risk minimization, reviewing compliance with policies implemented by the Company, reviewing risk assessment of the Company annually, exercising oversight of various risks including credit, operational risks, market risk,

liquidity risk, investment risk, etc. and exercising oversight of the Company's risk tolerance, capital liquidity and funding.

Until such time the Company appoints a Chief Risk Officer / Head – Risk, the Chief Strategy Officer and the Chief Financial Officer shall assist the Committee and would be permanent invitees to the meetings of the Committee.

The Committee had met on 27th January and 18th March in 2015.

The Composition of the Committee is as follows:

Dr. C.G. Krishnadas Nair (Chairman) (Non-Executive) (Independent)

Mr. T. K. Balaji, (Non-Executive) (Independent)

Ms. Vinita Bali, (Non-Executive) (Independent)

Mrs. Ireena Vittal (Non-Executive) (Independent)

Mr. Ishaat Hussain (Non-Executive) (Non-Independent) (up to 20th March 2015)

Mr. T.K. Arun (Non-Executive) (Non-Independent)

#### **g. Strategy Committee**

The Company has constituted a Strategy Committee with a mandate to recommend to the Board on new business diversification proposals for Board's consideration and approval. This Committee was constituted on 6th May 2014 and has met on 31st July and 23rd September in 2014 and on 17th February in 2015.

The Composition of the Committee is as follows:

Prof. Das Narayandas (Non-Executive) (Independent)

Mrs. Ireena Vittal (Non-Executive) (Independent)

Mr. N.N. Tata (Non-Executive) (Non-Independent)

Mr. T.K. Arun (Non-Executive) (Non-Independent)

Mr. Bhaskar Bhat (Executive) (Non-Independent)

### **SUBSIDIARY COMPANIES**

The Company does not have any material non-listed Indian subsidiary company and hence, it is not mandatory to have an Independent Director of the Company on the Board of such subsidiary company. However, one independent director each has been nominated on Board of the two subsidiaries of the Company. The Audit Committee reviews the financial statements, particularly, the investments made by the Company's non-listed subsidiary companies. The minutes of the non-listed subsidiary

companies are placed before the Board for their attention and major transactions and decisions of the subsidiaries, such as inter-corporate loan / investments are effected with prior approval by the Board of Directors of the Company.

The financial statements of all the subsidiaries are placed before the Directors of the Company on a quarterly basis and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

## DISCLOSURES

- (a) **Related Party Transactions:** During the year under review, besides the transactions reported in Note 39 forming part of the financial statements for the year ended 31st March 2015 in the Annual Report, there were no other material related party transactions of the Company with its Promoters, Directors or the Management or their relatives and subsidiaries and associates. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information once in a year. Further there are no material individual transactions that are not in normal course of business or not on an arm's length basis.
- (b) **Disclosure of Accounting Treatment:** The Company follows Accounting specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 / the Companies Act, 1956 and has not adopted a treatment different from that prescribed in any Accounting Standard,.
- (c) **Disclosure by Senior Management:** Senior Management has made affirmations to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- (d) **CEO / CFO Certification:** The Managing Director (MD) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 (IX) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2015, which is annexed hereto.
- (e) **Details of Non-Compliance:** There have been no instances of non-compliance on any matter as regards the rules and regulations prescribed by the Stock Exchanges,

Securities and Exchange Board of India or any other statutory authority relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

- (f) **Whistle Blower Policy:** The Company has a whistle blower mechanism wherein the employees can approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosure reported are addressed in the manner and within the time frames prescribed in the policy. A mechanism is in place whereby any employee of the Company has access to the Chairman of the Audit Committee to report any concerns. Further, the said policy has been disseminated within the organisation and has also been posted on the Company's website.
- (g) **Share Transfer Compliance and Share Capital Reconciliation:** Pursuant to Clause 47(c) of the Listing Agreement with the 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. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a share capital audit on a quarterly basis for reconciliation of the share capital of the Company.
- (h) **Compliance of non-mandatory requirements:** The Company has fulfilled the following non- mandatory requirements as prescribed in Annexure XIII to the Clause 49 of the Listing Agreement entered into with the Stock Exchanges.
- The statutory financial statements of the Company are unqualified.
  - Mr. C.V. Sankar is the Chairman of the Company and Mr. Bhaskar Bhat is the Managing Director of the Company. The Company has complied with the

requirement of having separate persons to the post of Chairman and Managing Director.

- The Internal Auditors of the Company make presentations to the Audit Committee on their reports.

**(i) Risk Management:** The Risk Management of the Company is overseen by the Senior Management and the Board at various levels.

**Business / Strategic Risk:** The Board oversees the risks which are inherent in the businesses pursued by the Company. The oversight is through review/ approval of business plans, projects and approvals for business strategy/policy.

**Operational Risks:** These are being mitigated by internal policies and procedures which are updated from time to time to address reviewed risks.

**Financial Risks:** These risks are addressed on an on-going basis by Treasury, Insurance and Forex Policies and Bullion Risk Management team. Due oversight on financial risks is exercised by the Audit Committee in its meetings.

The Company is actively engaged in assessing and monitoring the risks of each of the businesses and overall for the Company as a whole. The top tier of risks for the Company is captured by the operating management after serious deliberations on the nature of the risk being a gross or a net risk and thereafter in a prioritized manner presented to the Board for their inputs on risk mitigation/ management efforts.

The Board engages in the Risk Management process and

has set out a review process so as to report to the Board the progress on the initiatives for the major risks of each of the businesses that the Company is into.

The Risk registers of each of the Businesses gets updated on an annual basis and is placed for due discussions at Board meetings and appropriateness of the mitigation measures to ensure that the risks remain relevant at any point in time and corresponding mitigation measures are optimized.

**(j) Disclosure on website:** The details of familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at <http://titan.co.in/Corporate/Board-of-Directors>.

The Policy on Related Party Transactions is posted on the website of the Company and can be accessed at <http://titan.co.in/hot-corp-governance>.

#### Compliance with Clause 5A of the Listing Agreement

Pursuant to Clause 5A of the Listing Agreement with the Stock Exchanges, for shares issued in physical form pursuant to a public issue, which remain unclaimed, the issuer Company has to comply with the following procedure:

- Send at least three reminders to the addresses given in the application form as well as the latest address available as per the Company's Registrars record asking for the correct particulars.
- If no response is received, the issuer Company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account"

The details of the number of shareholders and outstanding unclaimed shares for the period 1st April 2014 to 31st March 2015 is as provided below:

Particulars	No of shareholders	No of equity shares (Re 1 each)
Aggregate number of shareholders and outstanding unclaimed shares as at April 1, 2014	1,742	30,60,187
Shareholders to whom shares were dispatched from unclaimed shares during FY 2014-15	96	1,10,687
Aggregate number of shareholders and outstanding unclaimed shares as at March 31, 2015	1646	29,49,500

## REMUNERATION OF DIRECTORS MANAGING DIRECTOR

The Company has during the year paid remuneration to its Managing Director by way of salary, perquisites and commission within the limits approved by the Shareholders. The Board of Directors on the recommendation of the Nomination and Remuneration Committee approves the annual increment (effective April each year). Commission is calculated based on the

net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendation of the members of the Nomination and Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Sections 197 of the Companies Act, 2013. The specific amount payable to the Managing Director is based on performance criteria laid down by the Board, which broadly takes into account the profits earned by the Company for the related financial year.

Details of the remuneration to the Managing Director during 2014-15 are as under:

(in ₹)

Name	Salary	Perquisites & Allowances*	Commission**
Mr. Bhaskar Bhat, Managing Director	76,80,000	1,26,45,764	2,88,00,000

\* includes leave encashment ₹ 1,49,333 /- paid during the financial year.

\*\* based on the recommendations of the Nomination and Remuneration Committee of the Board and after taking into consideration the performance during the Financial Year 2014-15 which is payable in Financial Year 2015-16.

The perquisites indicated above exclude gratuity and leave benefits, as these are determined on an actuarial basis for the Company as a whole. Commission is the only component of remuneration, which is performance linked and the other components are fixed. The Nomination and Remuneration Committee also recommends to the Board of Directors increase in salary of the Managing Director based on results relating to the Company's financial performance, market performance and few other performance related parameters.

The broad terms of agreement of appointment of the Managing Director is as under:

Period of Agreement	: 5 years from 1st April 2012.
Salary	: up to a maximum of ₹ 10,00,000/- per month with authority to the Board to fix the salary within the maximum amount from time to time.
Perquisites	: As agreed to in the Appointment Agreement within the overall ceiling under the Act.
Commission	: As evaluated by the Board or the Board Nomination and Remuneration Committee subject to the overall ceiling under the Act.

Notice period : The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.

Severance Fees : Nil

There are no stock options issued to the Managing Director.

## NON-EXECUTIVE DIRECTORS

The remuneration paid to Non-Executive Directors for the year 2014-15 had been computed pursuant to Sections 197 and 198 of the Companies Act, 2013.

The Commission payable to Non-Executive Directors is as per the approval obtained from the shareholders at the Annual General Meeting held on 27th July 2010 and is within the limits specified under the Companies Act, 1956. The remuneration by way of Commission to the Non-Executive Directors is decided by the Board of Directors primarily based on attendance at the meetings of the Board and the Committees thereof.

During the Financial Year 2014-15, the Company has paid Sitting Fees to Non-Executive Directors detailed below and proposes to pay commission as shown below:

Name of Director	Commission*	Sitting Fees**
Mr. Hans Raj Verma	7,09,700	60,000
Mr. T.K. Arun	58,54,900	2,77,500
Mr. C.V. Sankar	32,41,900	80,000
Mr. Ishaat Hussain	66,12,900	2,95,000
Mr. N.N. Tata	8,87,100	47,500
Mr. T.K. Balaji	19,51,600	1,27,500
Dr. C.G. Krishnadas Nair	51,45,200	2,92,500
Ms. Vinita Bali	36,93,500	1,70,000
Mrs. Ireena Vittal	44,35,500	2,32,500
Mrs. Hema Ravichandar	36,93,500	2,10,000
Prof. Das Narayandas	17,74,200	90,000

\* Gross amount, subject to tax and payable in Financial Year 2015-16

\*\* Gross amount, excluding service tax, paid during Financial Year 2014-15

The Managing Director is not eligible to receive sitting fees as

(₹)

per the terms of appointment and the contract entered into with him. Sitting fees and Commission payable to the Directors, who are nominees of the co-promoters viz., TIDCO are being paid directly to TIDCO.

Details of shares of the Company held by Non-Executive Directors as on 31st March 2015 are as below:

Name of Director	Number of Shares
Mr. C. V. Sankar	NIL
Mr. Hans Raj Verma (upto 16th June 2014)	NIL
Mr. N. N. Tata	46,900
Mr. Ishaat Hussain (upto 20th March 2015)	14,060
Mr. T. K. Balaji	5,61,000
Dr. C. G. Krishnadas Nair	NIL
Ms. Vinita Bali	NIL
Ms. Hema Ravichandar	NIL
Prof. Das Narayandas	NIL
Mr. T. K. Arun	NIL
Mrs. Ireena Vittal	NIL

## MEANS OF COMMUNICATION

Whether half-yearly reports are sent to each household of shareholders?	No, the financial results are published in the Newspapers, as required under the Listing Agreements
Quarterly Results	-do-
Website, where results are displayed	The results are displayed on <a href="http://www.titan.co.in">www.titan.co.in</a>
Whether it also displays official news releases	Yes
Website for investor complaints	Pursuant to the amended listing agreements with the Stock Exchanges Clause 47(f) has been inserted for an exclusive e-mail ID for redressal of investor grievances. Accordingly, the Company has created an exclusive ID <a href="mailto:investor@titan.co.in">investor@titan.co.in</a> for this purpose. <b>SEBI Complaints Redress System (SCORES):</b> The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
Presentations to institutional investors or analysts	Presentations made during the year to institutional investors are displayed on <a href="http://www.titan.co.in">www.titan.co.in</a>
Newspapers in which results are normally published	The quarterly results were published in Business Standard and Dina Thanthi. The audited financial results for the year ended 31-March-2015 were published in Business Standard and Dina Thanthi.
Whether Management Discussion & Analysis is a part of the Annual Report	Yes

## PARTICULARS OF THE PAST THREE ANNUAL GENERAL MEETINGS

a) Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Time
2011-2012	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	31st July 2012	3:00 p.m.
2012-2013	-do-	1st August 2013	3:00 p.m.
2013-2014	-do-	1st August 2014	3:00 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2014-15.

c) A Postal Ballot was conducted during the financial year 2014-15.

A Postal Ballot, including E-Voting was conducted during the Financial Year 2014-15 pursuant to section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 for obtaining approval of the shareholders for the following:

i) Special Resolution under section 13 of the Companies Act, 2013 for alteration of incidental objects in the Memorandum of Association of the Company to permit acceptance of deposits.

ii) Special Resolution under section 14 of the Companies Act, 2013 for alteration in the Articles of Association of the Company to permit acceptance of deposits.

iii) Special Resolution under section 73(2) of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 for Acceptance of Deposits from Members.

iv) Special Resolution under section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 for Acceptance of Deposits from Public.

The Postal Ballot, including E-Voting was conducted by the Registrar and Share Transfer Agents of the Company, TSR Darashaw Ltd under the overall supervision of the Company Secretary and Mr. K.T. Vijayakrishna, Company Secretaries in whole-time practice, the scrutinizer appointed by the Company.

The details of voting pattern are as below:

i) Special Resolution under section 13 of the Companies Act, 2013 for alteration of incidental objects in the Memorandum of Association of the Company to permit acceptance of deposits

	Postal Ballot and e-Voting	%
Votes in favour	55,91,81,023	90.25
Votes against	6,03,99,848	9.75
Total valid votes	61,95,80,871	100.00

ii) Special Resolution under section 14 of the Companies Act, 2013 for Alteration in the Articles of Association of the Company to permit Acceptance of Deposits.

	Postal Ballot and e-Voting	%
Votes in favour	55,91,79,610	90.25
Votes against	6,04,02,436	9.75
Total valid votes	61,95,82,046	100.00

iii) Special Resolution under section 73(2) of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 for Acceptance of Deposits from Members.

	Postal Ballot and e-Voting	%
Votes in favour	55,91,90,279	90.25
Votes against	6,03,96,424	9.75
Total valid votes	61,95,86,703	100.00

iv) Special Resolution under section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 for Acceptance of Deposits from Public.

	Postal Ballot and e-Voting	%
Votes in favour	55,91,77,140	90.25
Votes against	6,04,04,630	9.75
Total valid votes	61,95,81,770	100.00



The votes cast in favour of the above stated Resolutions have exceeded 90% of the total valid votes received in each case and consequently, the four resolutions mentioned in the Notice dated 1st August 2014 had been passed with the requisite majority. The results of the Postal Ballot were put up in the notice board of the Company at the Registered Office at Hosur, informed to the Stock Exchanges where the Company's shares were listed and put up on the website of the Company.

#### **Procedure for Postal Ballot:**

In compliance with Clause 35B of the Listing Agreement and Section 108,110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company provides electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its Members. The Members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appear on register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is sent to Members in electronic form to the e-mail addresses registered with their depository participant (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their vote by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorised officer. The results are also displayed on the website of the Company, [www.titan.co.in](http://www.titan.co.in) besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

#### **d) Special Resolutions passed in previous three Annual General Meetings:**

At the Annual General Meeting held on 1st August 2014, a Special Resolutions was passed: to increase the limit of FII's holding up to 35% which was passed unanimously.

At the Annual General Meeting held on 1st August 2013, a Special Resolution was passed: for the re-appointment of Statutory Auditors, Deloitte Haskins & Sells for financial year 2013-14, which was passed unanimously.

At the Annual General Meeting held on 31st July 2012, a Special Resolution was passed: for the re-appointment of Statutory Auditors, Deloitte Haskins & Sells for financial year 2012-13, which was passed unanimously.

## **GENERAL SHAREHOLDER INFORMATION**

AGM: Date, time and venue	Friday, 31st July 2015, 3:00 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	1st April 2014 to 31st March 2015
Directors seeking appointment / re-appointment	As required under Clause 49(VIII)(E), particulars of Directors seeking appointment / re-appointment are given in the annexure to the Notice of the Annual General Meeting to be held on 31st July 2015
Book Closure Date	21st July 2015 to 31st July 2015 (both days inclusive)
Dividend payment date	On or after 31st July 2015 (within the statutory time limit of 30 days) subject to shareholders' approval at the Annual General Meeting

Financial Calendar Period (tentative) - Quarter ending 30th Jun 2015 - Quarter ending 30th Sep 2015 - Quarter ending 31st Dec 2015 - Quarter ending 31st Mar 2016	Board Meeting to approve quarterly financial results - 31st July 2015 - on or before 7th November 2015 - on or before 7th February 2016 - on or before 31st May 2016
Registered Office	3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Listing of Equity Shares on Stock Exchanges	BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai
Listing fees	Listing fees as prescribed have been paid to the above stock exchanges up to 31st March 2016.
Share Registrar and Transfer Agents	<b>TSR Darashaw Limited</b> 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr E Moses Road, Mahalaxmi, Mumbai - 400 011 E-mail: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a> Tel No: 022-66568484 Fax No: 022-66568494
Company Secretary & Contact Address	<b>Mr. A.R. Rajaram,</b> Head- Legal & Company Secretary E-mail: <a href="mailto:arrajaram@titan.co.in">arrajaram@titan.co.in</a> Tel No: 080-66609610

For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches of M/s TSR Darashaw Limited:-

**TSR Darashaw Limited**

503, Barton Centre, 5th Floor  
84, M.G. Road,  
Bangalore – 560 001  
Tel: 080-25320321  
Fax: 080 – 25580019  
Email: [tsrdlbang@tsrdarashaw.com](mailto:tsrdlbang@tsrdarashaw.com)  
Contact Person : Mr. Jaymohan K

**TSR Darashaw Limited**

Tata Centre, 1st Floor  
43, Jawaharlal Nehru Road  
Kolkata – 700 071  
Tel: 033 - 22883087  
Fax: 033 - 22883062  
Email: [tsrdlcal@tsrdarashaw.com](mailto:tsrdlcal@tsrdarashaw.com)  
Contact Person : Mr. Rijit Mukherjee

**TSR Darashaw Limited**

Plot No.2/42, Sant Vihar  
Ansari Road, Daryaganj  
New Delhi – 110 002  
Tel: 011 – 23271805  
Fax: 011 – 23271802  
Email: [tsrdldel@tsrdarashaw.com](mailto:tsrdldel@tsrdarashaw.com)  
Contact Person : Mr. Shyamalendu Shome

**TSR Darashaw Limited**

Bungalow No.1, 'E' Road  
Northern Town, Bistupur  
Jamshedpur – 831 001  
Tel: 0657 – 2426616  
Fax: 0657 – 2426937  
Email: [tsrdljsr@tsrdarashaw.com](mailto:tsrdljsr@tsrdarashaw.com)  
Contact Person : Mr. Subrato Das

**Shah Consultancy Services Limited**

c/o. TSR Darashaw Limited  
 3-Sumatinath Complex,  
 Pritam Nagar, Akhada Road,  
 Opp. Kothawala Flats,  
 Ellisbridge, Ashram Road,  
 Ahmedabad - 380 006  
 Telefax: 079 - 2657 6038,  
 Email: [shahconsultancy8154@gmail.com](mailto:shahconsultancy8154@gmail.com)  
 Contact Person : Mr. Suresh Shah

**SHARE TRANSFER SYSTEM**

Transfer of shares in physical form has been delegated by the Board to certain officials of the Registrars, to facilitate speedy service to the shareholders. Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agents within 20 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed, if found in order and confirmation is given to the respective depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**INVESTOR SERVICES****Number of complaints from shareholders during the year ended March 31, 2015**

Complaints outstanding as on 1st April 2014	1
Complaints received during the year ended 31st March 2015	23
Complaints resolved during the year ended 31st March 2015	24
Complaints pending as on 31st March 2015	0

**STOCK PERFORMANCE**

Month	Titan (BSE)		Titan (NSE)		Index Close Price	
	High	Low	High	Low	Sensex	Nifty
Apr-14	275.00	252.15	274.30	251.50	22417.80	6696.40
May-14	347.65	255.05	353.10	255.00	24217.34	7229.95
Jun-14	360.90	303.30	360.80	302.75	25413.78	7611.35
Jul-14	362.70	318.15	370.00	318.10	25894.97	7721.30
Aug-14	372.00	321.00	370.40	321.00	26638.11	7954.35
Sep-14	409.75	365.00	409.95	363.25	26630.51	7964.80
Oct-14	424.25	365.10	425.00	365.20	27865.83	8322.20
Nov-14	395.75	354.35	395.75	353.50	28693.99	8588.25
Dec-14	400.00	345.50	400.50	345.00	27499.42	8282.70
Jan-15	443.90	369.15	444.00	368.75	29182.95	8808.90
Feb-15	448.00	409.30	455.00	409.10	29361.50	8901.85
Mar-15	421.50	384.30	424.70	385.00	27957.49	8491.00

## DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON 31<sup>st</sup> MARCH 2015

No. of Equity Shares Held	No. of Shareholders	Percentage	No. of Shares	Percentage
1-5000	1,11,163	96.60	5,76,60,734	6.49
5001-20000	3,258	2.83	2,87,54,339	3.24
20001-30000	165	0.14	40,64,067	0.46
30001-40000	82	0.07	29,05,371	0.33
40001-50000	59	0.05	27,51,770	0.31
50001-100000	109	0.09	79,22,241	0.89
100001- 1000000	190	0.17	6,32,91,824	7.13
1000001 and above	61	0.05	72,04,35,814	81.15
<b>TOTAL</b>	<b>115,087</b>	<b>100.00</b>	<b>88,77,86,160</b>	<b>100.00</b>

## CATEGORIES OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH 2015

Category	No. of Share holders	No. of Shares Held	% of Shareholding
Tamil Nadu Industrial Development Corporation Ltd.	1	24,74,76,720	27.88
Tata Group Companies	13	22,35,31,200	25.17
FFI / FIs / OCBs	222	19,13,16,273	21.55
Bodies Corporate	1,536	98,35,441	1.11
Institutional Investors	30	92,37,259	1.04
Mutual Funds	92	1,85,40,487	2.09
Nationalised Banks	22	3,46,261	0.04
Others	1,13,171	18,75,02,519	21.12
<b>Total</b>	<b>1,15,087</b>	<b>88,77,86,160</b>	<b>100.00</b>

## TOP TEN SHAREHOLDERS

The Company's top ten shareholders as at 31<sup>st</sup> March 2015 are as shown below:

Sl. No.	Name	Holdings	% to total holding
1	Tamilnadu Industrial Development Corporation Limited	24,74,76,720	27.88
2	Tata Sons Limited	13,51,25,411	15.22
3	Jhunjhunwala Rakesh Radheshyam	50,248,697	5.66
4	Tata Steel Limited	3,87,75,840	4.37
5	Matthews Pacific Tiger Fund	2,74,57,503	3.09
6	Dendana Investments (Mauritius) Limited	1,95,26,000	2.20
7	Jhunjhunwala Rekha Rakesh	1,72,91,575	1.95
8	Tata Investment Corporation Limited	1,72,25,640	1.94
9	National Westminster Bank Plc as depository of First State Asia Pacific Leaders Fund a sub fund of first state investment ICVC	1,52,76,170	1.72
10	Tata Chemicals Limited	1,38,26,180	1.56

## STOCK CODE

Equity Shares - Physical form	- BSE Ltd	: 500114
	- National Stock Exchange of India Ltd	: TITAN
Equity Shares - Demat form	- NSDL / CDSL	: ISIN No. INE280A01028

The Aggregate Non-promoter / Public Shareholding of the Company as at 31st March 2015 is as shown below:

Number of Shares : 41,67,78,240 Shares

Percentage to total holding : 46.95 %

## DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March 2015, 97.46 % of the Company's Equity Capital was held in dematerialised form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialised form with effect from 15.02.1999 as per the notification issued by the Securities and Exchange Board of India (SEBI).

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments : None

Stock option scheme : None

## PLANT LOCATIONS

Watches :	(a)	Plot Nos. 3, 4 & 5 SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
	(b)	Mohabewala Industrial Area, Dehradun 248 002, Uttarakhand
	(i)	Unit : Khasra No. 148D, 173B, 176A and 176B
	(ii)	Unit : Khasra No. 148B, 149B
	(c)	Plot No. C-1, C-2, C-3, Khasra No.37, Dev Bhoomi Industrial Estate, Village Bantakheri, Tehsil - Roorkee, District – Haridwar - 247667, Uttarkhand
Jewellery :	(d)	Plot No. 10B, Sector 2, Integrated Industrial Estate, SIDCUL, Pant Nagar 263 153, Udham Singh Nagar District, Uttarkhand
	(e)	Survey Field No. 19 & 20 Kallapalayam Village, Sulur Tank, Coimbatore, 641201 Tamil Nadu, India
	(a)	29, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Precision Engineering:	(b)	Khasra No.238, Kuanwala, Haridwar Road, Dehradun 248 160, Uttarakhand
	(c)	Plot No. 10 A, Sector 2, Integrated Industrial Estate, SIDCUL, Pantnagar, 263 153 District Udham Singh Nagar, Uttarkhand
	(a)	No.15 B, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangalore 562 158, Karnataka
Prescription Eyewear	(b)	Plot Nos. 27 & 28, SIPCOT Industrial Area, Hosur 635 126, Tamil Nadu
		Plot No. 27, KIADB Industrial Area, Chikaballapur 562 101 Karnataka

## ADDRESSES FOR CORRESPONDENCE

Registered Office: 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu

Corporate Office: No. 132/133, Divyashree Technopolis, Yemalur, off Old Airport Road, Bangalore 560037.

## **CERTIFICATE**

To the Members of **TITAN COMPANY LIMITED**

We have examined the compliance of conditions of Corporate Governance by Titan Company Limited, for the year ended March 31, 2015, 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 the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

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

Date: 30th June 2015  
Bangalore

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification as per Clause 49(IX) of the Listing Agreement

The Board of Directors,  
**Titan Company Limited**  
 3, SIPCOT Industrial Complex,  
 Hosur 635 126

### CERTIFICATION TO THE BOARD PURSUANT TO CLAUSE 49(IX) OF THE LISTING AGREEMENT

We, Bhaskar Bhat, Managing Director and S. Subramaniam, Chief Financial Officer, hereby certify that in respect of the Financial Year ended on March 31, 2015

1. we have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief :
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same;
4. we have indicated to the auditors and the Audit Committee : -
  - a) significant changes, if any, in internal control over financial reporting during the year;
  - b) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system over financial reporting.

7th May 2015

**BHASKAR BHAT**  
 Managing Director

**S SUBRAMANIAM**  
 Chief Financial Officer

### DECLARATION BY THE CEO UNDER CLAUSE 49 II (E) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 II (E) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2015.

7th May 2015

for **TITAN COMPANY LIMITED**

**BHASKAR BHAT**  
 Managing Director

## Annexure – A

### REMUNERATION POLICY

The philosophy for remuneration of directors, Key Managerial Personnel (“KMP”) and all other employees of Titan Company Limited (“company”) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and Clause 49(IV)(B)(1) of the Equity Listing Agreement (“Listing Agreement”). In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- (a) *the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
- (b) *relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
- (c) *remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals”*

Key principles governing this remuneration policy are as follows:

- **Remuneration for independent directors and non-independent non-executive directors**
  - o Independent directors (“ID”) and non-independent non-executive directors (“NED”) may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
  - o Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - o Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
  - o Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company’s operations and the company’s capacity to pay the remuneration.
  - o Overall remuneration practices should be consistent with recognized best practices.
  - o Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - o The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
  - o The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
  - o In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.
- Remuneration for managing director (“MD”)/ executive directors (“ED”)/ KMP/ rest of the employees
  - o The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:



- Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
  - Driven by the role played by the individual,
  - Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
  - Consistent with recognized best practices and
  - Aligned to any regulatory requirements.
- o In terms of remuneration mix or composition,
- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
  - Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
  - In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursments or insurance cover and accidental death and dismemberment through personal accident insurance.
  - The company provides retirement benefits as applicable.
  - [In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.]
  - [In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
    - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
    - Industry benchmarks of remuneration,
    - Performance of the individual.]
- o The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.
- **Remuneration payable to Director for services rendered in other capacity**  
The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:
    - a) The services rendered are of a professional nature; and
    - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
  - **Policy implementation**  
The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

## Independent Auditors' Report

TO THE MEMBERS OF TITAN COMPANY LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Titan Company Limited (the Company), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as on 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified

- under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, [excluding disputed legal cases as explained in Note no. 6.(b) of the accompanying financial statements] to the Investor Education and Protection Fund by the Company.

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

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

Place: Bangalore  
Date: 7<sup>th</sup> May, 2015

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### (i) In respect of its fixed assets of the Company:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

### (ii) In respect of its inventory of the Company:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of

goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other tribunal.

(vi) According to the information and explanations given to us, in our opinion cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act is not applicable for the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, Cess which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes are given below:

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)
Income-tax Act, 1961	Income- tax	High Court	1997-98	2
		Income Tax Appellate Tribunal	2002-03	25
		Commissioner of Income Tax (Appeals)	2009-12	2,978
Sales Tax Laws	Sales tax	High Court	2000-01	72
		Commercial Tax Appellate Board	2008-10	174
		Appellate & Revisional Board	2005-06, 2010-11	41
		Joint Commissioner (Appeals) of Sales Tax	2005-06, 2009-13	238
		Deputy Commissioner taxes (Appeals)	2008-09, 2010-13	748
		Assistant Commissioner (Appeals) of Sales Tax	2013-14	6
		Senior Joint Commissioner	2011-12	62
		Joint Commissioner of Commercial Taxes	2010-13	110
		Deputy Commissioner of Sales Tax	2000-01, 2002-06	214
		Assistant Commissioner of Sales Tax	2004-05, 2012-14	28
		Additional Commissioner	2003-04, 2010-12	86
The Customs Act, 1962	Customs duty	Supreme Court	1989-94	317
		Commissioner of Customs (Appeals)	2012-13	114
The Central Excise Act, 1944	Excise duty	Supreme Court	May 2005 to March 2009	2,273
		Customs, Excise and Service Tax Appellate Tribunal	March 1987 to Feb 1990, 1996 to 1999, April 2000 to Dec 2005, April 2006 – March 2012	13,007
		Commissioner of Central Excise (Appeals)	1996 to 1997, 2000-01 to 2013	1,007
		Additional Commissioner of Central Excise	July 1999 to Nov 1999	10
		Assistant Commissioner of Central Excise	2000-01, 2004, Sep 2007 to Aug 2008	3

- (d) The Company has been generally regular in transferring amounts to the Investor Education and Protection Fund [excluding disputed legal cases as explained in Note no. 6.b) of the accompanying financial statements] in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and debenture holders. There are no dues to financial institutions.
- (x) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

Place: Bangalore  
Date: 7<sup>th</sup> May, 2015

## Balance Sheet as at 31 March 2015

Particulars	Note No	₹ lakhs	
		As at 31-03-2015	As at 31-03-2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
Share capital	2.1	8,878	8,878
Reserves and surplus	2.2	300,323	243,517
		<b>309,201</b>	<b>252,395</b>
<b>(2) Non-current liabilities</b>			
Long-term provisions	3	8,745	7,176
		<b>8,745</b>	<b>7,176</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	4	9,979	80,627
Trade payables	5	193,931	85,771
Other current liabilities	6	30,895	154,802
Short-term provisions	7 a)	34,473	29,923
		<b>269,278</b>	<b>351,123</b>
	<b>Total</b>	<b>587,224</b>	<b>610,694</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed assets			
Tangible assets	8 a)	67,986	59,035
Intangible assets	8 b)	337	589
Capital work-in-progress		5,493	3,287
		<b>73,816</b>	<b>62,911</b>
Non-current investments	9	3,263	2,657
Deferred tax asset (net)	10	1,967	935
Long-term loans and advances			
Capital advances (Unsecured and considered good)		1,423	1,705
Other advances	11	22,860	20,079
		<b>24,283</b>	<b>21,784</b>
		<b>103,329</b>	<b>88,287</b>
<b>(2) Current assets</b>			
Inventories	12 a)	404,743	386,720
Trade receivables	13	18,735	15,202
Cash and cash equivalents	14	21,020	88,892
Short-term loans and advances	15	38,961	29,922
Other current assets	16	436	1,671
		<b>483,895</b>	<b>522,407</b>
	<b>Total</b>	<b>587,224</b>	<b>610,694</b>

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** Directors

Bangalore, 07 May 2015

## Statement of Profit and Loss for the year ended 31 March 2015

		₹ lakhs	
Particulars	Note No.	Current year	Previous year
<b>I. Revenue from operations (gross)</b>	17	1,193,671	1,095,514
Less: Excise duty	17	3,350	3,935
Revenue from operations (net)		<b>1,190,321</b>	1,091,579
<b>II. Other income</b>	18	7,058	12,019
<b>III. Total Revenue (I +II)</b>		<b>1,197,379</b>	1,103,598
<b>IV. Expenses:</b>			
Cost of materials and components consumed	26 a)	783,399	655,561
Purchase of stock-in-trade	26 b)	112,394	159,459
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(20,432)	(9,957)
Employee benefits expense	20	62,565	53,449
Finance costs	32	8,066	8,711
Depreciation and amortization expense		8,739	6,559
Other expenses	21	137,059	128,223
<b>Total Expenses</b>		<b>1,091,790</b>	1,002,005
V. Profit before tax (III - IV)		<b>105,589</b>	101,593
VI. Tax expense:			
Current tax		24,100	26,300
Deferred tax		(818)	(131)
Taxes of earlier years		-	1,310
<b>Total Tax</b>		<b>23,282</b>	27,479
VII. Profit for the year (V-VI)		<b>82,307</b>	74,114
VIII. Earnings per equity share of ₹ 1:	40		
Basic		9.27	8.35
Diluted		9.27	8.35

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** Directors

Bangalore, 07 May 2015

## Cash Flow Statement for the year ended 31 March 2015

₹ lakhs

Particulars	Current year	Previous year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	105,589	101,593
Adjustments for :		
- Depreciation and amortization expense	8,739	6,559
- Net unrealised exchange gain /(loss)	(168)	27
- Marked to Market loss	-	23
- Loss on sale/ disposal/ scrapping of fixed assets (net)	418	287
- Bad trade receivables written off	-	1
- Provision for doubtful trade receivables/ advances (net)	545	1
- Interest income	(6,405)	(11,944)
- Net gain on sale of current investments	(24)	-
- Finance costs	8,066	8,711
Operating profit before working capital changes	<b>116,760</b>	105,258
Adjustments for :		
- (Increase)/decrease in trade receivables	(3,904)	1,066
- (Increase)/decrease in inventories	(18,023)	(18,925)
- (Increase)/decrease in short-term loans and advances	(4,749)	2,552
- (Increase)/decrease in long-term loans and advances	(2,393)	(3,128)
- Increase/(decrease) in trade payables	108,012	(123,939)
- Increase/(decrease) in other current liabilities	(123,786)	9,009
- Increase/(decrease) in long-term provisions	1,568	887
- Increase/(decrease) in short-term provisions	1,786	606
Cash generated from operations	<b>75,271</b>	(26,614)
- Direct taxes paid	<b>(24,488)</b>	(28,515)
Net cash from/(used in) operating activities	<b>50,783</b>	(55,129)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets (including capital work-in-progress and capital advances)	(20,881)	(20,879)
Proceeds from sale of fixed assets	231	160
Purchase of investments in subsidiaries	(606)	(806)
Inter-corporate deposits (net)	(4,800)	(9,000)
Bank balances not considered as cash and cash equivalents	5,958	(8,283)
Current investments not considered as cash and cash equivalents		
- Purchased	(13,500)	-
- Sale proceeds	13,524	-
Interest received	7,640	11,226
Net cash used in investing activities	<b>(12,434)</b>	(27,582)



## Cash Flow Statement (Contd.) for the year ended 31 March 2015

Particulars	₹ lakhs	
	Current year	Previous year
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	210,000	175,627
Repayment of borrowings	(280,648)	(95,542)
Dividends paid	(18,523)	(18,523)
Tax on dividends paid	(3,168)	(3,168)
Finance costs	(8,066)	(8,711)
Net cash from/(used in) financing activities	<b>(100,405)</b>	49,683
<b>Net cash flows during the year (A+B+C)</b>	<b>(62,056)</b>	(33,028)
Cash and cash equivalents (opening balance) (Refer note 14)	78,753	111,800
Add/(Less): Unrealised exchange (gain)/loss	63	44
	<b>78,816</b>	111,844
Cash and cash equivalents (closing balance) (Refer note 14)	16,839	78,753
Add/(Less): Unrealised exchange (gain)/loss	(79)	63
	<b>16,760</b>	78,816
Increase/(decrease) in cash and cash equivalents	<b>(62,056)</b>	(33,028)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

Bangalore, 07 May 2015

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** *Chairman*

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** *Directors*

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 01 SIGNIFICANT ACCOUNTING POLICIES

- i. Basis of accounting and preparation of financial statements: The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- ii. Use of estimates: The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.
- iii. Revenue recognition: Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory/stock points/or delivered to customers as per the terms of the contract. Service revenue is recognised on rendering services.
- Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.
- Dividend income is recognised when the Company's right to receive the payment is established.
- iv. Tangible fixed assets: All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.
- Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.
- v. Depreciation: Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
- Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:
- |                      |           |
|----------------------|-----------|
| Vehicles             | - 4 years |
| Furniture & Fixtures | - 5 years |
- vi. Intangible assets and amortisation: Trademarks are capitalised at acquisition cost including directly attributable cost and are amortised over a period of 120 months from the month of acquisition. The expected pattern of economic benefits from the use of trademarks is reviewed periodically and additional amortisation, if required, is provided.
- vii. Foreign currency transactions: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at year end rates or forward cover rates, as applicable. The net loss or gain arising on restatement/ settlement is adjusted to the statement of profit and loss.
- In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.
- viii. Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments and foreign currency and interest rate exposures relating to foreign currency loan. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.
- The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 01 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss.

Changes in the fair value of derivative financial instruments that have not been designated as hedging instruments are recognised in the statement of profit and loss as they arise.

- ix. Investments: All long term investments are valued at cost. Provision for diminution in value is made to recognise any decline, other than temporary, in the value of investments.
- x. Inventories: Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed Gold)] are stated at the lower of cost and net realizable value. Cost is determined as follows:
  - a) Gold is valued on first-in-first-out basis.
  - b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.
  - c) Work-in-progress and finished goods are valued on full absorption cost method based on the average cost of production.
  - d) Traded goods are valued on a moving weighted average rate/cost of purchases.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Unfixed gold is valued at the gold prices prevailing on the period closing date.

- xi. Product warranty expenses: Product warranty costs are determined based on past experience and provided for in the year of sale.
- xii. Employee benefits:

#### Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

#### Defined contribution plan

Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner, are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Contribution to the Company's Provident Fund Trust is made at predetermined rates and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plan

Contribution to the Company's Gratuity Trust, liability towards pension of retired managing director and provision towards compensated absences are provided on the basis of an actuarial valuation using the projected unit credit method and are debited to the statement of profit and loss on an accrual basis. Actuarial gains and losses arising during the year are recognised in the statement of profit and loss.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 01 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

xiii. Taxes on Income: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the statement of profit and loss.

xiv. Segment accounting: Segments are identified based on the types of products and the internal organisation and management structure. The Company has identified business segment as its primary reporting segment with secondary information reported geographically.

The Company's primary segments consist of Watch, Jewellery and Others, where 'Others' include Eye wear, Precision Engineering, Machine Building, Clocks, and Accessories.

Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents other income and expenses which relate to the company as a whole and are not allocated to segments.

xv. Impairment of assets: Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the assets/ cash generating units. If any indication exists, an impairment loss is recognized when the carrying amount exceeds the greater of net selling price and value in use.

xvi. Provisions and Contingencies: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes.

Contingent Assets are neither recognised nor disclosed in the financial statements.

### NOTE 2.1 SHARE CAPITAL

	2015		2014	
	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a) Authorised				
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b) Issued, subscribed and fully paid-up				
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 2.1 SHARE CAPITAL (CONTD.)

c) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.

In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholdings.

d) Reconciliation of the shares outstanding at the beginning and at the end of the year

	2015		2014	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

e) Shareholders holding more than 5% shares in the Company

Name of shareholder	2015		2014	
	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
<b>Tata Group</b>				
Tata Sons Limited	1,351	15.22	1,351	15.22
Tata Steel Limited	388	4.37	388	4.37
Tata Investment Corporation Limited	172	1.94	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56
Tata Global Beverages Limited	92	1.04	92	1.04
Ewart Investments Limited	50	0.56	50	0.56
Tata International Limited	26	0.29	26	0.29
Piem Hotels Limited	18	0.20	18	0.20
Total - Tata Group	<b>2,235</b>	<b>25.18</b>	2,235	25.18
Jhunjhunwala Rakesh Radheshyam	503	5.66	617	6.95

f) Aggregate number of equity shares allotted as fully paid up bonus shares during the period of 5 years immediately preceding the balance sheet date

	No. in lakhs	
	2015	2014
Equity shares with voting rights		
Fully paid-up by way of bonus shares	4,439	4,439

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 2.2 RESERVES AND SURPLUS

	₹ lakhs	
	2015	2014
Capital reserve	13	13
Capital redemption reserve	64	64
Securities premium account	13,888	13,888
Hedging reserve		
As per last balance sheet	3,775	168
Add : Effects of variation in commodity prices on hedging instruments outstanding at the end of the year	3,265	3,775
Less : Transferred to statement of profit and loss	3,775	168
	<b>3,265</b>	<b>3,775</b>
General reserve		
As per last balance sheet	131,906	90,336
Add : Transfer from surplus in statement of profit and loss	46,935	41,570
	<b>178,841</b>	<b>131,906</b>
Surplus in the statement of profit and loss		
Opening balance	93,871	83,139
Less : Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) {Refer note no: 8 c)}	415	-
Add: Profit for the year	82,307	74,114
	<b>175,763</b>	<b>157,253</b>
Less:		
Proposed dividend on equity shares	20,419	18,644
Tax on dividends	4,157	3,168
Transfer to general reserve	46,935	41,570
Net surplus in statement of profit and loss	<b>104,252</b>	<b>93,871</b>
<b>Reserves and surplus</b>	<b>300,323</b>	<b>243,517</b>

### NOTE 03 LONG-TERM PROVISIONS

	₹ lakhs	
	2015	2014
Provision for compensated absences {Refer note 29(b) ii}	8,330	6,826
Provision for pension {Refer note 29(b) ii}	415	350
	<b>8,745</b>	<b>7,176</b>

### NOTE 04 SHORT-TERM BORROWINGS

	₹ lakhs	
	2015	2014
Loans repayable on demand from banks		
Secured	9,979	60,627
Unsecured	-	20,000
	<b>9,979</b>	<b>80,627</b>

Secured loan represents cash credit secured by hypothecation of book debts, inventory, stores and spares both present and future and is taken at the interest rate linked to the base rate of the bank. Unsecured loan related to working capital demand loan.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 05

Trade payables include amounts due to micro enterprises and small enterprises as under:

	₹ lakhs	
	2015	2014
i) Principal amounts unpaid	515	174
Interest due on above	-	-
	<b>515</b>	<b>174</b>

- ii) No interest payments have been made during the year.
- iii) The above information regarding dues to Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

### NOTE 06 OTHER CURRENT LIABILITIES

	₹ lakhs	
	2015	2014
Advance from customers {Refer note a) below}	15,942	141,816
Unclaimed dividends {Refer note b) below}	580	460
Unclaimed matured fixed deposits	4	4
Unclaimed matured debenture and debenture interest	13	13
Other liabilities - Statutory dues	3,437	3,929
Payables on purchase of fixed assets	772	1,013
Gratuity {Refer note 29(b) i)}	2,690	1,197
Other liabilities - Others	7,457	6,370
	<b>30,895</b>	<b>154,802</b>

- a) Advances from customers includes amounts of ₹ 6,808 lakhs (2014: ₹ 129,864 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.
- b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 2 lakhs (2014: ₹ 2 lakhs) and therefore amounts relating to the same could not be transferred.

### NOTE 07 a) SHORT-TERM PROVISIONS

	₹ lakhs	
	2015	2014
Proposed dividend on equity shares	20,419	18,644
Tax on dividends	4,157	3,168
Provision for compensated absences {Refer note 29(b) ii}	1,040	955
Others {Refer note c) below}	8,857	7,156
<b>Total</b>	<b>34,473</b>	<b>29,923</b>

- b) The Board of Directors, in their meeting on May 7, 2015, proposed a dividend of ₹ 2.30 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 31, 2015, and if approved, would result in a cash outflow of approximately ₹ 24,576 lakhs inclusive of corporate dividend tax of ₹ 4,157 lakhs.

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2014 was ₹ 2.10 per share.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 07 a) SHORT-TERM PROVISIONS (CONTD.)

c) Others includes

(i) Provision for warranty - ₹ 568 lakhs (2014: ₹ 511 lakhs).

The Company gives warranty on all products except jewellery, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 568 lakhs (2014: ₹ 511 lakhs) and ₹ 511 lakhs (2014: ₹ 536 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 8,289 lakhs (2014: ₹ 6,645 lakhs)

The Company has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience of redemption. Additional provision made and utilised/reversed during the year is ₹ 8,824 lakhs (2014: ₹ 6,952 lakhs) and ₹ 7,180 lakhs (2014: ₹ 5,071 lakhs) respectively.

### NOTE 08 a) TANGIBLE ASSETS

(Previous year figures are in brackets)

Gross block

₹ lakhs

Particulars*	Gross block			Cost as at March 31, 2015
	Cost as at April 1, 2014	Additions	Deductions	
Land	7,765	955	-	8,720
	(2,139)	(5,626)	(-)	(7,765)
Land - leasehold	1,681	-	-	1,681
	(1,681)	(-)	(-)	(1,681)
Buildings	11,794	3,467	17	15,244
	(8,006)	(3,818)	(30)	(11,794)
Plant, machinery and equipment	61,831	10,712	2,083	70,460
	(54,872)	(8,512)	(1,553)	(61,831)
Furniture, fixtures and equipment	17,328	2,756	1,202	18,882
	(14,946)	(2,933)	(551)	(17,328)
Office equipment	2,216	279	121	2,374
	(1,848)	(406)	(38)	(2,216)
Vehicles	1,374	547	262	1,659
	(1,306)	(470)	(402)	(1,374)
<b>Total</b>	<b>103,989</b>	<b>18,716</b>	<b>3,685</b>	<b>119,020</b>
	(84,798)	(21,765)	(2,574)	(103,989)

\* Represents owned assets, unless otherwise stated



## Notes forming part of the Financial Statements for the year ended 31 March 2015

## NOTE 08 a) TANGIBLE ASSETS (CONTD.)

## Tangible assets - Accumulated depreciation and net block

₹ lakhs

Particulars	Accumulated depreciation				Net block		
	Upto March 31, 2014	Transition adjustment recorded against opening balance in statement of profit and loss	Depreciation for the year	On deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Land	-	-	-	-	-	8,720	7,765
	(-)	(-)	(-)	(-)	(-)	(7,765)	(2,139)
Land - leasehold	-	-	-	-	-	1,681	1,681
	(-)	(-)	(-)	(-)	(-)	(1,681)	(1,681)
Buildings	2,757	-	414	4	3,167	12,077	9,037
	(2,495)	(-)	(268)	(6)	(2,757)	(9,037)	(5,511)
Plant, machinery and equipment	31,948	435	4,473	1,750	35,106	35,354	29,883
	(30,346)	(-)	(2,934)	(1,332)	(31,948)	(29,883)	(24,526)
Furniture, fixtures and equipment	9,226	10	2,803	979	11,060	7,822	8,102
	(6,981)	(-)	(2,676)	(431)	(9,226)	(8,102)	(7,965)
Office equipment	409	184	476	84	985	1,389	1,807
	(267)	(-)	(160)	(18)	(409)	(1,807)	(1,581)
Vehicles	614	-	321	219	716	943	760
	(687)	(-)	(269)	(342)	(614)	(760)	(619)
<b>Total</b>	<b>44,954</b>	<b>629</b>	<b>8,487</b>	<b>3,036</b>	<b>51,034</b>	<b>67,986</b>	<b>59,035</b>
	(40,776)	(-)	(6,307)	(2,129)	(44,954)	(59,035)	(44,022)

## b) Intangible assets

(Acquired)

₹ lakhs

	2015	2014
<b>Gross block</b>		
As at April 1, 2014	6,321	6,321
Additions during the year	-	-
Deductions during the year	-	-
As at March 31, 2015	<b>6,321</b>	6,321
<b>Accumulated amortisation</b>		
Upto March 31, 2014	5,732	5,480
Amortisation for the year	252	252
Deductions during the year	-	-
As at March 31, 2015	<b>5,984</b>	5,732
<b>Net block</b>	<b>337</b>	589

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 08

- c) During the year, pursuant to the notification of Schedule II to the 2013 Act with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II except as mentioned in note no.1 v. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. The details of the previously applied depreciation rates / useful life are as follows:

Asset	Previous depreciation rate / useful life	Revised useful life
Computers	25% / ~4 years	3 years
General plant and machinery	4.75% / ~20 years	15 years
Electrical equipment and installations	4.75% / ~20 years	10 years
Office equipment	4.75% / ~20 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 415 lakhs (net of deferred tax of ₹ 214 lakhs) against the opening balance in the statement of profit and loss.

The depreciation expense in the statement of profit and loss for the year is higher by ₹ 1,819 lakhs consequent to the change in the useful life of the assets.

### NOTE 09 NON-CURRENT INVESTMENTS

	₹ lakhs	
	2015	2014
<b>Investments (at cost)</b>		
<b>Trade - unquoted</b>		
<b>Investments in equity instruments</b>		
<b>In subsidiary companies</b>		
3,462,500 (2014 : 2,525,000) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited	863	488
147,257 (2014 : 131,257) fully paid equity shares of CHF 10 each in Favre Leuba AG, Switzerland	1,888	1,657
<b>In associate company</b>		
1,500,000 (2014 : 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {Refer note (a) below}	150	150
	<b>2,901</b>	2,295
<b>Investments in bond</b>		
<b>In subsidiary company</b>		
1 (2014 : 1) fully paid Zero Coupon Unsecured Optionally Convertible Bond of ₹ 250 lakhs in Titan TimeProducts Limited	250	250
	<b>250</b>	250
carried forward	<b>3,151</b>	2,545

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 09 NON-CURRENT INVESTMENTS (CONTD.)

	₹ lakhs	
	2015	2014
brought forward	3,151	2,545
<b>Other investments</b>		
<b>Investments in equity instruments - quoted</b>		
1,000 (2014 : 100) fully paid equity shares of ₹ 1 (2014 : ₹10) each in Timex Watches Limited [ ₹ 1,010 (2014 : ₹ 1,010)]	-	-
1,000 (2014 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited [ ₹ 10,000 (2014 : ₹ 10,000)]	-	-
2,025 (2014 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	5	5
6,000 (2014 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2	2
560 (2014 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1	1
300 (2014 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	1	1
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [ ₹ 1,935 (2014 : ₹ 1,935)]	-	-
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [ ₹ 905 (2014 : ₹ 905)]	-	-
	<b>9</b>	<b>9</b>
Less : Provision for diminution [ ₹ 3,000 (2014 : ₹ 3,000)]	-	-
	<b>9</b>	<b>9</b>
<b>Investments in equity instruments - unquoted</b>		
114,663 (2014 : 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (2014 : 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (2014 : 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited [ ₹ 2,312 (2014 : ₹ 2,312)]	-	-
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited [ ₹ 1,457 (2014 : ₹ 1,457)]	-	-
525,000 (2014 : 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100	100
27,600 (2014 : 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	3	3
	<b>103</b>	<b>103</b>
Less : Provision for diminution [ ₹ 3,209 (2014 : ₹ 3,209)]	-	-
	<b>103</b>	<b>103</b>
	<b>3,263</b>	<b>2,657</b>
Aggregate amount of quoted investments	9	9
Aggregate market value of listed and quoted investments	23	22
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	3,254	2,648

- a) The Company has given an undertaking not to sell or encumber in any manner its investments in Green Infra Wind Power Theni Limited in accordance with the Equity Participation agreement.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 10 DEFERRED TAX ASSET (NET)

Major components of deferred tax arising on account of timing differences are:

	2014	Transition adjustment recorded against opening balance of statement of profit and loss	Tax effect for the year	2015
Deferred Tax (Liability)				
Fixed assets	(3,053)	214	(145)	(2,984)
<b>Sub-total</b>	<b>(3,053)</b>	<b>214</b>	<b>(145)</b>	<b>(2,984)</b>
Deferred Tax Asset				
Provision for doubtful trade receivables	117	-	185	302
Employee benefits	2,573	-	540	3,113
Others	1,298	-	238	1,536
<b>Sub-total</b>	<b>3,988</b>	<b>-</b>	<b>963</b>	<b>4,951</b>
<b>Net deferred tax asset / (liability)</b>	<b>935</b>	<b>214</b>	<b>818</b>	<b>1,967</b>

### NOTE 11 OTHER ADVANCES UNDER LONG-TERM LOANS AND ADVANCES

Unsecured and considered good

	2015	2014
Security deposits	10,005	9,525
Employee loans	1,728	1,483
Other deposits	389	283
Tax payments, net of provisions	6,884	6,496
Balance with revenue authorities	3,854	2,292
	<b>22,860</b>	<b>20,079</b>

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 12

<b>a) Inventories</b>	₹ lakhs	
	<b>2015</b>	<b>2014</b>
Raw materials	53,906	56,532
Work-in-progress {Refer (b) below}	12,211	12,651
Finished goods	264,500	216,420
Stock-in-trade	72,104	99,312
Store and spares	1,067	1,041
Loose tools	955	764
	<b>404,743</b>	386,720
Included above, goods-in-transit		
Raw materials	207	736
Stock-in-trade	15	79
	<b>222</b>	815
<b>b) Details of inventory of work-in-progress</b>		
Watches	8,210	8,524
Jewellery	1,794	2,805
Others	2,207	1,322
	<b>12,211</b>	12,651

### NOTE 13 TRADE RECEIVABLES

(Unsecured)	₹ lakhs	
	<b>2015</b>	<b>2014</b>
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	1,554	1,368
Considered doubtful	890	345
	<b>2,444</b>	1,713
Less : Provision for doubtful trade receivables	890	345
	<b>1,554</b>	1,368
Other trade receivables		
Considered good	17,181	13,834
	<b>18,735</b>	15,202

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 14 CASH AND CASH EQUIVALENTS

	₹ lakhs	
	2015	2014
Cash on hand	726	2,427
Cheques, drafts on hand	903	2,892
Balances with banks		
(i) Current account (Refer note (i) below)	5,710	8,334
(ii) Demand deposit	9,500	65,100
(iii) Earmarked accounts		
- Unclaimed dividend	578	458
- Unclaimed debenture and debenture interest	13	13
(iv) Fixed deposits held as margin money against bank guarantee	3,590	9,668
	<b>19,391</b>	<b>83,573</b>
	<b>21,020</b>	<b>88,892</b>

(i) Balance with banks includes funds in transit - ₹ 1,778 lakhs (2014 : ₹ 1,899 lakhs)

Of the above, the balances meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 16,839 lakhs (2014 : ₹ 78,753 lakhs)

### NOTE 15 SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)	₹ lakhs	
	2015	2014
Advances recoverable in cash or kind or for value to be received		
Inter-corporate deposits	23,800	19,000
Prepaid expenses	1,618	1,257
Security deposits	1,832	1,645
Employee loans	1,402	1,266
Advances to vendors	3,886	2,099
Others	2,459	2,483
	<b>34,997</b>	<b>27,750</b>
Considered doubtful	2,224	2,224
	<b>37,221</b>	<b>29,974</b>
Less : Provision for doubtful loans and advances	2,224	2,224
	<b>34,997</b>	<b>27,750</b>
Balance with revenue authorities	3,964	2,172
	<b>38,961</b>	<b>29,922</b>

### NOTE 16 OTHER CURRENT ASSETS

(Unsecured and considered good)	₹ lakhs	
	2015	2014
Interest accrued on deposits	436	1,671
	<b>436</b>	<b>1,671</b>

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 17 REVENUE FROM OPERATIONS

	₹ lakhs	
	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	173,752	161,164
Jewellery	786,901	700,598
Others	21,707	19,439
	<b>982,360</b>	881,201
Traded goods		
Watches	19,786	20,191
Jewellery	144,045	151,979
Others	33,888	29,759
	<b>197,719</b>	201,929
Total - Sale of products (a)	<b>1,180,079</b>	1,083,130
Sale of tools and components (b)	<b>1,922</b>	1,827
Income from services provided (c)	<b>453</b>	487
Other operating revenue		
Sale of precious / semi-precious stones	8,206	7,861
Sale of gold / platinum	2,127	1,731
Scrap sales	884	478
Total - Other operating revenue (d)	<b>11,217</b>	10,070
Revenue from operations (gross) (a+b+c+d)	<b>1,193,671</b>	1,095,514
Less : Excise duty	3,350	3,935
Revenue from operations (net)	<b>1,190,321</b>	1,091,579

Excise duty reduced from gross revenue from operations in the statement of profit and loss represents excise duty on sale of products.

### NOTE 18 OTHER INCOME

	₹ lakhs	
	Current year	Previous year
Interest from staff loans, vendor advances, inter-corporate deposits and bank deposits	6,405	11,944
Net gain on sale of current investments	24	-
Miscellaneous income	629	75
	<b>7,058</b>	12,019

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 19 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ lakhs	
	Current year	Previous year
Closing stock		
Finished goods	264,500	216,420
Work-in progress	12,211	12,651
Stock-in-trade	72,104	99,312
	<b>348,815</b>	<b>328,383</b>
Opening stock		
Finished goods	216,420	222,049
Work-in progress	12,651	13,286
Stock-in-trade	99,312	83,091
	<b>328,383</b>	<b>318,426</b>
(Increase) / decrease in inventory	<b>(20,432)</b>	<b>(9,957)</b>

### NOTE 20 EMPLOYEE BENEFITS EXPENSE

	₹ lakhs	
	Current year	Previous year
Salaries, wages and bonus	51,677	45,199
Company's contribution to provident and other funds {Refer Note 29(a) i)}	2,617	2,262
Welfare expenses	5,581	4,791
Gratuity {Refer Note 29(b) i)}	2,690	1,197
	<b>62,565</b>	<b>53,449</b>

### NOTE 21 OTHER EXPENSES

	₹ lakhs	
	Current year	Previous year
Loose tools, stores and spare parts consumed	10,497	8,837
Agency labour	6,121	4,846
Power and fuel	3,975	3,735
Repairs to buildings	451	379
Repairs to plant and machinery	1,656	1,188
Advertising	38,213	40,443
Selling and distribution expenses	11,526	11,739
Insurance	412	460
Rent	17,680	16,065
Increase / (decrease) of excise duty on inventory	(149)	(1,130)
Rates and taxes {Refer note 31}	11,122	10,748
Travel	3,080	2,883
Bad trade receivables written off	-	1
Provision for doubtful trade receivables / advances	545	1
Loss on sale / disposal / scrapping of fixed assets (net)	418	287
Gold price hedging costs (net)	3,577	1,977
Expenditure on corporate social responsibility	1,232	-
Miscellaneous expenses *	26,341	25,399
Directors' fees	21	16
Commission to Non Whole-time Directors	380	350
Expenses capitalised	(39)	(1)
	<b>137,059</b>	<b>128,223</b>

\* Includes exchange loss (net) of ₹ 56 lakhs (Previous year: ₹ 256 lakhs)



## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 22

Contingent liabilities not provided for - ₹ 29,793 lakhs (2014: ₹ 23,357 lakhs) comprising of the following:

Sales Tax - ₹ 2,557 lakhs (2014: ₹ 2,500 lakhs)

(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

Customs Duty - ₹ 467 lakhs (2014: ₹ 317 lakhs)

(relating to compliance with the terms of notification, exemptions, export obligations)

Excise Duty - ₹ 19,348 lakhs (2014: ₹ 15,163 lakhs)

(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

Income Tax - ₹ 6,850 lakhs (2014: ₹ 4,914 lakhs)

(relating to disallowance of deductions claimed)

Others - ₹ 571 lakhs (2014: ₹ 463 lakhs)

(relating to miscellaneous claims)

The above amounts are based on the notice of demand or the Assessment Orders or notification by the relevant authorities, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

### NOTE 23

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 16,172 lakhs (2014: ₹ 9,852 lakhs).

### NOTE 24

The Company has received show cause notices from the Excise authorities aggregating to ₹ 34,819 lakhs (2014: ₹ 21,335 lakhs) without quantifying interest and penalty, relating to the disallowance of cenvat credit availed. The Company has been legally advised that the notice is not sustainable.

### NOTE 25 OTHER COMMITMENTS

a) Non-fund based facilities availed of ₹ 112,891 lakhs (2014: ₹ 14,755 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.

b) Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ 427 lakhs (2014: ₹ 223 lakhs).

### NOTE 26

#### a) Cost of materials and components consumed:

	₹ lakhs	
	Current year	Previous year
Precious metals - Gold *	673,061	556,007
Precious metals - Others	826	805
Brass	1,383	1,206
Steel	1,538	1,124
Components	78,765	70,393
Precious and semi-precious stones **	24,813	23,111
Sundry charges	3,013	2,915
	<b>783,399</b>	<b>655,561</b>

\* Includes gold/platinum sold costing ₹ 2,207 lakhs (Previous year: ₹ 1,816 lakhs)

\*\* Includes precious and semi-precious stones sold costing ₹ 8,255 lakhs (Previous year: ₹ 7,805 lakhs)

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 26 (CONTD.)

#### b) Purchase of stock-in-trade

	₹ lakhs	
	Current year	Previous year
Watches	13,430	12,820
Jewellery	90,176	139,030
Others	8,788	7,609
	<b>112,394</b>	159,459

### NOTE 27

#### Value of imported and indigenous raw materials and components consumed and the percentage of each to the total consumption:

	Current year		Previous year	
	₹ lakhs	%	₹ lakhs	%
Imported				
CIF Value	44,843	5.7	108,529	16.6
Customs duties	7,376	0.9	10,836	1.6
	<b>52,219</b>	<b>6.6</b>	119,365	18.2
Indigenous	731,180	93.4	536,196	81.8
	<b>783,399</b>	<b>100.0</b>	655,561	100.0

### NOTE 28 ANALYSIS OF IMPORTS ON CIF BASIS

	₹ lakhs	
	Current year	Previous year
Raw materials and components	43,289	100,267
Stores and spares	1,786	1,062
Capital goods	4,152	2,569
	<b>49,227</b>	103,898

### NOTE 29 EMPLOYEE BENEFITS

#### (a) Defined Contribution Plans

- i) The contributions recognized in the statement of profit and loss during the year are as under:

	₹ lakhs	
	Current year	Previous year
Defined Contribution Plan		
Provident Fund	1,331	1,321
Superannuation Fund	487	448
National Pension Scheme	64	36
Employee Pension Fund	735	457
<b>Total</b>	<b>2,617</b>	2,262

- ii) Contributions are made to the Company's Employees Provident Fund Trust at predetermined rates in accordance with the Fund rules. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such shortfall as an expense. Based on the actuarial valuation, there is no shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet date.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 29 (CONTD.)

#### (b) Defined Benefit Plans

##### i) Funded

The Company makes annual contributions to The Titan Industries Gratuity Fund. The scheme provides for lump sum payment to vested employees at retirement, death while in employment, or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.

The following table sets out the funded status and amounts recognised in the Company's financial statements for Gratuity:

		₹ lakhs	
		Current year	Previous year
<b>I</b>	<b>Net asset / (liability) recognized in the balance sheet</b>		
1	Present value of funded obligations	16,553	12,252
2	Fair value of plan assets	(13,863)	(11,055)
3	(Deficit) / surplus	(2,690)	(1,197)
4	Net asset / liability		
	- Assets	-	-
	- Liabilities - Current	2,690	1,197
<b>II</b>	<b>Expense recognized in the statement of profit and loss</b>		
1	Current service cost	812	776
2	Interest cost	1,163	916
3	Expected return on plan assets	(833)	(706)
4	Actuarial losses/ (gains)	1,548	211
5	Past service cost	-	-
	Total expenses recognised under the head 'Gratuity' {Refer note 20}	2,690	1,197
<b>III</b>	<b>Change in present value of obligation</b>		
1	Present value of defined benefit obligation at the beginning of the year	12,252	10,749
2	Current service cost	812	776
3	Interest cost	1,163	916
4	Actuarial losses/ (gains)	2,671	27
5	Past service cost	-	-
6	Benefits paid	(345)	(216)
7	Present value of defined benefit obligation at the end of the year	16,553	12,252
<b>IV</b>	<b>Change in fair value of plan assets</b>		
1	Fair value of plan assets at the beginning of the year	11,055	9,305
2	Expected return on plan assets	833	706
3	Actuarial (losses)/ gains	1,123	(184)
4	Assets distributed on settlement	-	-
5	Contributions by employer	1,197	1,444
6	Benefits paid	(345)	(216)
7	Fair value of plan assets at the end of the year	13,863	11,055
	Actual return on plan assets	1,956	522
<b>V</b>	<b>The major categories of plan assets as a percentage of total plan assets</b>		
1	Government of India securities	55%	56%
2	Corporate bonds	42%	41%
3	Others	3%	3%

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 29 (CONTD.)

#### VI Experience adjustments

	2015	2014	2013	2012	2011
					₹ lakhs
Defined benefit obligation	16,553	12,252	10,749	8,518	7,292
Plan assets	13,863	11,055	9,305	7,626	5,426
Surplus / (deficit)	(2,690)	(1,197)	(1,444)	(892)	(1,866)
Experience adjustments on plan liabilities	521	1,569	638	373	502
Experience adjustments on plan assets	1,123	(184)	443	28	28

	Current year	Previous year
		₹ lakhs
<b>VII Principal actuarial assumptions</b>		
Discount rate	7.95% p.a	9.15% p.a
Expected rate of return on plan assets	8.20% p.a	7.50% p.a

**VIII** The employees are assumed to retire at the age of 58 or 60 or 65 years.

**IX** The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) ULT table.

**X** Expected rate of return on plan assets is based on expected average long term rate of return on investments of the fund during the estimated term of the obligations. The Company is expected to contribute ₹ 2,690 lakhs to the gratuity fund next year.

ii) Unfunded

The defined benefit obligations which are provided for but not funded are as under:

	Liability as on March 31, 2015	Liability as on March 31, 2014
		₹ lakhs
Compensated absences		
Non-current	8,330	6,826
Current	1,040	955
	<b>9,370</b>	<b>7,781</b>
Pension - Non-current	415	350

The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

### NOTE 30

Auditors remuneration comprises fees for audit of statutory accounts ₹ 122 lakhs (Previous year: ₹ 122 lakhs), taxation matters ₹ 32 lakhs (Previous year: ₹ 29 lakhs), audit of consolidated accounts ₹ 9 lakhs (Previous year: ₹ 9 lakhs), other services ₹ 29 lakhs (Previous year: ₹ 32 lakhs) and reimbursement of levies and expenses ₹ 31 lakhs (Previous year: ₹ 33 lakhs).

### NOTE 31

Rates and taxes include ₹ 6,056 lakhs (Previous year: ₹ 5,536 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 32 FINANCE COSTS INCLUDES

	₹ lakhs	
	Current year	Previous year
Interest expense on :		
Borrowings	1,479	3,170
Gold on lease charges / interest on gold loan	2,860	4,331
Others	832	28
	<b>5,171</b>	7,529
Other borrowing cost :		
Commercial paper discounting charges	2,895	1,182
<b>Total</b>	<b>8,066</b>	8,711

### NOTE 33 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :

	₹ lakhs	
	Current year	Previous year
Royalty	7	52
Professional and consultancy services	864	988
Interest	-	27
Travel	512	485
Others	<b>2,761</b>	2,752

### NOTE 34 AMOUNT REMITTED BY THE COMPANY IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

	₹ lakhs	
	Current year	Previous year
Number of Shareholders	3	3
Number of equity shares on which dividend was paid	347,000	347,000
Year to which the dividend related	2013-14	2012-13
Amount remitted (net of tax) (₹ lakhs)	7	7

### NOTE 35 EARNINGS IN FOREIGN EXCHANGE

	₹ lakhs	
	Current year	Previous year
Export of goods on FOB basis	35,824	22,039
Others	75	73

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 36 RESEARCH AND DEVELOPMENT (R&D) EXPENSES

	₹ lakhs	
	Current year	Previous year
Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centers*		
Capital	168	17
Revenue	1,572	529
	<b>1,740</b>	<b>546</b>

\*Pursuant to Company's application dated March 24, 2014, the Department of Scientific and Industrial Research (DSIR) has accorded initial recognition of R&D center of the Company located at Hosur for its Jewellery Division and is effective from July 25, 2014 to March 31, 2018.

Further, the DSIR has renewed its initial recognition of R&D center of the Company located at Hosur for its watch Division. The same is effective till March 31, 2018.

The Company has applied to DSIR for approval of weighted deduction for its R&D expenses. The above figures are as determined by the management.

### NOTE 37

(a) The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

	₹ lakhs	
	2015	2014
For a period not later than one year	4,266	3,524
For a period later than one year but not later than five years	1,544	2,506
For a period later than five years	15	-
<b>Total</b>	<b>5,825</b>	<b>6,030</b>

b) The Company has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent.

c) Lease rentals recognised in the statement of profit and loss in respect of the above operating leases is ₹ 4,495 lakhs (Previous year: ₹ 3,661 lakhs).

### NOTE 38

a) Gold futures / forward contracts outstanding as at the year end - 4,458 kgs, ₹ 116,284 lakhs (2014: 6,246 Kgs, ₹ 175,224 lakhs)

b) The Company has 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs (2014: 4 forward exchange contracts for US Dollars 14 lakhs equivalent to ₹ 809 lakhs), Nil forward exchange contracts for HKD Nil equivalent to ₹ Nil (2014: 4 forward exchange contracts for HKD 135 equivalent to ₹ 1,042 lakhs) and 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs (2014: Nil forward exchange contracts for Euro Nil equivalent to ₹ Nil) for firm commitment of purchases.

The Company has 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs (2014: Nil forward exchange contracts for US Dollars Nil equivalent to ₹ Nil) for firm commitment on sales.

Marked to Market loss of ₹ Nil (2014: loss ₹ 23 lakhs) has been recognized in the statement of profit and loss on these outstanding contracts.

## Notes forming part of the Financial Statements for the year ended 31 March 2015

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2015 are given below:

i) Amounts receivable in foreign currency as at March 31, 2015

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	<b>7,981</b>	<b>12,774,886</b>
	(6,308)	(10,532,254)
GBP	<b>115</b>	<b>124,088</b>
	(209)	(209,753)
HKD	<b>548</b>	<b>6,797,316</b>
	(555)	(7,180,765)
EURO	<b>260</b>	<b>388,207</b>
	(1,730)	(2,102,975)
CHF	<b>1,065</b>	<b>1,659,948</b>
	(394)	(582,047)
SGD	<b>25</b>	<b>54,563</b>
	(178)	(374,808)
JPY	<b>102</b>	<b>19,636,408</b>
	(321)	(54,909,246)

ii) Amounts payable in foreign currency as at March 31, 2015

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	<b>1,426</b>	<b>2,282,932</b>
	(3,126)	(5,217,391)
EURO	<b>120</b>	<b>179,332</b>
	(439)	(533,189)
HKD	<b>878</b>	<b>10,894,166</b>
	(939)	(12,163,841)
CHF	<b>185</b>	<b>287,775</b>
	(270)	(399,854)
JPY	<b>75</b>	<b>14,368,937</b>
	(120)	(20,503,294)
GBP	<b>4</b>	<b>4,213</b>
	(12)	(12,184)
SEK	-	-
	(6)	(62,099)
SGD	<b>15</b>	<b>31,978</b>
	(177)	(373,228)

## Notes forming part of the Financial Statements for the year ended 31 March 2015

NOTE 39

### Related party disclosures :

#### Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited Tata Sons Limited
b)	Subsidiaries	Titan TimeProducts Limited Favre Leuba AG Titan Watch Company Limited (100% subsidiary of Favre Leuba AG) (w.e.f. August 12, 2014) Titan Engineering and Automation Limited (w.e.f. March 24, 2015)
c)	Associate	Green Infra Wind Power Theni Ltd
d)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

#### Transactions with related parties during the year are set out in the table below:

(Previous year figures are in brackets)

Sl No.	Nature of transaction					₹ lakhs
		Promoters	Subsidiaries	Associate	Key Management Personnel	Total
1	Purchase of components and raw materials	- (-)	1,508 (1,428)	- (-)	- (-)	1,508 (1,428)
2	Purchase of fixed assets	- (1)	- (-)	- (-)	- (-)	- (1)
3	Sale of components and finished goods	66 (1)	56 (53)	- (-)	- (-)	122 (54)
4	Reimbursement of expenses	12 (6)	7 (-)	- (-)	- (-)	19 (6)
5	Rent paid	51 (51)	- (-)	- (-)	- (-)	51 (51)
6	Purchase of power	- (-)	- (-)	296 (312)	- (-)	296 (312)
7	Dividend paid	8,035 (8,035)	- (-)	- (-)	- (-)	8,035 (8,035)
8	Commission and sitting fees to non whole-time directors	103 (92)	- (-)	- (-)	- (-)	103 (92)
9	Brand equity subscription	1,907 (1,740)	- (-)	- (-)	- (-)	1,907 (1,740)
10	Payment towards rendering of services	55 (15)	- (-)	- (-)	- (-)	55 (15)
11	Recovery towards rendering of services	- (-)	206 (166)	- (-)	- (-)	206 (166)
12	Sitting fees received [₹ 45,000 (Previous year: ₹ 42,000) from subsidiaries]	- (-)	- (-)	- (-)	- (-)	- (-)
13	Managerial remuneration	- (-)	- (-)	- (-)	491 (447)	491 (447)
14	Subscription to Share capital / Application money	- (-)	605 (806)	- (-)	- (-)	605 (806)



## Notes forming part of the Financial Statements for the year ended 31 March 2015

Balance as on balance sheet date	Promoters	Subsidiaries	Associate	Key Management Personnel	₹ lakhs
					Total
<b>Credit balance</b>					
Tata Sons Ltd	1,437	-	-	-	1,437
	(1,302)	(-)	(-)	(-)	(1,302)
Tamilnadu Industrial Development Corporation Limited	98	-	-	-	98
	(89)	(-)	(-)	(-)	(89)
Titan TimeProducts Limited	-	267	-	-	267
	(-)	(3)	(-)	(-)	(3)
Green Infra Wind Power Theni Ltd	-	-	2	-	2
	(-)	(-)	(3)	(-)	(3)
Mr.Bhaskar Bhat	-	-	-	297	297
	(-)	(-)	(-)	(268)	(268)

The above includes the following material related party transactions :-

Nature of transaction	Category	Name	₹ lakhs
			Amount
(a) Purchase of components and raw materials	Subsidiary	Titan TimeProducts Limited	1,508
			(1,260)
	Subsidiary	Favre Leuba A G	-
			(168)
(b) Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	5,197
			(5,197)
	Promoter	Tata Sons Limited	2,838
			(2,838)
(c) Brand Equity Subscription	Promoter	Tata Sons Limited	1,907
			(1,740)
(d) Recovery towards rendering of services	Subsidiary	Titan TimeProducts Limited	206
			(166)
(e) Subscription to Share capital / Application Money	Subsidiary	Favre Leuba A G	230
			(581)
	Subsidiary	Titan TimeProducts Limited	375
			(225)

### NOTE 40 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	2015	2014
Net profit after tax (₹ lakhs)	82,307	74,114
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	9.27	8.35

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 41 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

#### a) Primary Business Segments

(Previous year figures are in brackets).

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
					₹ lakhs
<b>Revenue</b>					
Net sales/income	191,881	942,059	56,381	-	1,190,321
(There is no inter-segment revenue)	(178,889)	(862,742)	(49,948)	(-)	(1,091,579)
<b>Segment result</b>					
Profit before finance costs, other income and taxes.	20,425	93,481	(-49)	(-7,260)	106,597
	(18,702)	(84,891)	(348)	((-5,656)	(98,285)
Add : Other Income	223	938	50	5,847	7,058
	(190)	(461)	(31)	(11,337)	(12,019)
Profit before finance costs and taxes	20,648	94,419	1	(-1,413)	113,655
	(18,892)	(85,352)	(379)	(5,681)	(110,304)
Less : finance costs					8,066
					(8,711)
Profit before taxes					105,589
					(101,593)
Taxes					23,282
					(27,479)
Profit for the year					82,307
					(74,114)

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
					₹ lakhs
<b>Other Information</b>					
Segment assets	109,168	382,060	37,151	56,878	585,257
	(95,731)	(372,797)	(30,040)	(111,191)	(609,759)
Segment liabilities	42,075	189,953	10,192	25,824	268,044
	(37,575)	(208,132)	(8,615)	(23,350)	(277,672)
Capital expenditure	9,163	5,882	3,883	1,994	20,922
	(3,239)	(6,930)	(3,469)	(7,249)	(20,887)
Depreciation/ amortisation	2,995	3,459	1,856	429	8,739
	(2,311)	(2,389)	(1,174)	(685)	(6,559)
Other significant non cash expenses	306	29	315	-	650
	(103)	(1)	(147)	-	(251)

## Notes forming part of the Financial Statements for the year ended 31 March 2015

### NOTE 41 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015 (CONTD.)

#### Total unallocable assets exclude

	2015	2014
Deferred tax asset (net)	1,967	935

#### Total unallocable liabilities exclude

	2015	2014
Short-term borrowings	9,979	80,627

b) Secondary geographical segments	India	Others	Total
(Previous year figures are in brackets)			
Revenue	1,153,357	36,964	1,190,321
	(1,069,239)	(22,340)	(1,091,579)

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment assets and capital expenditure by geographical segments.

Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

### NOTE 42

The figures of the previous year have been regrouped/ recast, where necessary, to conform to the current year classification.

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** } Directors

Bangalore, 07 May 2015

## FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

					₹ lakhs
1	Name of the subsidiary	Titan TimeProducts Limited	Favre Leuba AG	Titan Watch Company Limited	Titan Engineering and Automation Limited
2	Reporting period	31 March 2015	31 March 2015	31 March 2015	31 March 2015
3	Reporting currency	INR	CHF	HKD	INR
4	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	1 CHF = Rs. 64.1639	1 HKD = Rs. 8.06	Not applicable
5	Share capital	346	874	1	-
6	Reserves & surplus	781	(100)	(1)	-
7	Total assets	2,048	811	-	-
8	Total Liabilities	921	37	-	-
9	Investments	-	1	-	-
10	Turnover	2,446	-	-	-
11	Profit/(loss) before taxation	(98)	(589)	(1)	-
12	Provision for taxation	(17)	-	-	-
13	Profit after taxation	(81)	(589)	(1)	-
14	Proposed Dividend	-	-	-	-
15	% of Shareholding	100	100	100	100

## Names of subsidiaries which are yet to commence operations;

Sl. No.	Name of the Companies
1	Titan Watch Company Limited
2	Titan Engineering and Automation Limited

## Part B: Associates and Joint Ventures

Name of Associate	Green Infra Wind Power Theni Limited
1 Latest audited Balance Sheet Date	31 March 2014
2 Shares of Associate held by the company on the year end	
- No.	15,000,000
- Amount of Investment in Associate (₹ lakhs)	150
- Extend of Holding %	26.79%
3 Description of how there is significant influence	There is a significant influence due to percentage of Share Capital held
4 Reason why the associate is not consolidated	Not applicable
5 Networth attributable to Shareholding as per latest audited Balance Sheet (₹ lakhs)	206
6 Profit for the year	
- Considered in Consolidation (₹ lakhs)	1
- Not Considered in Consolidation (₹ lakhs)	-

For and on behalf of the Board of Directors

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** Directors

# Independent Auditors' Report

TO THE MEMBERS OF TITAN COMPANY LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Titan Company Limited (hereinafter referred to as "the Holding Company"), its subsidiary companies (the Holding Company and its subsidiary companies together referred to as "the Group") and its associate company, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associate company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate company as at 31<sup>st</sup> March, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

## Other Matters

The consolidated financial statements also include the Group's share of net profit of ₹ 1 lakh for the year ended 31<sup>st</sup> March, 2015, as considered in the consolidated financial statements, in respect of an associate company, whose financial information has not been audited by us. The financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to

the amounts and disclosures included in respect of the associate company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid associate company, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received

from the directors of the Holding Company and its subsidiary company incorporated in India as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the respective entities, none of the directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group - Refer Note 24 to the consolidated financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - a) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company [excluding disputed legal cases as explained in Note No. 8 b) of the accompanying consolidated financial statements].
    - b) There was no amount which was required to be transferred, to the Investor Education and Protection Fund by the subsidiary company.
  - iii.
    - a) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company [excluding disputed legal cases as explained in Note No. 8 b) of the accompanying consolidated financial statements].
    - b) There was no amount which was required to be transferred, to the Investor Education and Protection Fund by the subsidiary company.

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

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

Place: Bangalore  
Date: 7<sup>th</sup> May, 2015

## Annexure to the Independent Auditors' Report on the Consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes two subsidiary companies incorporated in India, to which the Order is applicable, which have been audited by us and our report in respect of these entities is based on the reports issued by us, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

In respect of one associate company incorporated in India, which have been included in the consolidated financial statements based on the unaudited financial information of such company provided to us by the Management, whilst in our opinion, and according to the information and explanations given to us, reporting under the Order is applicable in respect of this entity, since this entity are unaudited, the possible effects of the same on our reporting under the Order in the case of these consolidated financial statements has not been considered.

- (i) In respect of its fixed assets of the Holding Company and its subsidiary company incorporated in India:
  - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The Holding Company and its subsidiary company have a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the respective entities and the nature of their assets. Pursuant to the program, fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of inventory of the Holding Company and its subsidiary company incorporated in India:
  - (a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
- (c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) The Holding Company and its subsidiary company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act by their respective entities.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there are adequate internal control systems in the Holding Company and its subsidiary company incorporated in India commensurate with the size of their respective entities and the nature of their business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the Holding Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other tribunal.
  - (b) According to the information and explanations given to us, subsidiary company incorporated in India has not accepted any deposits during the year.
- (vi) According to the information and explanations given to us, in our opinion Cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act are not applicable for Holding Company and its subsidiary company incorporated in India.

(vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and its subsidiary company incorporated in India:

- (a) The respective entities have generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
- (b) There were no undisputed amount payable by the respective entities in respect of Provident Fund,

Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, Cess which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes by the aforesaid entities are given below:

<b>Nature of dues</b>	<b>Forum where the dispute is pending</b>	<b>Aggregate amount involved (₹ in lakhs)</b>
Income- tax	High Court	2
	Income Tax Appellate Tribunal	25
	Commissioner of Income Tax (Appeals)	2,991
Sales tax	High Court	72
	Commercial Tax Appellate Board	174
	Appellate & Revisional Board	41
	Joint Commissioner (Appeals) of Sales Tax	238
	Deputy Commissioner Taxes (Appeals)	748
	Assistant Commissioner (Appeals) of Sales Tax	6
	Senior Joint Commissioner	62
	Joint Commissioner of Commercial Taxes	110
	Deputy Commissioner of Sales Tax	214
	Assistant Commissioner of Sales Tax	28
	Additional Commissioner	86
Customs duty	The Commercial Tax Inspector	12
	Supreme Court	317
Excise duty	Commissioner of Customs (Appeals)	114
	Supreme Court	2,273
Excise duty	Customs, Excise and Service Tax Appellate Tribunal	13,007
	Commissioner of Central Excise (Appeals)	1,007
	Additional Commissioner of Central Excise	10
	Assistant Commissioner of Central Excise	3

- (d) The Holding Company has been generally regular in transferring amounts to the Investor Education and Protection Fund [excluding disputed legal cases as explained in Note no. 8.b) of the accompanying consolidated financial statements] in accordance with the relevant provisions of the Companies Act, 1956 and the Rules made thereunder. There is no amount which is required to be transferred by the

subsidiary company to the Investor Education and Protection Fund.

- (viii) The Group does not have consolidated accumulated losses as at the end of the financial year. The Group has not incurred cash losses on a consolidated basis during the current financial year covered by our audit and in the immediately preceding financial year.



- (ix) In our opinion and according to the information and explanations given to us, there were no delays in the repayments of dues to banks and debenture holders by the Holding Company or the subsidiary company incorporated in India. There are no dues to financial institutions.
- (x) According to the information and explanations given to us, the Holding Company and its subsidiary company incorporated in India have not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained and there are no term loans in case of subsidiary company incorporated in India.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and its subsidiary company incorporated in India and no material fraud on the Holding Company and its subsidiary company incorporated in India have been noticed or reported during the year.

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

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

Place: Bangalore  
Date: 7<sup>th</sup> May, 2015

## Consolidated Balance Sheet as at 31 March 2015

Particulars	Note No	₹ lakhs	
		As at 31-3-2015	As at 31-3-2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
Share capital	4.1	8,878	8,878
Reserves and surplus	4.2	299,509	243,395
		<b>308,387</b>	<b>252,273</b>
<b>(2) Non-current liabilities</b>			
Long-term provisions	5	9,046	7,405
Deferred tax liabilities (net)	12 b)	33	56
		<b>9,079</b>	<b>7,461</b>
<b>(3) Current liabilities</b>			
Short-term borrowings	6	9,979	80,684
Trade payables	7	193,963	85,944
Other current liabilities	8	30,936	154,841
Short-term provisions	9 a)	34,485	29,936
		<b>269,363</b>	<b>351,405</b>
<b>Total</b>		<b>586,829</b>	<b>611,139</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed assets			
Tangible assets	10 a)	68,888	60,050
Intangible assets	10 b)	1,023	1,373
Capital work-in-progress		5,519	3,287
		<b>75,430</b>	<b>64,710</b>
Non-current investments	11	310	309
Deferred tax asset (net)	12 a)	1,967	935
Long-term loans and advances			
Capital advances (Unsecured and considered good)		1,432	1,707
Other advances	13	22,947	20,158
		<b>24,379</b>	<b>21,865</b>
		<b>102,086</b>	<b>87,819</b>
<b>(2) Current assets</b>			
Inventories	14	404,930	386,939
Trade receivables	15	18,973	15,413
Cash and cash equivalents	16	21,381	89,267
Short-term loans and advances	17	39,021	30,030
Other current assets	18	438	1,671
		<b>484,743</b>	<b>523,320</b>
<b>Total</b>		<b>586,829</b>	<b>611,139</b>

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** Directors

## Statement of Consolidated Profit and Loss for the year ended 31 March 2015

₹ lakhs

Particulars	Note No.	Current year	Previous year
I. Revenue from operations (gross)	19	1,194,933	1,096,900
Less: Excise duty	19	3,592	4,161
Revenue from operations (net)		<b>1,191,341</b>	1,092,739
II. Other Income	20	7,075	12,022
<b>Total Revenue (I +II)</b>		<b>1,198,416</b>	1,104,761
III. Expenses:			
Cost of materials and components consumed		783,192	656,003
Purchase of stock-in-trade		112,394	159,125
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(20,437)	(9,941)
Employee benefits expense	22	63,246	54,043
Finance costs	31	8,069	8,713
Depreciation and amortization expense		8,957	6,755
Other expenses	23	138,106	129,076
<b>Total Expenses</b>		<b>1,093,527</b>	1,003,774
IV. Profit before tax (III-IV)		<b>104,889</b>	100,987
V. Tax expense:			
Current tax		24,100	26,300
Deferred tax		(836)	(98)
Taxes of earlier years		-	1,310
<b>Total Tax</b>		<b>23,264</b>	27,512
VI. Profit before share of profit of associate (IV-V)		81,625	73,475
VII. Share of profit of associate	38	1	19
VIII. Profit for the year (VI+VII)		<b>81,626</b>	73,494
IX. Earnings per equity share of ₹ 1:	35		
Basic		9.19	8.28
Diluted		9.19	8.28

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

Bangalore, 07 May 2015

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** } Directors

## Consolidated Cash Flow Statement for the year ended 31 March 2015

₹ lakhs

Particulars	Current year	Previous year
<b>A. Cash flow from operating activities</b>		
Net profit before tax	104,889	100,987
Adjustments for :		
-Depreciation and amortisation expense	8,957	6,755
-Net unrealised exchange difference gain/(loss)	(165)	43
-Marked to Market loss	-	23
-Loss on sale/disposal/scrapping of fixed assets (net)	418	290
-Bad trade receivables written off	-	2
-Provision for doubtful trade receivables/advances (net)	545	1
-Net gain on sale of current investments	(24)	-
-Interest income	(6,422)	(11,948)
-Finance costs	8,069	8,713
Operating profit before working capital changes	<b>116,267</b>	104,866
Adjustments for :		
-(Increase)/decrease in trade receivables	(3,926)	1,173
-(Increase)/decrease in inventories	(17,997)	(18,906)
-(Increase)/decrease in short-term loans and advances	(4,706)	2,513
-(Increase)/decrease in long-term loans and advances	(2,395)	(3,129)
-Increase/(decrease) in trade payables	107,872	(123,865)
-Increase/(decrease) in other current liabilities	(123,789)	8,892
-Increase/(decrease) in long-term provisions	1,639	895
-Increase/(decrease) in short-term provisions	1,787	608
Cash generated from operations	<b>74,752</b>	(26,953)
-Direct taxes paid	<b>(24,492)</b>	(28,519)
Net cash from/(used in) operating activities	<b>50,260</b>	(55,472)
<b>B. Cash flow from investing activities</b>		
Additions to fixed assets (including capital work-in-progress and capital advances)	(20,934)	(21,284)
Proceeds from sale of fixed assets	231	169
Inter-corporate deposits (net)	(4,800)	(9,000)
Bank balances not considered as cash and cash equivalents	5,958	(8,283)
Current investments not considered as cash and cash equivalents		
-Purchased	(13,500)	-
-Sale proceeds	13,524	-
Interest received	7,655	11,230
Net cash used in investing activities	<b>(11,866)</b>	(27,168)

## Consolidated Cash Flow Statement (Contd.) for the year ended 31 March 2015

Particulars	₹ lakhs	
	Current year	Previous year
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	210,000	175,627
Repayment of borrowings	(280,705)	(95,485)
Dividends paid	(18,523)	(18,523)
Tax on dividends paid	(3,168)	(3,168)
Finance costs	(8,069)	(8,713)
Net cash from/(used in) financing activities	<b>(100,465)</b>	49,738
<b>Net cash flows during the year (A+B+C)</b>	<b>(62,071)</b>	(32,902)
Cash and cash equivalents (opening balance) (Refer note 16)	79,128	112,049
Add/(Less): Unrealised exchange (gain)/loss	63	44
	<b>79,191</b>	112,093
Cash and cash equivalents (closing balance) (Refer note 16)	17,199	79,128
Add/(Less): Unrealised exchange (gain)/loss	(79)	63
	<b>17,120</b>	79,191
Increase/(decrease) in cash and cash equivalents	<b>(62,071)</b>	(32,902)

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**V. Srikumar**  
Partner

Bangalore, 07 May 2015

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** *Chairman*

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** *Directors*

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 01 BASIS OF CONSOLIDATION

The Consolidated Financial Statements relates to Titan Company Limited ("the Company"), its subsidiary companies and an associate company. The Company and its subsidiaries constitute the "Group". The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard (AS) 21 – Consolidated Financial Statements specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year. The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on Consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on Consolidation.

Investment in associate company is accounted for using equity method as per AS 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" specified under Section 133 of the 2013 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act / the 1956 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year. Accordingly, the share of profit/ loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest March 31, 2015	Ownership interest March 31, 2014
Titan TimeProducts Limited	India	100%	100%
Favre Leuba AG	Switzerland	100%	100%
Titan Engineering and Automation Limited (w.e.f March 24, 2015)	India	100%	-
Titan Watch Company Limited (100% subsidiary of Favre Leuba AG, w.e.f. August 12, 2014)	Hongkong	100%	-

The associate company which is included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest March 31, 2015	Ownership interest March 31, 2014
Green Infra Wind Power Theni Limited	India	26.79%	26.79%

The financial statements of the subsidiary companies and the associate company included in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2015. The financial statements of the subsidiaries included in consolidation are audited. The figures used in consolidation for equity accounting of the investment in the associate company is unaudited.

### NOTE 02 THE PARTICULARS OF INVESTMENT MADE DURING THE YEAR IN SUBSIDIARY COMPANIES ARE AS FOLLOWS

Name of the Subsidiary	Year ended	Original cost of Investment	Amount of Goodwill / (-) Capital Reserve in Original Cost
Favre Leuba AG	March 31, 2015	230	-
	March 31, 2014	581	-
Titan TimeProducts Limited	March 31, 2015	375	-
	March 31, 2014	225	-

₹ lakhs

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 03 SIGNIFICANT ACCOUNTING POLICIES

i) Basis of accounting and preparation of consolidated financial statements: The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the 2013 Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the 2013 Act / the 1956 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

ii) Use of estimates: The preparation of the consolidated financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may diverge from these estimates.

iii) Revenue recognition: Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory/stock points/or delivered to customers as per the terms of the contract. Service revenue is recognised on rendering services.

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

Dividend income is recognised when the Company's right to receive the payment is established.

iv) Tangible fixed assets: All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.

v) Depreciation: Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of the following categories of assets of the Company, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Vehicles - 4 years

Furniture & Fixtures - 5 years

vi) Intangible assets and amortisation: Trademarks are capitalised at acquisition cost including directly attributable cost and are amortised over a period of 120 months from the month of acquisition. The expected pattern of economic benefits from the use of trademarks is reviewed periodically and additional amortisation, if required, is provided.

vii) Foreign currency transactions : Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at year end rates or forward cover rates, as applicable. The net loss or gain arising on restatement/settlement is adjusted to the consolidated statement of profit and loss.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the consolidated statement of profit and loss of the reporting period in which the exchange rates change.

In case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at exchange rate prevailing on the date of transactions. Exchange difference arising out of these transactions are charged to the consolidated statement of profit and loss.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 03 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

viii) Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments and foreign currency and interest rate exposures relating to foreign currency loan. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss.

Changes in the fair value of derivative financial instruments that have not been designated as hedging instruments are recognised in the statement of profit and loss as they arise.

ix) Investments: All long term investments are valued at cost. Provision for diminution in value is made to recognise any decline, other than temporary, in the value of investments.

x) Inventories: Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed Gold)] are stated at the lower of cost and net realizable value. Cost is determined as follows:

- a) Gold is valued on first-in-first-out basis.
- b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.
- c) Work-in-progress and finished goods are valued on full absorption cost method based on the average cost of production.
- d) Traded goods are valued on a moving weighted average rate/cost of purchases.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Group), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Unfixed gold is valued at the gold prices prevailing on the period closing date.

xi) Product warranty expenses: Product warranty costs are determined based on past experience and provided for in the year of sale.

xii) Employee benefits:

#### Short term employee benefits

All short term employee benefits such as salaries, wages, bonus, special awards, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the consolidated statement of profit and loss.

#### Defined contribution plan

Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner, are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.



## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 03 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Contribution to the Company's Provident Fund Trust is made at predetermined rates and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Contribution to Provident Fund and Pension Fund (of a subsidiary) are made at predetermined rates to the Regional Provident Fund Commissioner and debited to the consolidated statement of profit and loss account on an accrual basis.

#### Defined benefit plan:

Contribution to the Company's Gratuity Trust, liability towards pension of retired managing director and provision towards compensated absences are provided on the basis of an actuarial valuation using the projected unit credit method and are debited to the consolidated statement of profit and loss on an accrual basis. Actuarial gains and losses arising during the year are recognised in the consolidated statement of profit and loss.

- xiii) Taxes on Income: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the consolidated statement of profit and loss.

- xiv) Segment accounting: Segments are identified based on the types of products and the internal organisation and management structure. The Group has identified business segment as its primary reporting segment with secondary information reported geographically.

The Group's primary segments consist of Watches, Jewellery and Others, where 'Others' include Eye wear, Precision Engineering, Machine Building, Clocks and Accessories.

Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents other income and expenses which relate to the Group as a whole and are not allocated to segments.

- xv) Impairment of assets: Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the assets/cash generating units. If any indication exists, an impairment loss is recognized when the carrying amount exceeds the greater of net selling price and value in use.

- xvi) Provisions and Contingencies: A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes.

Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 4.1 SHARE CAPITAL

	2015		2014	
	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a) Authorised				
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b) Issued, subscribed and fully paid up				
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

## c) Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shareholders. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting.

In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholdings.

## d) Reconciliation of the shares outstanding at the beginning and at the end of the year

	2015		2014	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

## e) Share holders holding more than 5% shares in the Company

Name of shareholder	2015		2014	
	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
<b>Tata Group</b>				
Tata Sons Limited	1,351	15.22	1,351	15.22
Tata Steel Limited	388	4.37	388	4.37
Tata Investment Corporation Limited	172	1.94	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56
Tata Global Beverages Limited	92	1.04	92	1.04
Ewart Investments Limited	50	0.56	50	0.56
Tata International Limited	26	0.29	26	0.29
Piem Hotels Limited	18	0.20	18	0.20
Total - Tata Group	<b>2,235</b>	<b>25.18</b>	2,235	25.18
Jhunjhunwala Rakesh Radheshyam	503	5.66	617	6.95

## f) Aggregate number of equity shares allotted as fully paid up bonus shares during the period of 5 years immediately preceding the balance sheet date

	2015		2014	
	No. in lakhs	No. in lakhs	No. in lakhs	No. in lakhs
Equity shares with voting rights				
Fully paid up by way of bonus shares		4,439		4,439

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 4.2 RESERVES AND SURPLUS

	₹ lakhs	
	2015	2014
a) Capital reserve	13	13
b) Capital reserve on consolidation	37	37
c) Capital redemption reserve	74	74
d) Securities premium account	13,888	13,888
e) Hedging Reserve		
As per last balance sheet	3,775	168
Add : Effects of variation in commodity prices on hedging instruments outstanding at the end of the year	3,265	3,775
Less : Transferred to consolidated statement of profit and loss	3,775	168
	<b>3,265</b>	3,775
f) General Reserve		
As per last balance sheet	131,906	90,336
Add : Transfer from surplus in the consolidated statement of profit and loss	46,935	41,570
	<b>178,841</b>	131,906
g) Surplus in the consolidated statement of profit and loss		
Opening balance	93,702	83,590
Less : Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) {Refer note no: 10 c}	426	-
Add : Profit for the year	81,626	73,494
	<b>174,902</b>	157,084
Less:		
Proposed dividend on equity shares	20,419	18,644
Tax on dividends	4,157	3,168
Transfer to general reserve	46,935	41,570
Net surplus in consolidated statement of profit and loss	<b>103,391</b>	93,702
<b>Reserves and surplus</b>	<b>299,509</b>	<b>243,395</b>

## NOTE 05 LONG-TERM PROVISIONS

	₹ lakhs	
	2015	2014
Provision for gratuity of a subsidiary {Refer note 28 b.(i)}	194	142
Provision for compensated absences {Refer note 28 b.(ii)}	8,437	6,913
Provision for pension {Refer note 28 b.(ii)}	415	350
	<b>9,046</b>	7,405

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 06 SHORT-TERM BORROWINGS

	₹ lakhs	
	2015	2014
Loans repayable on demand from banks		
- Secured	9,979	60,684
- Unsecured	-	20,000
	<b>9,979</b>	<b>80,684</b>

Secured loan represents cash credit secured by hypothecation of book debts, inventory, stores and spares both present and future and is taken at the interest rate linked to the base rate of the bank. Unsecured loan related to working capital demand loan.

### NOTE 07

#### TRADE PAYABLES INCLUDE AMOUNTS DUE TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS UNDER:

	₹ lakhs	
	2015	2014
i) Principal amounts unpaid	515	174
Interest due on above	-	-
	<b>515</b>	<b>174</b>

ii) No interest payments have been made during the year.

iii) The above information regarding dues to Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

### NOTE 08 OTHER CURRENT LIABILITIES

	₹ lakhs	
	2015	2014
Advance from customers {Refer note a) below}	15,956	141,832
Unclaimed dividends {Refer note b) below}	580	460
Unclaimed matured fixed deposits	4	4
Unclaimed debenture and debenture interest	13	13
Other liabilities - Statutory dues	3,451	3,940
Payables on purchase of fixed assets	783	1,020
Gratuity {Refer note 28 b. (i)}	2,690	1,197
Other liabilities - Others	7,459	6,375
	<b>30,936</b>	<b>154,841</b>

a) Advances from customers includes amounts of ₹ 6,808 lakhs (2014: ₹ 129,864 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 2 lakhs (2014: ₹ 2 lakhs) and therefore amounts relating to the same could not be transferred.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 09 a) SHORT-TERM PROVISIONS

	2015	2014
Proposed dividend on equity shares	20,419	18,644
Tax on dividends	4,157	3,168
Provision for gratuity of a subsidiary {Refer note 28 b.(i)}	5	5
Provision for compensated absences {Refer note 28 b. (ii)}	1,047	963
Others {Refer note c) below}	8,857	7,156
	<b>34,485</b>	<b>29,936</b>

b) The Board of Directors, in their meeting on May 7, 2015, proposed a dividend of ₹ 2.30 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on July 31, 2015, and if approved, would result in a cash outflow of approximately ₹ 24,576 lakhs inclusive of corporate dividend tax of ₹ 4,157 lakhs.

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2014 was ₹ 2.10 per share.

c) Others includes

(i) Provision for warranty - ₹ 568 lakhs (2014: ₹ 511 lakhs).

The Company gives warranty on all products except jewellery, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 568 lakhs (2014: ₹ 511 lakhs) and ₹ 511 lakhs (2014: ₹ 536 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 8,289 lakhs (2014: ₹ 6,645 lakhs)

The Company has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience of redemption. Additional provision made and utilised/reversed during the year is ₹ 8,824 lakhs (2014: ₹ 6,952 lakhs) and ₹ 7,180 lakhs (2014: ₹ 5,071 lakhs) respectively.

## NOTE 10 a) TANGIBLE ASSETS

(Previous year figures are in brackets)

## Gross block

Particulars*	Gross block			Cost as at March 31, 2015
	Cost as at April 1, 2014	Additions	Deductions	
Land	7,765	955	-	8,720
	(2,139)	(5,626)	(-)	(7,765)
Land - leasehold	1,696	-	-	1,696
	(1,696)	(-)	(-)	(1,696)
Buildings	12,145	3,468	17	15,596
	(8,238)	(3,937)	(30)	(12,145)
Plant, machinery and equipment	63,246	10,732	2,083	71,895
	(56,030)	(8,869)	(1,653)	(63,246)
Furniture, fixtures and equipment	17,368	2,756	1,203	18,921
	(14,995)	(2,933)	(560)	(17,368)
Office equipment	2,273	281	121	2,433
	(1,903)	(410)	(40)	(2,273)
Vehicles	1,396	547	262	1,681
	(1,328)	(470)	(402)	(1,396)
<b>Total</b>	<b>105,889</b>	<b>18,739</b>	<b>3,686</b>	<b>120,942</b>
	(86,329)	(22,245)	(2,685)	(105,889)

\* Represents owned assets, unless otherwise stated

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 10 a) TANGIBLE ASSETS (CONTD.)

## Tangible assets - Accumulated depreciation and net block

Particulars	Accumulated depreciation				Net block		
	Upto March 31, 2014	Transition adjustment recorded against surplus balance in consolidated statement of profit and loss	Depreciation for the year	On deductions	As at March 31, 2015	As at Mar 31, 2015	As at March 31, 2014
Land	-	-	-	-	-	8,720	7,765
	(-)	(-)	(-)	(-)	(-)	(7,765)	(2,139)
Land - leasehold	11	-	1	-	12	1,684	1,685
	(11)	(-)	(-)	(-)	(11)	(1,685)	(1,685)
Buildings	2,889	-	426	4	3,311	12,285	9,256
	(2,617)	(-)	(278)	(6)	(2,889)	(9,256)	(5,621)
Plant, machinery and equipment	32,643	419	4,565	1,728	35,899	35,996	30,603
	(31,055)	(-)	(3,015)	(1,427)	(32,643)	(30,603)	(24,975)
Furniture, fixtures and equipment	9,246	9	2,803	977	11,081	7,840	8,122
	(7,009)	(-)	(2,677)	(440)	(9,246)	(8,122)	(7,986)
Office equipment	427	189	487	81	1,022	1,411	1,846
	(281)	(-)	(164)	(18)	(427)	(1,846)	(1,622)
Vehicles	623	-	325	219	729	952	773
	(694)	(-)	(271)	(342)	(623)	(773)	(634)
<b>Total</b>	<b>45,839</b>	<b>617</b>	<b>8,607</b>	<b>3,009</b>	<b>52,054</b>	<b>68,888</b>	<b>60,050</b>
	(41,667)	(-)	(6,405)	(2,233)	(45,839)	(60,050)	(44,662)

## b) Intangible assets

(Acquired)	₹ lakhs	
Gross block	2015	2014
Gross block		
As at April 1, 2014	7,301	7,306
Additions during the year	-	-
Deductions during the year	-	5
As at March 31, 2015	<b>7,301</b>	7,301
<b>Accumulated amortisation</b>		
Upto March 31, 2014	5,928	5,578
Amortisation for the year	350	350
Deductions during the year	-	-
As at March 31, 2015	<b>6,278</b>	5,928
<b>Net block</b>	<b>1,023</b>	1,373

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 10 (CONTD.)

- c) During the year, pursuant to the notification of Schedule II to the 2013 Act with effect from April 1, 2014, the Group revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II except as mentioned in note 3 v). Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Group for the respective category of assets. The details of the previously applied depreciation rates / useful life are as follows:

Asset	Previous depreciation rate / useful life	Revised useful life
Computers	25% / ~4 years	3 years
General plant and machinery	4.75% / ~20 years	15 years
Electrical equipment and installations	4.75% / ~20 years	10 years
Office equipment	4.75% / ~20 years	5 years

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Group has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 426 lakhs (net of deferred tax of ₹ 219 lakhs) relating to the Company against the opening surplus balance in consolidated statement of profit and loss.

The depreciation expense in the consolidated statement of profit and loss for the year is higher by ₹ 1,839 lakhs consequent to the change in the useful life of the assets.

### NOTE 11 NON-CURRENT INVESTMENTS

	2015	2014
		₹ lakhs
<b>Investments (at cost)</b>		
<b>Trade - unquoted</b>		
<b>Investments in equity instruments - in associate company</b>		
Carrying amount of investment in Green Infra Wind Power Theni Limited {Refer Note (a) below and note 38}	198	197
	<b>198</b>	<b>197</b>
<b>Other investments</b>		
<b>Investments in equity instruments - quoted</b>		
1,000 (2014 : 100) fully paid equity shares of ₹ 1 (2014 : ₹10)each in Timex Watches Limited [ ₹ 1,010 (2014 : ₹ 1,010)]	-	-
1,000 (2014 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited [ ₹ 10,000 (2014 : ₹ 10,000)]	-	-
2,025 (2014 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	5	5
6,000 (2014 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2	2
560 (2014 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1	1
300 (2014 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	1	1
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [ ₹ 1,935 (2014 : ₹ 1,935)]	-	-
100 (2014 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [ ₹ 905 (2014 : ₹ 905)]	-	-
	<b>9</b>	<b>9</b>
Less : Provision for diminution [ ₹ 3,000 (2014 : ₹ 3,000)]	-	-
	<b>9</b>	<b>9</b>
carried forward	<b>207</b>	<b>206</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 11 NON-CURRENT INVESTMENTS (CONTD.)

	₹ lakhs	
	2015	2014
brought forward	207	206
Investments in equity instruments - unquoted		
1,14,663 (2014: 1,14,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (2014: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (2014: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (2014: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited[ ₹ 2,312 (2014 : ₹ 2,312)]	-	-
100 (2014: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited [ ₹ 1,457 (2014 : ₹ 1,457)]	-	-
5,25,000 (2014: 5,25,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100	100
27,600 (2014: 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	3	3
	<b>103</b>	103
Less : Provision for diminution [ ₹ 3,209 (2014 : ₹ 3,209)]	-	-
	<b>103</b>	103
	<b>310</b>	309
Aggregate amount of quoted investments	9	9
Market value of quoted investments	23	22
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	<b>301</b>	300

- a) The Company has given an undertaking not to sell or encumber in any manner its investments in Green Infra Wind Power Theni Limited in accordance with the Equity Participation agreement.

## NOTE 12 a) DEFERRED TAX

Major components of deferred tax arising on account of timing differences are:

	2014	Transition adjustment recorded against surplus balance in consolidated statement of profit and loss	Tax effect for the year	₹ lakhs 2015
<b>Deferred tax liability</b>				
Depreciation and amortisation	(3,053)	214	(145)	(2,984)
<b>Sub total</b>	(3,053)	214	(145)	<b>(2,984)</b>
<b>Deferred tax asset</b>				
Provision for doubtful trade receivables/advances	117	-	185	302
Employee benefits	2,573	-	540	3,113
Others	1,298	-	238	1,536
<b>Sub total</b>	3,988	-	963	<b>4,951</b>
<b>Net deferred tax asset (net)</b>	935	214	818	<b>1,967</b>



## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 12 b) DEFERRED TAX

	2014	Transition adjustment recorded against surplus balance in consolidated statement of profit and loss	Tax effect for the year	2015
				₹ lakhs
<b>Deferred tax liability</b>				
Depreciation and amortisation	(130)	5	(5)	(130)
<b>Sub total</b>	(130)	5	(5)	<b>(130)</b>
<b>Deferred tax asset</b>				
Employee benefits	74	-	23	97
<b>Sub total</b>	74	-	23	<b>97</b>
<b>Net deferred tax asset/(liability) (net)</b>	(56)	5	18	<b>(33)</b>

## NOTE 13 LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good)

	2015	2014
		₹ lakhs
Security deposits	10,006	9,526
Employee loans	1,732	1,483
Other deposits	389	283
Tax payments, net of provisions	6,966	6,574
Balance with revenue authorities	3,854	2,292
	<b>22,947</b>	<b>20,158</b>

## NOTE 14

a) Inventories	2015	2014
		₹ lakhs
Raw materials	54,057	56,888
Work-in-progress (Refer note b) below)	12,223	12,657
Finished goods	264,514	216,435
Stock-in-trade	72,104	99,312
Store and spares	1,077	884
Loose tools	955	763
	<b>404,930</b>	<b>386,939</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 14 (CONTD.)

Included above, goods in transit		₹ lakhs	
	2015	2014	
Raw materials	158	789	
Stock-in-trade	15	79	
	<b>173</b>	<b>868</b>	

b) Details of inventory of work-in-progress		₹ lakhs	
	2015	2014	
Watches	8,210	8,530	
Jewellery	1,794	2,805	
Others	2,219	1,322	
	<b>12,223</b>	<b>12,657</b>	

## NOTE 15 TRADE RECEIVABLES

(Unsecured)		₹ lakhs	
	2015	2014	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Considered good	1,559	1,373	
Considered doubtful	890	345	
	<b>2,449</b>	<b>1,718</b>	
Less : Provision for doubtful trade receivables	890	345	
	<b>1,559</b>	<b>1,373</b>	
Other trade receivables			
Considered good	17,414	14,040	
	<b>18,973</b>	<b>15,413</b>	

## NOTE 16 CASH AND CASH EQUIVALENTS

		₹ lakhs	
	2015	2014	
Cash on hand	726	2,428	
Cheques and drafts on hand	903	2,892	
Balance with banks			
(i) Current account*	5,830	8,708	
(ii) Demand deposit	9,740	65,100	
(iii) Earmarked accounts			
- Unclaimed dividend	579	458	
- Unclaimed debenture and debenture interest	13	13	
(iv) Fixed deposits held as margin money against bank guarantee	3,590	9,668	
	<b>19,752</b>	<b>83,947</b>	
	<b>21,381</b>	<b>89,267</b>	

Of the above, the balances meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 17,199 lakhs (2014 : ₹ 79,128 lakhs)

\* Balance with banks includes funds in transit ₹ 1,778 lakhs (2014: ₹ 1,899 lakhs)

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 17 SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)		₹ lakhs	
	<b>2015</b>	<b>2014</b>	
Advances recoverable in cash or kind or for value to be received			
Inter-corporate deposits	23,800	19,000	
Prepaid expenses	1,637	1,274	
Security deposits	1,832	1,645	
Employee loans	1,409	1,269	
Other deposits	-	14	
Advance to vendors	3,889	2,106	
Others	2,459	2,469	
	<b>35,026</b>	27,777	
Considered doubtful	2,224	2,224	
	<b>37,250</b>	30,001	
Less : Provision for doubtful loans and advances	2,224	2,224	
	<b>35,026</b>	27,777	
Balance with revenue authorities	3,995	2,253	
	<b>39,021</b>	30,030	

### NOTE 18 OTHER CURRENT ASSETS

(Unsecured and considered good)		₹ lakhs	
	<b>2015</b>	<b>2014</b>	
Interest accrued on deposits	438	1,671	
	<b>438</b>	1,671	

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 19 REVENUE FROM OPERATIONS

	₹ lakhs	
	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	173,753	161,164
Jewellery	786,901	700,598
Others	22,943	20,772
	<b>983,597</b>	882,534
Traded goods		
Watches	19,786	20,191
Jewellery	144,045	151,979
Others	33,888	29,759
	<b>197,719</b>	201,929
Total - Sale of products (a)	<b>1,181,316</b>	1,084,463
Sale of tools and components (b)	<b>1,922</b>	1,827
Income from services provided (c)	453	487
Other operating revenue		
Sale of precious /semi-precious stones	8,206	7,862
Sale of gold/platinum	2,127	1,731
Scrap sales	909	530
Total - Other operating revenue (d)	<b>11,242</b>	10,123
Revenue from operations (gross) (a+b+c+d)	<b>1,194,933</b>	1,096,900
Less : Excise duty	3,592	4,161
Revenue from operations (net)	<b>1,191,341</b>	1,092,739

Excise duty reduced from gross revenue from operations in the consolidated statement of profit and loss represents excise duty on sale of products.

## NOTE 20 OTHER INCOME

	₹ lakhs	
	Current year	Previous year
Interest from staff loans, vendor advances, inter-corporate deposits and bank deposits	6,422	11,948
Net gain on sale of current investments	24	-
Miscellaneous income	629	74
	<b>7,075</b>	12,022

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ lakhs	
	Current year	Previous year
Closing stock		
Finished goods	264,514	216,435
Work-in-progress	12,223	12,657
Stock-in-trade	72,104	99,312
	<b>348,841</b>	328,404
Opening stock		
Finished goods	216,435	222,075
Work-in-progress	12,657	13,297
Stock-in-trade	99,312	83,091
	<b>328,404</b>	318,463
(Increase) / decrease in inventory	<b>(20,437)</b>	(9,941)

### NOTE 22 EMPLOYEE BENEFITS EXPENSE

	₹ lakhs	
	Current year	Previous year
Salaries, wages and bonus	52,224	45,710
Company's contribution to provident and other funds {Refer note 28a.(i)}	2,646	2,288
Welfare expenses	5,633	4,843
Gratuity {Refer note 28 b.(i)}	2,743	1,202
	<b>63,246</b>	54,043

### NOTE 23 OTHER EXPENSES

	₹ lakhs	
	Current year	Previous year
Loose tools, stores and spare parts consumed	10,589	8,954
Agency labour	6,121	4,846
Power and fuel	4,018	3,774
Repairs to buildings	459	383
Repairs to plant and machinery	1,695	1,236
Advertising	38,213	40,443
Selling and distribution expenses	11,569	11,785
Insurance	417	464
Rent	17,688	16,083
Increase / (decrease) of excise duty on inventory	(149)	(1,131)
Rates and taxes {Refer note 30}	11,124	10,748
Travel	3,106	2,918
Bad trade receivables written off	-	2
Provision for doubtful trade receivables / advances	545	1
Loss on sale / disposal / scrapping of fixed assets (net)	418	290
Gold price hedging costs (net)	3,577	1,977
Expenditure on corporate social responsibility	1,232	-
Miscellaneous expenses*	27,121	25,937
Directors' fees	22	17
Commission to Non Whole-time Directors	380	350
Expenses capitalised	(39)	(1)
	<b>138,106</b>	129,076

\* Includes exchange loss (net) of ₹ 51 lakhs (2014: ₹ 237 lakhs)

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 24

Contingent liabilities not provided for - ₹ 29,793 lakhs (2014: ₹ 23,357 lakhs) comprising of the following:

Sales Tax - ₹ 2,557 lakhs (2014: ₹ 2,500 lakhs)

(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

Customs Duty - ₹ 467 lakhs (2014: ₹ 317 lakhs)

(relating to compliance with the terms of notification, exemption, export obligations)

Excise Duty - ₹ 19,348 lakhs (2014: ₹ 15,163 lakhs)

(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

Income Tax - ₹ 6,850 lakhs (2014: ₹ 4,914 lakhs)

(relating to disallowance of deductions claimed)

Others - ₹ 571 lakhs (2014: ₹ 463 lakhs)

(relating to miscellaneous claims)

The above amounts are based on the notice of demand or the Assessment Orders or notification by the relevant authorities, as the case may be, and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

### NOTE 25

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 16,272 lakhs (2014: ₹ 9,863 lakhs).

### NOTE 26

The Company has received show cause notices from the Excise authorities aggregating to ₹ 34,819 lakhs (2014: ₹ 21,335 lakhs) without quantifying interest and penalty, relating to the disallowance of cenvat credit availed. The Company has been legally advised that the notice is not sustainable.

### NOTE 27 OTHER COMMITMENTS

- a. Non-fund based facilities availed of ₹ 112,897 lakhs (2014: ₹ 14,769 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.
- b. Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ 638 lakhs (2014: ₹ 374 lakhs).

### NOTE 28 EMPLOYEE BENEFITS

#### a. Defined Contribution Plans

- (i) The contributions recognized in the consolidated statement of profit and loss during the year are as under:

	₹ lakhs	
	Current year	Previous year
Provident Fund	1,360	1,348
Superannuation fund	487	448
National Pension Scheme	64	35
Employee Pension Fund (EPF)	735	457
<b>Total</b>	<b>2,646</b>	<b>2,288</b>

- (ii) Contributions are made to the Company's Employees Provident Fund Trust at predetermined rates in accordance with the Fund rules. The interest rate payable by the Trust to the beneficiaries is as notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such shortfall as an expense. Based on the actuarial valuation, there is no shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet date.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 28 (CONTD.)

#### b. Defined Benefit Plans

##### (i) Funded

The Company makes annual contributions to The Titan Industries Gratuity Fund. The scheme provides for lump sum payment to vested employees at retirement, death while in employment, or on termination of employment as per the Company's Gratuity Scheme. Vesting occurs upon completion of five years of service.

The gratuity benefit of the subsidiary is not funded.

The following table sets out the funded status and amounts recognised in the Titan Group's financial statements as at March 31, 2015 for Gratuity.

		₹ lakhs			
		Current year		Previous year	
		Funded	Unfunded	Funded	Unfunded
<b>I</b>	<b>Net asset / (liability) recognized in the balance sheet</b>				
1	Present value of funded obligations	16,553	199	12,252	147
2	Fair value of plan assets	(13,863)	-	(11,055)	-
3	(Deficit) / surplus	(2,690)	(199)	(1,197)	(147)
4	Net asset / liability				
	- Assets	-	-	-	-
	- Liabilities (current)	2,690	5	1,197	5
	- Liabilities (non-current)	-	194	-	142
<b>II</b>	<b>Expense recognized in the consolidated statement of profit and loss</b>				
1	Current service cost	812	8	776	8
2	Interest cost	1,163	14	916	12
3	Expected return on plan assets	(833)	-	(706)	-
4	Actuarial losses / (gains)	1,548	31	211	(15)
5	Past service cost	-	-	-	-
	Total expenses recognised under the head Gratuity' (Refer note 22)	2,690	53	1,197	5
<b>III</b>	<b>Change in present value of obligation</b>				
1	Present value of defined benefit obligation at the beginning of the year	12,252	147	10,749	142
2	Current service cost	812	8	776	8
3	Interest cost	1,163	14	916	12
4	Actuarial losses / (gains)	2,671	31	27	(15)
5	Past service cost	-	-	-	-
6	Benefits paid	(345)	(1)	(216)	-
7	Present value of defined benefit obligation at the end of the year	16,553	199	12,252	147
<b>IV</b>	<b>Change in fair value of plan assets</b>				
1	Fair value of plan assets at the beginning of the year	11,055	-	9,305	-
2	Expected return on plan assets	833	-	706	-
3	Actuarial (losses) / gains	1,123	-	(184)	-
4	Assets distributed on settlement	-	-	-	-
5	Contributions by employer	1,197	-	1,444	-
6	Benefits paid	(345)	-	(216)	-
7	Fair value of plan assets at the end of the year	13,863	-	11,055	-
	Actual return on plan assets	1,955	-	522	-

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 28 (CONTD.)

**V The major categories of plan assets as a percentage of total plan assets**

	Current year	Previous year
1 Government of India securities	55%	56%
2 Corporate bonds	42%	41%
3 Others	3%	3%

**VI Experience adjustments**

	2015	2014	2013	2012	2011
Defined benefit obligation	16,752	12,399	10,891	8,637	7,380
Plan assets	13,863	11,055	9,305	7,626	5,426
Surplus / (deficit)	(2,889)	(1,344)	(1,586)	(1,011)	(1,954)
Experience adjustments on plan liabilities	521	1,578	639	390	505
Experience adjustments on plan assets	1,123	(184)	443	28	28

₹ lakhs

	Current year	Previous year
<b>VII Principal actuarial assumptions</b>		
Discount rate	7.95% p.a	9.15% p.a
Expected rate of return on plan assets	8.20% p.a	7.50% p.a

₹ lakhs

**VIII** The employees are assumed to retire at the age of 58 or 60 or 65 years.

**IX** The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.

Expected rate of return on plan assets is based on expected long term rate of return during the estimated term of the obligations. The Company is expected to contribute ₹ 2,690 lakhs to the gratuity fund next year.

(ii) Unfunded

The defined benefit obligations which are provided for but not funded are as under:

	Liability as on March 31, 2015	Liability as on March 31, 2014
Compensated absences / Leave salary		
Non-current	8,437	6,913
Current	1,047	963
	<b>9,484</b>	<b>7,876</b>
Pension - Non-current	415	350

₹ lakhs

The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.



## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 29

Auditors remuneration comprises fees for audit of statutory accounts ₹ 133 lakhs (Previous year : ₹ 131 lakhs), taxation matters ₹ 35 lakhs (Previous year : ₹ 31 lakhs), audit of consolidated accounts ₹ 9 lakhs (Previous year : ₹ 9 lakhs), other services ₹ 29 lakhs (Previous year : ₹ 32 lakhs) and reimbursement of levies and expenses ₹ 31 lakhs (Previous year : ₹ 33 lakhs).

### NOTE 30

Rates and taxes include ₹ 6,056 lakhs (Previous year : ₹ 5,536 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

### NOTE 31 FINANCE COSTS INCLUDE

	₹ lakhs	
	Current year	Previous year
Interest expense on :		
Borrowings	1,479	3,170
Gold on lease charges / interest on gold loan	2,860	4,331
Others	835	30
	<b>5,174</b>	7,531
Other borrowing cost :		
Commercial paper discounting charges	2,895	1,182
	<b>8,069</b>	8,713

### NOTE 32

- a) Gold futures outstanding as at the year end - 4,458 kgs, ₹ 116,284 lakhs (2014: 6,246 Kgs, ₹ 175,224 lakhs)
- b) The Group has 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs (2014: 4 forward exchange contracts for US Dollars 14 lakhs equivalent to ₹ 809 lakhs), Nil forward exchange contracts for HKD Nil equivalent to ₹ Nil (2014: 4 forward exchange contracts for HKD 135 equivalent to ₹ 1,042 lakhs) and 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs (2014: Nil forward exchange contracts for Euro Nil equivalent to ₹ Nil) for firm commitment of purchases.

The Group has 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs (2014: Nil forward exchange contracts for US Dollars Nil equivalent to ₹ Nil) for firm commitment on sales.

Marked to Market loss of ₹ Nil (2014 : ₹ 23 lakhs) has been recognized in the consolidated statement of profit and loss on these outstanding contracts.

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 32 (CONTD.)

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2015 are given below:

i) Amounts receivable in foreign currency as at March 31, 2015

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	<b>7,989</b>	<b>12,787,941</b>
	(6,322)	(10,554,871)
GBP	<b>115</b>	<b>124,088</b>
	(209)	(209,753)
HKD	<b>548</b>	<b>6,797,316</b>
	(555)	(7,180,765)
EURO	<b>260</b>	<b>388,207</b>
	(1,730)	(2,102,975)
CHF	<b>1,065</b>	<b>1,659,948</b>
	(394)	(582,047)
SGD	<b>25</b>	<b>54,563</b>
	(178)	(374,808)
JPY	<b>102</b>	<b>19,636,408</b>
	(321)	(54,909,246)

ii) Amounts payable in foreign currency as at March 31, 2015

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	<b>1,469</b>	<b>2,352,514</b>
	(3,177)	(5,300,348)
EURO	<b>127</b>	<b>188,852</b>
	(446)	(541,739)
HKD	<b>878</b>	<b>10,894,166</b>
	(939)	(12,163,841)
CHF	<b>185</b>	<b>287,775</b>
	(270)	(399,854)
JPY	<b>79</b>	<b>15,142,437</b>
	(135)	(22,993,294)
GBP	<b>23</b>	<b>24,527</b>
	(22)	(21,647)
SEK	-	-
	(6)	(62,099)
SGD	<b>15</b>	<b>31,978</b>
	(177)	(373,228)

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

NOTE 33

### Related party disclosures :

#### Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited Tata Sons Limited
b)	Associate	Green Infra Wind Power Theni Ltd
c)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

#### Transactions with related parties during the year are set out in the table below:

(Previous year figures are in brackets)

SI No.	Nature of transaction				₹ lakhs
		Promoters	Associate	Key Management Personnel	Total
1	Purchase of fixed assets	- (1)	- (-)	- (-)	- (1)
2	Sale of components and finished goods and fixed assets	66 (1)	- (-)	- (-)	66 (1)
3	Reimbursement of expenses	12 (6)	- (-)	- (-)	12 (6)
4	Rent paid	51 (51)	- (-)	- (-)	51 (51)
5	Purchase of power	- (-)	296 (312)	- (-)	296 (312)
6	Dividend paid	8,035 (8,035)	- (-)	- (-)	8,035 (8,035)
7	Commission and sitting fees to non whole-time directors	103 (92)	- (-)	- (-)	103 (92)
8	Brand equity subscription	1,907 (1,740)	- (-)	- (-)	1,907 (1,740)
9	Payment towards rendering of services	55 (15)	- (-)	- (-)	55 (15)
10	Managerial remuneration	- (-)	- (-)	491 (447)	491 (447)

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

## NOTE 33 (CONTD.)

Balance as on balance sheet date	Promoters	Subsidiaries	Associate	₹ lakhs
				Key Management Personnel
<b>Credit balance</b>				
Tata Sons Limited	1,437	-	-	1,437
	(1,302)	(-)	(-)	(1,302)
Tamilnadu Industrial Development Corporation Limited	98	-	-	98
	(89)	(-)	(-)	(89)
Green Infra Wind Power Theni Limited	-	2	-	2
	(-)	(3)	(-)	(3)
Mr. Bhaskar Bhat	-	-	297	297
	(-)	(-)	(268)	(268)

The above includes the following material related party transactions :-

Nature of transaction	Category	Name	₹ lakhs
			Amount
(a) Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	5,197
			(5,197)
	Promoter	Tata Sons Limited	2,838
			(2,838)
(b) Brand Equity Subscription	Promoter	Tata Sons Limited	1,907
			(1,740)

## NOTE 34

(a) The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

	₹ lakhs	
	2015	2014
For a period not later than one year	4,266	3,524
For a period later than one year but not later than five years	1,544	2,506
For a period later than five years	15	-
Total	5,825	6,030

b) The Group has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent.

c) Lease rentals recognised in the consolidated statement of profit and loss in respect of the above operating leases is ₹ 4,495 lakhs (Previous year: ₹ 3,661 lakhs).

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 35 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	2015	2014
Net profit after tax (₹ lakhs)	81,626	73,494
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	9.19	8.28

### NOTE 36 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015

#### a) Primary Business Segments

(Previous year figures are in brackets).

	Watches	Jewellery	Others	Corporate (Unallocated)	₹ lakhs Total
<b>Revenue</b>					
Net sales/income	191,881	942,059	57,401	-	1,191,341
(There is no inter-segment revenue)	(178,889)	(862,742)	(51,108)	-	(1,092,739)
<b>Segment result</b>					
Before finance costs, other income and taxes	19,837	93,481	(-) 175	(-) 7,260	105,883
	(18,343)	(84,891)	(100)	(-) 5,656	(97,678)
Add : Other Income	223	938	67	5,847	7,075
	(190)	(461)	(34)	(11,337)	(12,022)
Share of loss/(profit) of associate	-	-	-	(-) 1	(-) 1
	(-)	(-)	(-)	(-) 19	(-) 19
Profit before finance costs and taxes	20,060	94,419	(-) 108	(-) 1,412	112,959
	(18,533)	(85,352)	(134)	(5,700)	(109,719)
Less : Finance costs					8,069
					(8,713)
Profit before taxes					104,890
					(101,006)
Taxes					23,264
					(27,512)
Profit after taxes					81,626
					(73,494)
Segment assets	109,979	382,060	38,898	53,925	584,862
	(96,872)	(372,797)	(31,692)	(108,843)	(610,204)
Segment liabilities	42,111	189,953	10,541	25,825	268,430
	(37,583)	(208,132)	(9,061)	(23,350)	(278,126)
Capital expenditure	9,163	5,882	3,932	1,994	20,971
	(3,239)	(6,930)	(3,939)	(7,249)	(21,357)
Depreciation/ amortisation	3,093	3,459	1,976	429	8,957
	(2,409)	(2,389)	(1,272)	(685)	(6,755)
Other significant non cash expenses	311	29	315	-	655
	(85)	(1)	(144)	-	(230)

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 36 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2015 (CONTD.)

#### Total unallocable liabilities / (assets) exclude

		₹ lakhs	
		2015	2014
Short-term borrowings		9,979	80,684
Deferred tax liability / (asset) (net)		33	56
Deferred tax liability / (asset) (net)		(1,967)	(935)
b) Secondary geographical segments	India	Others	Total
(Previous year figures are in brackets)			
Revenue	1,154,377	36,964	1,191,341
	(1,070,241)	(22,498)	(1,092,739)

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment assets and capital expenditure by geographical segments.

Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

### NOTE 37 RESEARCH AND DEVELOPMENT (R&D) EXPENSE

		₹ lakhs	
		2015	2014
Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centers*			
Capital		168	17
Revenue		1,572	529
		<b>1,740</b>	546

\* Pursuant to Company's application dated March 26, 2014, the Department of Scientific and Industrial Research (DSIR) has accorded initial recognition of R&D center of the Company located at Hosur for its Jewellery Division and is effective from July 25, 2014 to March 31, 2018.

Further, the DSIR has renewed its initial recognition of R&D center of the Company located at Hosur for its watch Division. The same is effective till March 31, 2018.

The Company has applied to DSIR for approval of weighted deduction for its R&D expenses. The above figures are as determined by the management.

### NOTE 38 THE PARTICULARS OF INVESTMENTS MADE IN THE ASSOCIATE COMPANY ARE AS BELOW

(Previous year figures are in brackets)

					₹ lakhs
Name of the associate	Original cost of investment	Amount of Goodwill/ Capital Reserve in original cost	Cumulative share of post acquisition profits	Carrying cost of investments	
Green Infra Wind Power Theni Limited	150	-	48	198	
	(150)	-	(47)	(197)	

## Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2015

### NOTE 39

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act.

(Previous year figures are in brackets)

₹ lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount
Parent : Titan Company Limited	99.33% (99.08%)	306,320 (249,957)	100.83% (100.85%)	82,306 (74,120)
Subsidiaries :				
Indian				
1) Titan TimeProducts Limited	0.36% (0.39%)	1,095 (986)	(-)0.11% ((-)0.39%)	(-)92 ((-)284)
2) Titan Engineering and Automation Limited	- (-)	- (-)	- (-)	- (-)
Foreign				
1) Favre Leuba AG	0.25% (0.45%)	774 (1,133)	(-)0.72% ((-)0.49%)	(-)589 ((-)361)
2) Titan Watch Company Limited	- (-)	- (-)	- (-)	- (-)
Associates :				
Green Infra Wind Power Theni Limited	0.06% (0.08%)	198 (197)	- (0.03%)	1 (19)
<b>Total</b>	<b>100%</b> (100%)	<b>308,387</b> (252,273)	<b>100%</b> (100%)	<b>81,626</b> (73,494)

### NOTE 40

- a) The figures pertaining to subsidiary companies have been reclassified, where necessary, to bring them in line with the parent Company's financial statements.
- b) The figures of the previous year have been regrouped/recast, where necessary, to conform to the current year classification.

**Bhaskar Bhat**  
Managing Director

**S. Subramaniam**  
Chief Financial Officer

**A. R. Rajaram**  
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

**C V Sankar** Chairman

**T K Arun**  
**N N Tata**  
**Harish Bhat**  
**C G Krishnadas Nair**  
**Vinita Bali**  
**Hema Ravichandar**  
**Ireena Vittal** Directors

Bangalore, 07 May 2015

₹ crores

BALANCE SHEET	1987-88	1992-93	1997-98	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Equity share capital	24	42	42	42	42	42	42	42	44	44	44	44	89	89	89	89
Preference share capital	-	-	38	40	40	40	40	-	-	-	-	-	-	-	-	-
Reserves and surplus	-	78	116	80	83	95	150	283	392	507	680	981	1,361	1,876	2,435	3,003
Deferred tax liability/ (asset)	-	-	-	42	35	29	24	17	25	18	5	2	(4)	(8)	(9)	(20)
Borrowings	38	114	382	467	407	318	268	247	258	175	73	15	11	6	806	100
Current, Non-current Liabilities & Provisions	9	36	58	173	164	267	360	593	879	1,035	1,284	2,694	3,233	3,905	2,777	2,680
<b>TOTAL SOURCES OF FUNDS</b>	<b>71</b>	<b>270</b>	<b>636</b>	<b>844</b>	<b>771</b>	<b>791</b>	<b>884</b>	<b>1,184</b>	<b>1,598</b>	<b>1,779</b>	<b>2,086</b>	<b>3,736</b>	<b>4,690</b>	<b>5,868</b>	<b>6,098</b>	<b>5,852</b>
Net tangible and intangible assets	54	131	238	192	177	175	196	267	282	294	275	300	394	490	629	738
Investments	-	-	27	37	28	27	27	27	47	8	8	9	16	19	27	33
Inventories	8	86	173	142	164	272	374	677	1,021	1,203	1,340	1,994	2,879	3,678	3,867	4,047
Cash and bank balances	3	9	8	24	27	44	38	51	52	55	187	1,096	961	1,137	889	210
Other Current Assets	6	44	190	403	342	249	235	158	196	219	276	337	440	544	686	824
Deferred revenue expenditure	-	-	-	46	33	24	14	4	-	-	-	-	-	-	-	-
<b>TOTAL APPLICATION OF FUNDS</b>	<b>71</b>	<b>270</b>	<b>636</b>	<b>844</b>	<b>771</b>	<b>791</b>	<b>884</b>	<b>1,184</b>	<b>1,598</b>	<b>1,779</b>	<b>2,086</b>	<b>3,736</b>	<b>4,690</b>	<b>5,868</b>	<b>6,098</b>	<b>5,852</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>1987-88</b>	<b>1992-93</b>	<b>1997-98</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Revenue from operations	17	191	442	798	959	1,135	1,481	2,136	3,041	3,848	4,703	6,571	8,971	10,206	10,955	11,937
Expenses	17	157	357	726	862	1,020	1,327	1,938	2,791	3,551	4,308	5,959	8,138	9,196	9,906	10,787
Interest	1	18	53	41	38	31	25	20	20	29	5	35	44	51	87	81
Depreciation/Amortisation	1	7	19	21	22	20	20	26	30	42	60	34	45	54	66	87
Operating Profit/ (loss)	(2)	9	13	10	37	64	109	152	200	226	330	543	744	905	896	985
Add: Other Income	2	2	3	10	2	3	2	3	2	5	12	56	94	101	120	71
Less: Exceptional Item	-	-	-	(10)	(25)	(35)	(25)	(24)	-	-	-	-	-	-	-	-
Profit Before Taxes	-	11	16	10	14	32	86	131	202	231	342	599	838	1,006	1,016	1,056
Taxes	-	-	1	4	3	7	13	38	52	72	71	169	238	281	275	233
Profit After Taxes	-	11	15	6	11	25	73	93	150	159	271	430	600	725	741	823
Equity Dividend (%)	-	22%	25%	10%	10%	20%	30%	50%	80%	100%	150%	250%	175%	210%	210%	230%
Equity Dividend (Rs.)	-	7	11	4	4	8	13	22	36	44	67	111	155	186	186	204
Employee costs (excluding VRS)	1	13	49	72	85	96	109	157	189	233	274	365	392	485	534	626
% to Sales Income	6.1%	6.7%	11.1%	9.0%	8.9%	8.4%	7.4%	7.4%	6.2%	6.1%	5.8%	5.6%	4.4%	4.8%	4.9%	5.2%
Advertising	2	13	20	47	60	77	101	134	152	181	211	303	381	377	404	382
% to Sales Income	11.0%	6.9%	4.5%	5.9%	6.2%	6.8%	6.8%	6.3%	5.0%	4.7%	4.5%	4.6%	4.2%	3.7%	3.7%	3.2%



## TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456  
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126  
Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in



### ATTENDANCE SLIP

(To be presented at the entrance)

**31<sup>st</sup> ANNUAL GENERAL MEETING ON FRIDAY, 31<sup>st</sup> JULY 2015 AT 3:00 P.M.**  
At 3, SIPCOT Industrial Complex, Hosur 635 126

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxyholder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only Member/ Proxyholder can attend the Meeting.
2. Member/ Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

## TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456  
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Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in



### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the Member(s) : .....

Registered Address : .....

E-mail id : .....

Folio No./Client ID No. : ..... DP ID No. ....

I/ We, being the member(s) of ..... Shares of Titan Company Limited, hereby appoint

1. Name: ..... E-mail: .....  
Address: .....  
..... Signature: .....  
or failing him
2. Name: ..... E-mail: .....  
Address: .....  
..... Signature: .....  
or failing him
3. Name: ..... E-mail: .....  
Address: .....  
..... Signature: .....

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Thirty First Annual General Meeting of the Company to be held on Friday, 31<sup>st</sup> July 2015 at 3:00 p.m. at 3, SIPCOT Industrial Complex, Hosur 635 126 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of Statement of Profit and Loss, Balance Sheet, Report of Board of Directors and Auditors for the year ended March 31, 2015.
2. Declaration of dividend on equity shares for the financial year 2014-15
3. Re-appointment of Mr. N.N. Tata as a Director
4. Re-appointment of Mr. T.K. Arun as a Director
5. Appointment of Auditors
6. Appointment of Branch Auditors
7. Ratification of Cost Auditor's Remuneration
8. Commission to Non-Executive Directors
9. Appointment of Mr. Harish Bhat as a Director



Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

NOTE : This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





## TITAN COMPANY LIMITED

Registered Office: 3 SIPCOT, Industrial Complex, Hosur-635 126

Dear Shareholder,

We are privileged to have you as our Shareholder. In our constant endeavour to improve our services, we would once again request you to share your valuable feedback/ suggestions. We request you to kindly spare some time to fill up the Feedback Form and return the same to us.

Thanking you.

Yours truly

For **TITAN COMPANY LIMITED**

A.R. Rajaram

Head-Legal and Company Secretary

Name and address of the Shareholder	Phone No. (with STD Code)
	Email Address
	Folio No. / DP Id & Client ID
Signature	

### SHAREHOLDER SATISFACTION SURVEY QUESTIONNAIRE

(Please ✓ the appropriate box)

	Excellent	Good	Satisfactory	Needs Improvement	Not Experienced
1. Satisfaction with					
a. Dissemination of information by the Company					
b. Contents, Quality and Presentation of Annual Report					
c. Contents and ease of navigation of the Company's website					
d. Contents of Half Yearly Results					
2. Satisfaction with the arrangements and presentation made at the last Annual General Meeting of the Company					
3. Satisfaction with					
a. Services in the following areas;					
i. Transfer of Shares, Consolidation/ Split Renewal of Share Certificates					
ii. Transmission of Shares					
iii. Issue of Duplicate Share Certificates					





## **TITAN COMPANY LIMITED**

Registered Office: 3 SIPCOT, Industrial Complex, Hosur-635 126

### **GREEN INITIATIVE**

Dear Shareholder,

**Green initiative in Corporate Governance - for service of documents through electronic mode and information under Section 88 of the Companies Act, 2013 ('Act') read with rule 3(1) of the Companies (Management & Administration) Rules, 2014.**

The Companies Act, 2013 and the Rules made there under allows Companies to circulate notices and financial statement to Members in electronic mode.

The Company, in its constant endeavor to enhance the sustainability of the environment and cutting down on consumption of paper proposes to give an option to our shareholders to receive Company's notices, financial statements and other communications in electronic mode.

We request you to join us in this noble initiative and look forward to your consent to receive the notices, annual report and other communications in electronic mode.

As communicated in the past, and also today with this letter, the Company requests its shareholders to support the above mentioned cause. We request you to kindly register your e-mail address for service of documents through electronic mode by filling up the 'e-mail registration form' appended below and send it to the address mentioned therein. In addition, we also request you to furnish us information in Sl. No. 3 to 5 for updating Register of Members as per Section 88 read with rule 3(1) of the Companies (Management & Administration) Rules, 2014.

Going green will also help in prompt receipt of information and avoid loss in transit.

We look forward for your participation in the "Green Initiative".

Thanking you,

Yours faithfully,

Sd/-

(A.R.Rajaram)

Head-Legal and Company Secretary

## E-mail Registration Form

To,

### TSR DARASHAW LIMITED

Unit: Titan Company Ltd  
6-10, Haji Moosa Patrawala Industrial Estate,  
Near. Famous Studio,  
20, Dr. E. Moses Road,  
Mahalaxmi,  
Mumbai - 400011

Dear Sir,

### Re. Green Initiative in Corporate Governance and information Pursuant to Sec. 88 of the Act

I, the first/ sole shareholder, have read the letter received from Titan Company Limited regarding the captioned subject and agree to receive the documents/ communication in electronic mode, as per e-mail address given below and wish to furnish details in Sl. No. 3 to 5 for updating register of members.

Sl. No.	Particulars	Folio :
1	Name of the first/ Sole shareholder	
2	E-mail address to which documents/ notices to be served electronically	
3	Permanent Account Number (Please enclose a self attested copy of the PAN card)	
4	Unique Identification No./ Aadhar Number (Please enclose a self attested copy of the Aadhar card)	
*5	Corporate Identification Number	

\*(to be filled up only by companies/ body corporate)

Signature of the first/ Sole shareholder

### Registered Office:

Titan Company Limited,  
3 SIPCOT Industrial Complex, Hosur-635 126,  
Tamil Nadu, India  
Tel: 91 4344 664 199



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