

TITAN COMPANY LIMITED

Registered Office: 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu.
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CIN: L74999TZ1984PLC001456
A TATA Enterprise

FORM DPT-1 CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014]

Sl. No.	PARTICULARS	INFORMATION
1. GENERAL INFORMATION		
a.	Name, address, website and other contact details of the company.	Titan Company Limited, No. 3, SIPCOT Industrial Complex, Hosur, 635 126, Tamil Nadu. www.titancompany.in; Ph.: 04344 - 276037
b.	Date of incorporation of the company.	26 th July, 1984
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	The Company is engaged in business of : - Watches and Accessories - Jewellery - Eyewear BUSINESS CARRIED ON BY THE SUBSIDIARIES OF THE COMPANY: 1) Titan TimeProducts Limited*: Manufacture and supply of electronic sub-assemblies 2) Favre Leuba AG, Switzerland: Owns the Favre Leuba brand and markets Premium Swiss made Watches 3) Titan Engineering & Automation Limited: In the business of precision engineering and automation. 4) Titan Watches Limited, HongKong: Titan Watch Company is a subsidiary of the Company's subsidiary Favre Leuba AG, Switzerland. It has a capital of HK \$ 10,000 and no Profit and Loss account has been prepared as it has not yet commenced business. 5) Carat Lane Trading Company Private Limited: One of India's leading e-commerce company with online and offline presence in which Titan has majority stake. *TTPL ceased to be a subsidiary of the Company with effect from 18 th June 2018 consequent upon the Company transferring its entire stake in TTPL to Danlaw Technologies India Limited. DETAILS OF BRANCHES/ UNITS OF THE COMPANY: The Company has: - Regional offices at Bangalore, New Delhi, Mumbai and Kolkata - Manufacturing & assembly units at Hosur (Tamil Nadu), Coimbatore (Tamil Nadu), Chikkaballapur (Karnataka), Bommasandra (Karnataka), Chennai (Tamil Nadu), Mumbai (Maharashtra), Noida (Uttar Pradesh), Dehradun (Uttarakhand), Roorkee (Uttarakhand), Pattnagar (Uttarakhand), Kolkata (West Bengal) and Rangpo (Sikkim)
d.	Brief particulars of the management of the company.	The Company is managed by the Managing Director and a team of professional managers, subject to the superintendence, control and direction of the Board of Directors.
e.	Names, addresses, DIN and occupations of the directors.	

Name	Address	DIN	Occupation
Mr. N Muruganandam, IAS (Chairman)	Principal Secretary to the Government of Tamil Nadu, Industries Department, Secretariat, Chennai - 600 009.	00540135	Indian Administrative Service
Mr. Ramesh Chand Meena, IAS	Principal Secretary / Chairman and Managing Director, Tamilnadu Industrial Development Corporation Limited, 19-A, Rukmini Lakshmi Pathy Road, Egmore, Chennai - 600 008.	08009394	Indian Administrative Service
Mr. V. Arun Roy, IAS	Additional Secretary to the Government of Tamil Nadu, Industries Department, Chennai - 600 009.	01726117	Indian Administrative Service
Mr. Bhaskar Bhat (Managing Director)	No. 884, Chaitanya, Indiranagar I stage, Bangalore - 560038.	00148778	Managing Director
Mr. Harish Bhat	Bombay House, 24 Homi Mody Street, Mumbai - 400 001.	00478198	Company Director
Mr. N. N. Tata	Bombay House, 24 Homi Mody Street, Mumbai - 400 001.	00024713	Company Director
Mr. T. K. Balaji	Chairman, Lucas-TVS Ltd., Corporate Office, Aalim Centre, 82, Dr. Radhakrishnan Salai, Chennai - 600 004.	00002010	Industrialist
Mrs. Hema Ravichandrar	No. 17, Moyenville Road, Langford Town, Bangalore - 560 025.	00032929	Strategic HR Advisor
Mrs. Ireena Vittal	A2 / 1202, World Spa East, Sector 30/41, Gurgaon - 122 001.	05195656	Independent Strategy Advisor
Mr. Ashwani Puri	28/2, Friends Colony (West), New Delhi - 110 065.	00160662	Chartered Accountant & Management Consultant
Mr. B Santhanam	Saint-Gobain India Private Limited, 7 th Floor, Sigapi Achi Building, 18/3 Rukmani Lakshmi Pathy Road, Egmore, Chennai - 600 008.	00494806	Company Director
Mr. Pradyumna Vyas	E/5, Faculty House, Nr. Museum, Paldi, Ahmedabad, Gujarat - 380007.	02359563	Company Director

f. Management's perception of risk factors. Titan Company Limited is a joint venture between the Tamilnadu Industrial Development Corporation Limited and Tata Group and is listed on the BSE Limited and National Stock Exchange of India Limited. The Company has been in existence for over 34 years and has grown from a one product Company to a multidivisional multinationally with revenues of over Rs. 19,070 crores and profits before tax of over Rs. 1,927 crores for the year ended 31st March 2019. The net worth of the Company is Rs. 6169 crores (as on 31st March 2019) and the Company has consistently paid equity dividends for 25 years. The Company does not have any long term debt in its capital. The monies being raised under the deposit scheme are purely advances from its customers towards jewellery purchases and hence do not pose any financial risk except normal business risk that any company in business may face.

g. Details of default, including the amount involved, duration of default and present status, in repayment of
(i) Statutory Dues : Nil
(ii) Debentures and interest thereon : Nil
(iii) Loan from any bank or financial institution and interest thereon: Nil

2. PARTICULARS OF THE DEPOSIT SCHEME	
a. Date of passing of Board resolution.	8 th May 2019
b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits.	13 th September 2014
c. Type of deposits, i.e., whether secured or unsecured.	Unsecured

d. Details of deposit amounts	
(i) Amount which the Company can raise by way of deposits as per act & rules made thereunder: (25% from Public- Rs.1,54,236.94 Lakhs; 10% from Members - Rs.61,694.78 Lakhs)	Rs.2,15,931.72 lakhs
(ii) Aggregate of deposits actually held on: a) Last day of the immediately preceding financial year b) On the date of issue of circular or advertisement (7 th May 2019)	Rs.1,27,332.13 lakhs Rs.1,23,479.00 lakhs
(iii) Amount of deposits proposed to be raised	Rs.2,15,931.72 lakhs
(iv) Amount of deposit repayable within the next twelve months:	Rs.1,23,479.00 lakhs

e. Terms of raising of deposits:	
Duration of scheme	10 months scheme
Key conditions	10 month jewellery purchase scheme, where the customer has to pay 10 installments and the scheme matures after 300 days from the date of joining the scheme. The schemes will allow the customer to pay 10 fixed monthly installments of minimum of Rs. 2,000/- or above (in multiples of Rs. 1,000). In a span of 10 months, customer has to pay one installment every month. The customer is mandatorily required to redeem before 421 days from the date of payment of first installment.
Rate of interest	Since, it is a jewellery purchase scheme, there is no return offered as interest. However, discount is offered at the time of purchase of jewellery by customer as below: - Discount offered under GHS/GFS 10 at the time of redemption of the scheme is 75% (seventy five percent) of 1 (one) month installment upon completion of 365 (three hundred and sixty five) days from the date of joining the scheme. - If a customer redeems after 300 (three hundred) days but before the completion of 365 (three hundred and sixty five) days, discount ranging between 55% (fifty five percent) and 75% (seventy five percent) of 1 (one) month installment based on number of days will be available as discount. - Such discount will be variable, based on when the deposit is redeemed by the customer. - Further, where a depositor: does not redeem the deposit under GHS/GFS 10 within 421 (Four hundred and twenty one) days; or pre-closes their account after 180 days and prior to 300 days, the Company shall refund the amounts aggregating to the instalments paid by the depositors until the date of the refund and provide a prorated discount voucher that the customers can utilize to purchase jewellery from the Company.
Mode of payment	Cash/ Cheque/ DD/ ECS/ ACH/ Credit Card Electronic payment by way of monthly advances
Mode of repayment	Redemption of the advance will generally be by way of purchase of jewellery. In case the customer requests refund in cash, payment will be made by cheque/ DD/ electronic transfer In case the customer does not redeem within 421 days the installment amount would be refunded by way of cheque/ DD/ Electronic transfer, a discount voucher for the eligible discount amount is also sent along with the refund cheque.

f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid.	The Company has been operating these schemes for its customers with effect from 1 st November 2014. This circular is being issued to continue to accept subscriptions during the balance period of FY 2019-20 & till the date of publication of the new circular in FY 2020-21. This circular shall be valid till 30 th September 2020 or the date of the Company's Annual General Meeting in 2020, whichever is earlier.
g. Reasons or objects of raising the deposits.	The Company has been operating the above jewellery schemes for more than a decade. As per the Companies Act, 2013 advances collected under these schemes are construed as deposits. For the Company, these schemes are customer acquisition programmes, whereas for the customer, these schemes provide an opportunity to purchase jewellery by paying installments on a monthly basis.
h. Credit rating obtained (i) Name of the Credit Rating Agency: ICRA Limited (ii) Rating obtained: MAAA (pronounced as M Triple A) (iii) Meaning of rating obtained: The outlook on the rating is 'stable'. MAAA is the highest-credit-quality rating assigned by ICRA. The rated deposits programme carries lowest credit risk. Valid till July 30, 2019 (iv) Date on which rating is obtained : Rating was obtained before the date of expiry of previous rating and a fresh rating will be obtained upon expiry of the validity of this rating.	
i. Short particulars of the charge created or to be created for securing such deposits, if any.	Unsecured and therefore not applicable
j. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.	Nil

3. DETAILS OF ANY OUTSTANDING DEPOSITS	
a. Amount outstanding:	Rs.1,27,332.13 lakhs
b. Date of acceptance:	On various dates
c. Total amount accepted:	Rs. 2,17,357.40 lakhs (during the FY 2018-19 with different maturity dates)
d. Rate of interest:	Since it is a jewellery purchase scheme, there is no return offered as interest. However, discount ranging between 55% and 75% of one installment is offered to customer at the time of purchase of jewellery
e. Total number of depositors:	3,99,899
f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved:	Nil
g. Any waiver by the depositors, of interest accrued on deposits.	Nil

4. FINANCIAL POSITION OF THE COMPANY

a. Profits of the company, before and after making provision for tax for the three financial years immediately preceding the date of circular or advertisement		
Financial Year	Profit After Tax (₹ in lakhs)	Profit After Tax (₹ in lakhs)
2018-19	192,737	137,436
2017-18	157,072	116,287
2016-17	103,342	76,186
b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)		
Financial Year	Dividend Declared	Interest Coverage Ratio
	Amount (₹ in lakhs)	%
2018-19 (*subject to shareholder approval)	44,389*	500
2017-18	33,291	375
2016-17	23,082	260

c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement (figures of previous years were regrouped wherever necessary).

Particulars	₹ in lakhs		
	As at 31-03-2019	As at 31-03-2018	As at 31-03-2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	100,704	92,107	68,715

(b) Capital work-in-progress	2,511	4,081	14,027
(c) Investment property	2,402	2,268	1,065
(d) Intangible assets	3,829	3,010	951
(e) Intangible assets under development	52	36	756
(f) Financial assets			
(i) Investments	80,670	73,375	51,160
(ii) Other financial assets	12,601	11,560	8,265
(g) Deferred tax assets (net)	8,476	4,805	224
(h) Tax assets (net)	12,068	10,067	8,142
(i) Other non-current assets	15,143	10,600	9,341
	238,456	211,909	162,646

(2) Current assets			
(a) Inventories	671,918	574,920	480,649
(b) Financial assets			
(i) Investments	6,922	-	37,453
(ii) Trade receivables	35,823	19,299	11,536
(iii) Cash and cash equivalents	100,100	61,228	77,274
(iv) Other financial assets	34,300	35,378	51,218
(c) Other current assets	59,463	36,907	10,977
	908,526	727,732	669,107
TOTAL ASSETS	1,146,982	939,641	831,753

EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	8,878	8,878	8,878
(b) Other equity	609,294	510,521	422,323
	618,172	519,399	431,201
Liabilities			
(1) Non-current liabilities			
(a) Provisions	11,885	10,394	10,943
(b) Deferred tax liability net	-	-	-
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	-	-	-
(ii) Trade payables & gold on loan	305,997	239,018	257,775
(iii) Other financial liabilities	21,401	25,125	23,487
(b) Provisions	5,834	2,125	1,798
(c) Other current liabilities	182,842	141,410	106,549
(d) Current tax liabilities net	851	2,170	-
	516,925	409,848	389,609
TOTAL EQUITY AND LIABILITIES	1,146,982	939,641	831,753

d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement (figures of previous years were regrouped wherever necessary).

Particulars	₹ in lakhs		
	2018-19	2017-18	2016-17
A. Cash flow from operating activities			
Net profit before tax	192,737	157,072	103,342
Adjustments for			
- Depreciation/amortization expense	13,889	10,967	9,323
- Net unrealised exchange gain/(loss)	(173)	(126)	209
- Marked to Market loss	-	-	-
- Loss on sale/ disposal/ scrapping of fixed assets (net)	422	219	823
- Bad trade receivables written off	-	-	-
- Provision for doubtful trade receivables/ advances (net)	(140)	367	202
- Interest income	(10,278)	(6,358)	(4,914)
- Dividend income	-	-	-
- Net gain on sale of current investments	(4,459)	(1,930)	(1,047)
- Impairment of investment in subsidiary	21,500	7,500	-
- Finance costs	4,445	4,768	3,713
Operating profit before working capital changes	217,944	172,748	111,651
Adjustments for			
- (Increase)/decrease in trade receivables	(16,385)	(8,398)	1,747
- (Increase)/decrease in inventories	(96,998)	(94,271)	(42,473)
- (Increase)/decrease in other non-current financial assets	(1,041)	(3,295)	2,044
- (Increase)/decrease in other non-current assets	(4,791)	(1,362)	212
- (Increase)/decrease in other current financial assets	(591)	19,399	(7,084)
- (Increase)/decrease in other current assets	(25,143)	(23,776)	(800)
- (Increase)/decrease in trade payables including gold on loan	66,979	(18,757)	94,895
- Increase/(decrease) in other financial liabilities	862	(1,986)	19,457
- Increase/(decrease) in other current liabilities	41,432	34,861	23,749
- Increase/(decrease) in long-term provisions	1,491	(549)	955
- Increase/(decrease) in short-term provisions	3,709	327	4
Cash generated from operations	187,468	74,940	204,357
- Direct taxes paid	(62,177)	(45,016)	(27,535)
Net cash from / (used in) operating activities	125,291	29,924	176,822
B. Cash flow from investing activities			
Additions to property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development and capital advances)	(22,650)	(26,360)	(20,440)
Proceeds from sale of property, plant and equipment	105	301	471
Purchase of investments in subsidiaries, joint venture and other equity instruments	(14,959)	(29,702)	(43,123)
Proceeds from sale of investment in subsidiaries	1,850	-	-
Inter-corporate deposits placed	(91,000)	(67,000)	(37,000)
Proceeds from inter-corporate deposits	79,500	63,500	37,500
Bank balances not considered as cash and cash equivalents	(49,111)	(4,491)	(6,903)
Purchases of investments, net	(3,649)	39,370	(36,406)
Dividends received	-	-	-
Interest received	8,395	6,299	3,866
Net cash used in investing activities	(91,519)	(18,083)	(102,035)
C. Cash flow from financing activities			
Borrowings (net)	-	-	(11,305)
Dividends paid including dividend distribution tax	(39,739)	(27,736)	(355)
Finance costs	(4,445)	(4,768)	(3,713)
Net cash from / (used in) financing activities	(44,184)	(32,504)	(15,373)
Net cash flows during the year (A+B+C)	(10,412)	(20,663)	59,414
Cash and cash equivalents (opening balance)	46,644	67,181	7,976
Add: Cash and bank balances acquired on amalgamation	-	-	-
Add / (Less): Unrealised exchange (gain)/loss	1	127	(82)
	46,645	67,308	7,894
Cash and cash equivalents (closing balance)	36,405	46,644	67,181
Add / (Less): Unrealised exchange (gain)/loss	(173)	1	127
	36,232	46,645	67,308

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

The financial statements of the Company are prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

5. DECLARATION BY DIRECTORS

The Board of Directors hereby declare that -
a. The Company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest on such deposits and where a default had occurred, the Company made good the default and a period of five years had lapsed since the date of making good the default;
b. they have satisfied themselves fully with respect to the affairs and prospects of the Company and that they are of the opinion that having regard to the estimated future financial position of the Company, the Company will be able to meet its liabilities as and when they become due and that the Company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
c. the Company has complied with the provisions of the Act and the rules made thereunder;
d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
e. the deposits accepted by the Company before the commencement of the Act have been repaid and unclaimed amounts will be returned to customers and balance unclaimed subscription amounts will be treated as unsecured and ranking pari passu with other unsecured liabilities;
f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty;
g. the deposits shall be used only for the purposes indicated in the Circular or Circular in the form of advertisement;
h. the deposits accepted by the Company (other than the secured deposits, if any, aggregate amount of which to be indicated) are unsecured and rank pari passu with other unsecured liabilities of the Company.

This circular is issued on the authority and in the name of the Board of Directors of the Company, the text hereof has been approved by the Board of Directors at its meeting held on 8th May 2019, and a copy thereof, signed by a majority of the Directors of the Company, has been filed with the Registrar of Companies.

sd/-
N N TATA BHASKAR BHAT RAMESH CHAND MEENA HARISH BHAT
T K BALAJI HEMA RAVICHANDAR ASHWANI PURI B SANTHANAM PRADYUMNA VYAS