

T E N T H
A N N U A L
R E P O R T



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TITAN INDUSTRIES

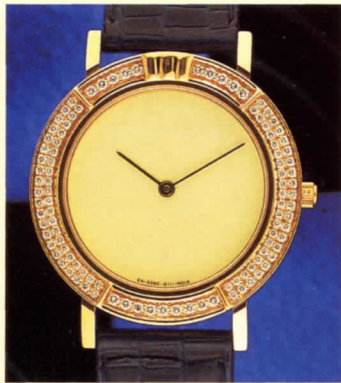
Titan's mammoth investment in its recently commissioned jewellery and jewellery watch plant marks the commencement of yet a new endeavour, with the same promises of success that have characterised its watch-making and marketing ventures. Rs. 55 crores of newly created assets, 120,000 sq ft factory space. Close to 1000 employees at full capacity. An almost full range of manufacturing capabilities under one roof.

T I T A N

J E W E L L E R Y

From refining and alloying to the final, loving crafting of a finished piece of art. A plant that is an event, not only for Titan and India but for the world. Producing works of art that will lead Titan's entry into the world market. And sell to an expectant and impatient Indian public out of a new chain of classy and distinctive showrooms, on par with the shopping paradises of Bond Street, Fifth Avenue and Place Vendome.





An exquisite collection of 18 carat gold and gem-set watches. And an almost limitless offering of gold and gem-set jewellery. Drawing on India's famed craft resources and



world renowned artistic heritage.

Adding the vision, the values, the sensitivity to style and the enormous manufacturing skills of a watch-maker of global repute.





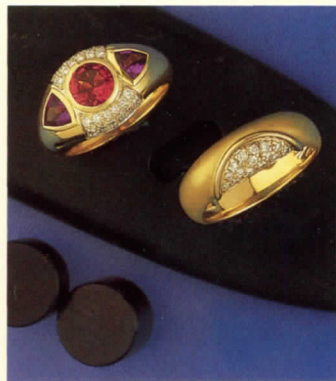
Articles of adornment, available in a vast array of styles,
a wide range of prices ; worldwide bestsellers, Indo-
European fusion, contemporary international and

the futuristic
avant-garde.



From the ele-
gantly simple

to the splendidly complex. Each piece a celebration
of feminine beauty or affirmation of masculine
self-worth. Bringing Titan prestige and profit.



NOTICE

The Tenth Annual General Meeting of Titan Industries Limited will be held at the Registered Office of the Company, at 3, SIPCOT Industrial Complex, Hosur 635 126, on Tuesday, 26th July 1994, at 4.00 p.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March 1994 and the Balance Sheet as at that date.

2. To declare a dividend of 25% on equity shares.

3. To appoint Directors in place of Mr. A.C. Mukherji, Mr. T.K. Balaji and Mr. A.N. Palwankar who retire by rotation and are eligible for reappointment.

4. To consider and, if thought fit, to pass with or without modification, the following resolution as a special resolution :

"RESOLVED that A.F. Ferguson & Co. be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, to audit the accounts of the Company for the financial year 1994-95 on a remuneration of Rs. 4,00,000 plus out of pocket, travelling and living expenses."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of section 372 and other

applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other approvals as may be necessary, the Company hereby sanctions an investment by the Board of Directors of the Company a sum not exceeding Rs. 10 lakhs by way of subscription and/or purchase of equity shares of Rs. 10 each, at par, of TITAN PROPERTIES LIMITED, notwithstanding that such investment, or such investment together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all the limits prescribed under sub-section (2) of section 372 of the Act and the provisos thereto; and that the Board of Directors of the Company be and are hereby authorised to determine the actual sums to be so invested and to settle all questions and matters arising out of, and incidental to, the proposed investment, and to do all such acts and things as may be necessary to implement this resolution, including acceptance of any modifications or conditions which may be suggested by the authorities whose approvals are being sought and as may be acceptable to the Board."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and such other approvals as may be necessary, the Company hereby sanctions an investment by the Board of Directors of the Company a sum not exceeding Rs. 150 lakhs by way of subscription and/or purchase of equity shares of Rs. 10 each, at par, of TITAN TIMEPRODUCTS LIMITED, notwithstanding that such investment, or such investment together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all the limits prescribed under sub-section (2) of section 372 of the Act and the provisos thereto; and that the Board of Directors of the Company be and are hereby authorised to determine the actual sums to be so invested and to settle all questions and matters arising out of, and incidental to, the proposed investment, and to do all such acts and things as may be necessary to implement this resolution, including acceptance of any modifications or conditions which may be suggested by the authorities whose approvals are being sought and as may be acceptable to the Board."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of the Companies Act, 1956, approval is hereby accorded to the revision

in the remuneration (comprising salary, perquisites and commission) of Mr. Xerxes Desai, Managing Director of the Company with effect from 14th July 1993, as under :

1. SALARY

<u>Period of Appointment</u>	<u>Salary per month</u>
(a) Five years from 1st October 1988 to 30th September 1993	To be revised from Rs. 15,000 per month to Rs. 30,000 per month with effect from 14th July 1993
(b) Five years with effect from 1st October 1993	Rs. 30,000 per month, in the scale of Rs. 30,000 to Rs. 50,000

The annual increments in the aforesaid scale, which will be effective from 1st October each year, will be decided by the Board of Directors.

2. PERQUISITES

In addition to the above, Mr. Xerxes Desai shall be entitled to the following perquisites restricted to an amount to be decided by the Board of Directors, provided that the same does not exceed Rs. 6,00,000 per annum. Unless the context otherwise requires, perquisites are classified into three categories, 'A', 'B' and 'C' as follows :

CATEGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, club fees and personal

accident insurance. These will be provided for as under :

i) **Housing I** : The expenditure by the Company on hiring furnished accommodation for Mr. Xerxes Desai will be subject to the following ceiling :

Sixty percent of the salary over and above ten per cent payable by Mr. Xerxes Desai.

Housing II : In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, Mr. Xerxes Desai shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per the Income-tax Rules, 1962.

ii) **Medical reimbursement** : Medical expenses incurred by Mr. Xerxes Desai for self and his family subject to a ceiling of three months' salary over a period of three years.

iii) **Leave Travel Concession** : Leave Travel Concession for Mr. Xerxes Desai and his family, once in a year, in accordance with the rules specified by the Company.

iv) **Club Fees** : Club fees, subject to a maximum of two clubs. This will not include admission and life membership fees.

v) **Personal Accident Insurance** : Premium not to exceed Rs. 4,000 per annum.

Explanation : For the purpose of category 'A', 'family' means spouse, dependent children and dependent parents.

CATEGORY 'B'

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income-tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

ii) Encashment of leave at the end of the tenure will not be included in the computation of ceiling on perquisites.

CATEGORY 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance telephone calls and use of car for private purposes shall be billed by the Company to Mr. Xerxes Desai.

3. COMMISSION

An amount by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a

particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in sections 198 and 309 of the Act, will be payable annually.

4. MINIMUM REMUNERATION

Notwithstanding anything to the

contrary contained herein, where in any financial year during the currency of the tenure of Mr. Xerxes Desai, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites as specified above, as minimum remuneration."

N O T E S :

(a) The relative explanatory statements pursuant to section 173 of the Companies Act, 1956, in respect of the business under item nos. 4 to 7 above are annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(c) The Register of Members and the Transfer Books of the Company will be closed from Wednesday, 15th June 1994 to Thursday, 30th June 1994, both days inclusive.

(d) The dividend on shares as recommended by the Directors for the year ended 31st March 1994, if declared at the meeting, will be payable on or after 27th July 1994, in accordance with the resolution to be passed by the Shareholders of the Company, to those Members whose names stand on the Register of Members of the Company as on 30th June 1994.

(e) Members who are resident individuals/companies as per the Income-tax Act, 1961, and who are eligible to receive dividend without deduction of tax at source, may file the relevant tax exemption certificates or declarations, in duplicate, to receive the dividend payment without deduction of tax at source. The tax exemption certificates/declarations should be filed with the Company's Registrars and Share Transfer Agents on or before 11th July 1994, at the following address :

Tata Share Registry Limited.
Unit : Titan Industries Limited
Shalaka
Maharshi Karve Road
Bombay 400 021.

(f) Pursuant to section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March 1990 have been transferred to the General Revenue Account of the Central Government. Members who have a valid claim to the unclaimed dividend referred to above may claim the same from the Registrar of Companies, Tamil Nadu, Bank of Baroda Building, 5th Floor, 82 Bank Road, Coimbatore 641 018.

(g) Members are also requested to inform the Company's Registrars and Share Transfer Agents viz., Tata Share Registry Limited, at the aforesaid address before 11th July 1994 :

- (i) the changes, if any, in their registered addresses alongwith the pin code number.
- (ii) the permanent Income-tax account number allotted to them by the Income-tax authorities.

(h) For the convenience of Members, the Company will be providing a coach service from Bangalore on the day of the meeting. The coaches will leave for Hosur at 2.00 p.m. from Queens Statue (Cubbon Park main entrance), Bangalore, and bring the Members back to Bangalore after the meeting.

Registered Office :
3, SIPCOT Industrial Complex
Hosur 635 126

17 May 1994

BY ORDER OF THE BOARD OF DIRECTORS,

M.N. Ramdas
Vice President - Finance
& Company Secretary

ANNEXURE TO NOTICE

As required by section 173 of the Companies Act, 1956, the following explanatory statements set out all material facts relating to the business mentioned under item nos. 4 to 7 of the accompanying Notice dated 17th May 1994 :

1. ITEM NO. 4 : Since the shareholding pattern of the Company is such that the provisions of section 224A of the Companies Act, 1956, are applicable, the reappointment of A.F. Ferguson & Co. as Auditors of the Company is required to be made by a special resolution.

None of the Directors of the Company has any concern or interest in this item of business.

2. ITEM NO. 5 : Titan Properties Limited (TPL) was incorporated with the support of the Company in December 1991 in the State of Tamil Nadu, with an authorised share capital of Rs. 500 lakhs and at present the paid-up capital of the company is Rs. 700.

The main objects of TPL are to establish and carry on the business of construction, land development and to acquire or deal with any property as may be required.

In addition to 70 acres of land acquired for its housing scheme by Titan Industries Limited, TPL has acquired 11 acres of land and is at present wholly engaged in the development of land for the purpose of meeting the housing requirements of Titan Industries and the employees of Titan. Keeping this in mind, it is considered desirable that TPL should be a wholly-owned subsidiary of Titan Industries Limited.

With a view to meet the immediate capital requirements of TPL, it is proposed that the Company invests a sum not exceeding Rs. 10 lakhs in the equity capital of TPL.

As the proposed investment will be in excess of 25% of the subscribed capital of TPL, it is necessary to obtain the approval of the Shareholders and the Central Government before making the investment as stated above in TPL.

Mr. Xerxes Desai is a Director of Titan Properties Limited and may, therefore, be deemed to be concerned or interested in this resolution.

3. ITEM NO. 6 : Titan TimeProducts Limited (TTPL) was incorporated in July 1991 as a Joint Sector Company in Goa in partnership with the Economic Development Council of Goa, Daman and Diu Limited with an authorised share capital of Rs. 300 lakhs. The present paid-up capital of TTPL is Rs. 100.

TTPL is engaged in the manufacture of Electronic Circuit Blocks (ECBs), a critical component of a quartz watch.

The manufacturing facilities have been established by TTPL at Verna Industrial Estate in Goa with the technical inputs provided by Titan Industries. The full requirement of ECBs of Titan Industries

for manufacturing watches are sourced from TTPL. Considering the close interaction and the business relationship with TTPL, it is considered desirable for your Company to have a significant equity holding in TTPL. Out of the proposed total equity capital of Rs. 300 lakhs, your Company proposes to invest/hold equity not exceeding Rs. 150 lakhs. The balance will be held by the EDC and others.

As the proposed investment will be in excess of 25% of the subscribed capital of TTPL, it is necessary to obtain the approval of the Shareholders and the Central Government before making the investment as stated above in TTPL.

Mr. A.L. Mudaliar and Mr. Xerxes Desai are Directors of Titan TimeProducts Limited and may, therefore, be deemed to be concerned or interested in this resolution.

4. ITEM NO. 7 : At the 4th Annual General Meeting of the Company held on 9th December 1988, the Members had approved the appointment of Mr. Xerxes Desai as Managing Director for a period of five years with effect from 1st October 1988, on the remuneration permissible under the then prevalent Schedule XIII to the Companies Act, 1956 (the Act), as detailed in the resolution under item no. 5 of the Notice of the said Annual General Meeting of the Company. Subsequently, at the 9th Annual General Meeting of the Company held on 19th July 1993, the Members had approved the reappointment of Mr. Xerxes Desai as Managing Director for a further period of

five years with effect from 1st October 1993, on the same terms and conditions permissible under the Schedule XIII to the Act as detailed in the resolution under item no. 5 of the Notice of the said Annual General Meeting.

In both resolutions, the Members had also authorised and empowered the Board of Directors of the Company to make such alterations or variations in the terms and conditions of appointment of and/or Agreement with Mr. Xerxes Desai, as the Board might, in its discretion, deem fit within the maximum amount payable in accordance with Schedule XIII to the Act or any amendments made thereto, from time to time.

The Government had issued Notification GSR No. 510 (E) dated 14th July 1993, revising Schedule XIII of the Act by enhancing the limits upto which remuneration and perquisites can be paid or granted to managing and wholetime directors. There has also been a further revision to Schedule XIII by a Notification dated 2nd February 1994.

At its meeting held on 16th November 1993, the Board of Directors, in exercise of the aforesaid authority given by the Members, decided to revise the terms of remuneration and perquisites of Mr. Xerxes Desai under the revised Schedule XIII, as from 14th July 1993 for the remainder of his earlier tenure and as from 1st October 1993 in respect of his reappointment for the further period of five years. The increased remuneration and perquisites are within the permissible limits.

As per Circular No.1/94, F.No.1/4/92-CL. dated 2nd February 1994 issued by the Government, the approval of the Shareholders for the revised remuneration is to be obtained in the first

general meeting held immediately after the revision in remuneration is effected.

Mr. Xerxes Desai as Managing Director is interested in this item of business.

Registered Office :
3. SIPCOT Industrial Complex
Hosur 635 126

17 May 1994

BY ORDER OF THE BOARD OF DIRECTORS,

M.N. Ramdas
Vice President – Finance
& Company Secretary

SCHEDULE FORMING PART OF THE ACCOUNTS

Information as per section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 1994.

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experience	Last employment held	Commencement of employment
Ahmed R.	Group Manager – Case Plant	46	2,09,951	1,56,565	B.E. (Mech.)	24	HMT Ltd.	Aug-86
Amitha I.K.	Senior Vice President – Business Development	67	4,09,089	2,55,961	B.E. (Mech.), PG (Prec. Engg.)	44	HMT Ltd.	Jul-85
Babu S.S.	Group Manager – Projects & Engineering	46	2,33,020	1,75,007	B.E., PGDBM	24	HMT Ltd.	Jun-86
Bhat B.	Vice President – Sales & Marketing	40	3,24,446	2,05,864	B.Tech., PGDM	16	Tata Press Ltd.	Jan-86
Bhat P.S.	Group Manager – R&D	47	1,45,077	1,02,789	B.E. (Mech.)	22	Bifora Watch Industries Ltd.	Mar-92
Bhattacharya S.	Group Manager - Finance & Accounts (Jewellery)	33	1,80,711	1,04,923	B.Com., A.C.A.	10	Indian Aluminium Company Ltd.	Aug-92
Chakrapani H.	Group Manager – Components	52	1,67,958	95,961	DME	30	HMT Ltd.	Aug-86
Chandrasekharan R. Col. (Retd.)	Group Project Manager	54	1,55,332	1,04,481	B.E., M.Tech.	32	Indian Army	Oct-91
Daboo J.S.	Senior Manager - Operations (Jewellery)	31	1,63,897	1,18,061	B.E., PGDBM	7	Tata Services Ltd.	Jun-87
Desai Xerxes	Vice Chairman & Managing Director	57	5,91,613	2,72,442	M.A. (Oxon.)	34	Tata Press Ltd.	Jan-86
Dwarakanath B.G.	General Manager – Watch Production (R&D)	45	2,42,006	1,26,578	B.E.	23	HMT Ltd.	Oct-85
Gaudot C.A.*	Technical Advisor	68	1,34,167	90,000	Graduate Engg. (Mech.)	46	France Ebauches	Aug-87
Gopalakrishna B.A.	Senior Manager – Accounts	56	1,58,176	1,15,288	B.Sc.	32	HMT Ltd.	Jul-86
Gopalakrishnan S.D.	Senior Manager – Commercial	39	1,54,660	1,12,451	B.Com., AICWA	19	Lipton India Ltd.	Jan-89
Govind Raj V.	Senior Manager – Distribution	37	1,66,734	1,20,136	B.Sc., M.B.A.	17	Kinetic Engineering Ltd.	Jan-87
Harendra N.	Senior Manager – Product Development	39	1,54,813	1,32,219	M.A.-F	16	Alliance Francaise	Oct-86
Hari Rao R.C.	Vice President – Manufacturing	62	3,41,139	1,61,742	B.E. (Mech.), PG (Ind. Engg.)	37	HMT Ltd.	Oct-85
Jain R.K.*	Group Product Manager	36	36,364	35,751	B.E., PGDM	12	Bakelite Hylam Ltd.	Apr-90
Kaladhar M.	Production Manager – Cast Jewellery	40	1,46,310	90,558	B.E.	12	Sunshine Industries Ltd.	Dec-92
Kannan G.	Branch Manager – (Madras)	38	1,48,755	1,07,027	M.A.	17	Blaze Enterprises Pvt. Ltd.	Jan-87
Kapadia K.F.	Vice President – Administration	44	2,46,678	1,29,205	B.A., PGDM	19	Tata Press Ltd.	Mar-92
Kar K.*	Senior Manager (Jewellery)	35	1,00,284	81,073	M.A., M.Phil.	8	Tata Unisys Ltd.	Oct-88
Kaul A.M.	Senior Area Manager	34	1,44,375	1,17,459	B.E., PGCGM	12	Birla Yamaha Ltd.	May-90

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experience	Last employment held	Commencement of employment
Khan A.H.K.	General Manager – Watch Production	54	1,94,295	1,06,474	B.A., DME	33	Bifora Watch Industries Ltd.	May-86
Krishnappa C.M.	Group Manager – Quality Control	44	1,49,094	94,929	B.E. (Mech.), PGDIM	18	HMT Ltd.	Feb-87
Kumar S.	Regional Manager – North	36	2,27,482	1,83,695	B.A., M.B.A.	14	Apollo Tyres Ltd.	Dec-90
Kurien B.	General Manager – Sales	35	1,77,001	1,00,012	B.Sc., PGDBM	11	Hindustan Lever Ltd.	Aug-87
Kurien J.	General Manager – International Marketing	38	1,71,055	85,816	B.E., PGDBM	16	Tata Unisys Ltd.	Apr-93
Manchanda A.K.	Executive Vice President – International Operations	46	3,32,387	1,59,916	M.Stat., Dip. SQC & OR	26	Tata Press Ltd.	Jan-86
Menon C.R.	Vice President – Purchase	50	2,85,168	1,35,201	M.Com., M.B.A.	26	Carrier Aircon Ltd.	Dec-90
Mitter R.*	Marketing Controller – Jewellery	35	64,740	46,693	BCE., MPE., M.B.A.	11	Philips India Ltd.	Oct-92
Mohammed Kaseem A.	Group Manager – Case Plating	46	1,64,043	1,15,378	B.E.	19	Universal Carburising Works (P) Ltd.	Oct-87
Mohanka J.J.	Regional Manager – East	35	1,93,692	1,50,579	M.Sc., PGDM	11	Reckitt & Coleman (I) Ltd.	Sep-87
Nagabhushan R.	Senior Manager – Case Assembly	43	1,49,856	1,32,188	B.Sc.	13	HMT Ltd.	Feb-87
Nagarajan S.	Group Manager – Market Development	38	1,61,317	99,443	B.E. (Mech.) PGDM	13	Voltas Ltd.	Feb-87
Nangia V.I.	General Manager – Titan Europe	36	2,42,700	1,22,143	B.A. (Hons.), PGDM	15	The Indian Hotels Co. Ltd.	Jun-86
Narayana N.V.	Group Manager – Purchase	45	1,51,538	1,02,348	B.E. (Elect.)	17	HMT Ltd.	May-86
Nayak K.S.	Group Manager – Customer Assurance	47	1,62,560	1,27,213	B.E. (Mech.), MIE	23	Concord Marketing & Services (P) Ltd.	Oct-87
Patil S.	Group Manager – Cases & Production Engg.	51	1,85,348	1,25,154	D.E.E., AMIE	32	HMT Ltd.	Jun-86
Pradeep B.V.*	Senior Manager – Marketing Services	36	53,197	51,690	B.E., PGDM	11	TVS-Suzuki Ltd.	Apr-90
Raghunath H.G.	Group Manager – Customer Service	39	1,57,187	94,367	B.Sc., B.E.	15	HMT Ltd.	Jun-86
Raghunath T.V.	Service Manager	34	1,45,155	1,19,720	B.E.	11	HMT Ltd.	Jun-89
Rajagopalan D.	Senior Manager – Systems	43	1,55,450	1,16,595	M.Com., PGIM	18	Harita Rolo Forms Ltd.	Feb-92
Rajaram V.	General Manager – HRD & Systems	51	2,69,171	1,55,036	B.Sc., MS, M.B.A.	28	Ghana Aluminium Products Ltd.	May-89
Rajendran N.	Senior Manager – Stores & Excise	45	1,60,268	1,10,616	B.Sc., B.L., PGDBA	20	Hindustan Motors Ltd.	Jun-91
Ramdas M.N.	Vice President – Finance & Company Secretary	43	3,47,897	1,73,551	B.Com. (Hons.), LL.B., ACS	19	Tata Press Ltd.	Jan-86
Ramkumar G.	Senior Manager – Health Care Services	44	1,47,714	1,22,606	M.B.B.S., DGO	13	Tata Tea Ltd.	May-90

Name	Designation	Age	Gross Rs.	Net Rs.	Qualification	Experience	Last employment held	Commencement of employment
Saldanha D.	Group Manager – Retailing	32	1,70,858	96,285	B.Com.	11	Voltas Ltd.	Jan-87
Satyanarayana K.R.	Group Manager – Maintenance	46	1,99,826	1,48,028	B.E. (Mech.)	23	HMT Ltd.	Dec-86
Shantharam M.S.	General Manager - Operations (Jewellery)	45	2,75,889	1,60,674	B.E. (Mech.)	23	HMT Ltd.	Oct-85
Shetty T.	Group Manager – Watch Assembly & Quality	46	1,44,508	93,809	B.E. (Mech.)	22	HMT Ltd.	Jan-87
Shivaswamy J.M.	Group Manager – Designs	46	1,59,786	1,07,460	B.E. (Mech.)	18	HMT Ltd.	May-86
Sindhwani R.	Group Manager – Exports	34	1,60,057	1,07,947	B.Sc., M.B.A.	12	HCL	Jun-88
Sivasankaran T.S.	Group Manager - Personnel (Watches)	43	1,52,029	93,917	B.Sc., M.A., LL.B.	20	T I Cycles of India Ltd.	Oct-92
Sreedhara M.S.	Manager - Case – Product Engineering	39	1,48,405	1,21,403	B.E. (Mech.), PGDBA	14	HMT Ltd.	Dec-86
Srinivasan C.	Regional Manager – South	38	1,80,517	1,11,393	B.Sc., PGDM	16	Berger Paints India Ltd.	Dec-87
Sriram Y.K.	Group Manager - Personnel (Jewellery)	41	1,79,381	1,33,356	B.Tech., PGDM	14	Ashok Leyland Ltd.	Apr-92
Subramaniam K.S.	Group Manager – ECB Manufacturing	54	1,70,116	1,04,798	B.Sc.	29	Semiconductor Complex Ltd.	Nov-86
Subramaniam S.	Marketing Manager	31	1,68,252	1,45,760	B.Com., M.B.A.	7	Datamation Inc.	Nov-87
Talati R.	Group Manager – Finance	34	1,66,785	1,13,599	B.Com., LL.B.	15	Tata Press Ltd.	Apr-86
Vaidyanathan L.K.	Group Manager – Systems	37	1,62,270	1,12,124	B.E. (Mech.)	15	Peico Electronics & Electricals Ltd.	Oct-88
Venkataraman C.K.	Marketing Manager	33	1,78,102	1,33,960	B.Sc., PGDM	10	Mudra Communications Ltd.	May-90
Vishwanath C.S.	Group Manager – Vendor Development	47	1,67,482	1,03,647	B.E. (Mech.)	24	HMT Ltd.	Oct-86
Yathiraju C.G.	General Manager – Tool Manufacture	52	2,23,705	1,49,696	DME	32	HMT Ltd.	Aug-86

NOTES :

1. The gross remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per income tax rules and Company's contributions to provident and superannuation funds.
2. Net remuneration is arrived at by deducting from the gross remuneration, income tax, Company's contributions to provident and superannuation funds, and the monetary value of non-cash perquisites wherever applicable.
3. All employees have adequate experience to discharge their responsibilities.
4. The nature of employment in all cases is contractual.
5. None of the above employees is related to any Director of the Company.
6. * Indicates employed for part of the year.

ON BEHALF OF THE BOARD OF DIRECTORS,

A.L. Mudaliar
Chairman

Bangalore, 17 May 1994

D I R E C T O R S

A.L. Mudaliar

Chairman

Xerxes Desai

Vice Chairman & Managing Director

J.J. Bhabha

S. Arvind

Farrokh K. Kavarana

Ishaat Hussain

T.K. Balaji

A.C. Mukherji

A.N. Palwankar

B. Chandran

E X E C U T I V E S

I.K. Amitha

Senior Vice President - Business Development

Jacques Meyer

Senior Vice President

R.C. Hari Rao

Vice President - Manufacturing

Claude Gaudot

Advisor

M.N. Ramdas

Vice President - Finance & Company Secretary

Bhaskar Bhat

Vice President - Sales & Marketing

C.R. Menon

Vice President - Purchase

K.F. Kapadia

Vice President - Administration

B A N K E R S

Canara Bank, ANZ Grindlays Bank

A U D I T O R S

A.F. Ferguson & Co. (Chartered Accountants)

R E G I S T E R E D O F F I C E

3, SIPCOT Industrial Complex, Hosur 635 126

S H A R E D E P A R T M E N T

Tata Share Registry Limited

Unit : Titan Industries Limited

Shalaka, Maharshi Karve Road, Bombay 400 021

DIRECTORS' REPORT

TO THE MEMBERS OF TITAN INDUSTRIES LIMITED

The Directors are pleased to present the Tenth Annual Report and the Audited Statement of Accounts for the year ended 31st March 1994.

FINANCIAL RESULTS

Despite a reduction in the aggregate sales of the primary Indian producers of watches, the Company's domestic sales and exports have registered a satisfactory growth. The Company's

sales income has increased by 18%, with the profit increasing by over 75%. The significantly higher profit is the result of cost savings from indigenisation, improved operating efficiencies and, of course, higher sales realisations :

	RUPEES IN LAKHS	
	1993-94	1992-93
Income	22880.78	19281.30
Expenditure	15984.14	13599.00
Excise Duty	2393.50	2026.14
Gross profit	4503.14	3656.16
Interest	1615.93	1846.19
Depreciation	978.33	722.76
Profit before taxes	1908.88	1087.21
Provision for taxes	-	-
Profit after taxes	1908.88	1087.21
Less : Provision for taxes in respect of earlier year	-	4.82
Add : Profit brought forward	78.40	123.92
Amount available for appropriation	1987.28	1206.31
Appropriations :		
Debenture redemption reserve	55.00	57.00
Investment allowance reserve	-	304.05
Proposed dividend	1056.91	688.86
Transfer to general reserve	200.00	78.00
Balance carried forward	675.37	78.40
	1987.28	1206.31

D I V I D E N D

The Directors are pleased to recommend the payment of dividend at the enhanced rate of 25% subject to deduction of tax, if approved by the Shareholders at the Annual General Meeting.

C H A N G E O F N A M E

As approved by the Shareholders at the Annual General Meeting held on 19th July 1993, the name of the Company was changed from Titan Watches Limited to TITAN INDUSTRIES LIMITED to more correctly reflect the current business activities of your Company which now encompass both watches and jewellery. The change became effective on 21st September 1993.

F I N A N C E

During the year under review, your Company raised Rs. 25 crores by way of a private placement of 15.5% debentures with a term of 18 months. In addition, the Company availed of a term loan of Rs. 7 crores from a bank.

Additional fixed deposits accepted during the year aggregated Rs. 4.55 crores and, as on 31st March 1994, the Company held fixed deposits of Rs. 12.17 crores from the public, shareholders and employees. There were no overdue deposits other than unclaimed deposits amounting to Rs. 26.32 lakhs.

During the year under review, the Company repaid Rs. 7.88 crores to the International Finance Corporation, Washington; Rs. 1 crore to the Export-Import Bank of India; and Rs. 1.20 crores to the Tamil Nadu

Industrial Development Corporation Ltd. Out of the 15% debentures amounting to Rs. 4 crores privately placed with the Unit Trust of India in 1986, an amount of Rs. 1.53 crores (including premium on redemption of Rs. 20 lakhs) was redeemed during the year.

Various alternatives are under consideration to raise the balance funds required for the Company's capital investment plan.

An amount of Rs. 55 lakhs has been transferred to the debenture redemption reserve in accordance with statutory requirements and contractual obligations.

As the entire investment allowance reserve required to be provided in respect of plant and machinery installed during 1989-90 has already been provided, nothing further has been transferred to the investment allowance reserve account during the year under review.

During the year under review, the Company made payments aggregating over Rs. 65 crores by way of central, state and local taxes and duties.

M A N U F A C T U R I N G

During 1993-94 the Company produced 2.96 million movements, 1.80 million cases and 2.92 million watches, representing a growth over the previous year of 9%, 18% and 12% respectively. The Company increased its capacity to 3.50 million watches per annum during the year as planned.

Two major milestones in the on-going efforts for import substitution were

attained during the year : the production of Electronic Circuit Blocks at Titan TimeProducts Ltd in Goa and the successful completion of the project for inhouse manufacture of Step Motors at Hosur. The Company is now fully independent of imports in respect of both these items which has resulted in very significant savings during the year under review.

The CIF value of imported materials and components consumed during the year under review came down further to Rs. 22.88 crores as against Rs. 23.60 crores in the previous year, a drop of 3%, despite a 12% increase in production. Efforts are being made to achieve further reductions during the current year.

The Company's manufacturing and vendor development groups continue to make progress in the development of new products and processes. The Hosur and Dehradun plants have witnessed further increase in output and yield, lower material consumption, improvements to product quality and increased productivity. The Company's efforts to obtain accreditation under the ISO 9000 scheme have progressed well and certification under ISO 9001 is expected to be obtained shortly.

S A L E S

Total Sales of mechanical, digital and quartz watches manufactured by the four main producers in India declined sharply by about 18%. In spite of this, your Company continued to register higher sales, selling 2.78 million watches during

the year under review as against 2.57 million watches in the previous year, thus achieving a growth of 8% over the previous year in terms of units sold (16% if one excludes Aqura sales, a business line sold to Timex) and 18% in terms of revenue realised.

Sales to corporate and institutional buyers increased by over 100% compared with the previous year. In addition to perceiving the Titan watch as an extremely popular item with which to reward employees, corporate buyers have also come to realise the value of the Titan brand as a promotional tool. The Company's brand has thus become a vehicle for the selling of other brands and other consumer durable products.

At the end of March 1994, your Company continued to have a market share of close to 60% of the quartz analog watches manufactured and sold in India. Together with the 20% market share of Timex watches which are entirely sold and marketed by your Company, our total share stood close to 80% of the Indian made quartz analog watches and 20% of the estimated 18 million watches sold in India during the year including mechanical, quartz, digital and electronic watches from all indigenous and imported sources, both legal and otherwise.

The Company now has a network of 4300 outlets in 1150 Indian towns through which its products are sold. Our 172 high-profile showrooms and shops form the top end of watch retailing in the country and continue to steadily increase in numbers and coverage. The retail network of your Company is one of its greatest strengths,

as was demonstrated in the tremendous success enjoyed by Timex. As a result, manufacturers of several foreign brands have evinced keen interest in selling their products through the Titan retail network as and when the regulatory framework so permits.

With a cumulative sale of over 12 million watches since 1987, after-sales-service has assumed greater importance. During the year under review, the number of service outlets were increased to 180 and are being constantly upgraded to enable the Company to continue to provide a first class service to all its customers.

Titan continues to be the leader in the introduction of new models, designs and styles of watches in the country. During the year, a large number of new models were introduced, including the immensely successful "World Time" and "Calendar" models which were illustrated on the cover of the Annual Report last year. In line with our strategy of moving upmarket, we introduced the Regalia collection which proved very popular. During the current year, the Company will be introducing its range of jewellery watches and also launching the new range of watches created by reputed European designers primarily for the European and American markets. Simultaneously, in recognition of the fact that it is the lower end of the market that is dominated by smuggled products, Titan will shortly be introducing a range of low-cost steel and plated watches during the current year.

The successes achieved by your Company

continue to receive recognition. During August 1993, for the second year in succession, Titan was voted "the most admired consumer durable company in India" and ranked first in eleven out of the thirteen parameters of the poll. In February 1994, your Vice Chairman and Managing Director, Mr. Xerxes Desai, was inducted into the "A & M Hall of Fame" in recognition of his outstanding contribution for visualising and executing a winning long-term marketing strategy that had changed the consumer's very perception of a product category; viz. watches, in India. All of us can be justly proud of these recognitions.

E X P O R T S

During 1993-94, exports increased by over 65% compared to the previous year, crossing Rs. 10 crores. Your Company continued to steadily expand its coverage of the Middle East where its products continue to gain greater acceptance. With the introduction of new models and the European designs, we expect to emerge as an upmarket competitor to the Swiss brands which still dominate the premium segment of the Middle East market.

During the current year, the primary effort will be to build upon our strengths in the Middle East, expand coverage and enter new markets in Asia, Africa and Continental Europe. Ambitious export targets have been set and your Company expects to become a net earner of foreign exchange in the current year with the CIF value of exports exceeding the CIF value of imports on the revenue account.

Jewellery watches and jewellery pieces, along with the export collection of watches, were on display this year at the World Watch, Clock and Jewellery Fair held in Basle (where our Associate Company, Titan International Marketing Limited, UK participated for the first time) and evoked keen interest and appreciation, making it a momentous event in the progress of your Company.

NEW ACTIVITIES

The Company's current capital expenditure plan is estimated at Rs. 232 crores, of which Rs. 104 crores is earmarked for capacity expansion and indigenisation, Rs. 56 crores for the jewellery watch and the jewellery manufacturing unit, Rs. 3 crores for an Alarm Time Piece unit, Rs. 44 crores for infrastructural support and Rs. 25 crores for investment in associate Companies including Timex, Titan International Holdings BV, Titan TimeProducts Limited and Titan Properties Limited. The total amount spent upto 31st March 1994 was just under Rs. 100 crores.

During the year under review, the Company completed its programme for expansion of capacity to 3.50 million watches. This was achieved primarily through productivity improvements and by the addition of some balancing equipment. During the year under review, production of 2.92 million watches was achieved as against the target of 3 million watches and it is expected that close to 3.30 million watches will be produced in the current year. Capacity will be further increased to 4 million watches by 1995-96 at the

existing facility in Hosur.

Case manufacturing capacity was successfully enhanced from 1.50 million to 1.80 million cases per annum during the year under review and the programme to further increase capacity to 2.20 million cases per annum is already under implementation. Actual production during the year under review exceeded 1.80 million cases in 92 different models.

The project for total inhouse manufacture of Step Motors was successfully implemented and your Company is now fully independent of Step Motor imports. With the commissioning of the plant of our Associate Company in Goa, Titan TimeProducts Limited, your Company is now independent of Electronic Circuit Block imports as well.

The jewellery and jewellery watch plants at Hosur went into commercial production during April 1994. The unit is located within walking distance of the watch factory and has a built-up area of about 11,000 sq meters over a 10 acre plot of land. The unit will eventually have a capacity of about 100,000 assorted jewellery pieces and 25,000 watches per year. It is one of the world's largest and best equipped jewellery and jewellery watch production centres and is expected to make a very significant contribution to the Company's sales, profits and prestige. Its primary focus will be on the world markets.

The project to design and produce a new range of watches directed specifically at the European and American markets has

made good progress. Construction of the manufacturing facilities has been completed and equipment is being received and installed. Trial production has commenced and it is expected that the new range will be launched by September 1994. It is expected that with this venture, your Company will be better able to compete with well known world brands, bringing us both profit and prestige in India and abroad.

Your Company's efforts to upgrade its products have been severely hampered by the unfortunate policy of the Government of India of reserving the manufacture of all types of watch straps for the small scale industry, in spite of repeated representations that small scale units are unable to produce the requisite high quality and complexity required for leather straps and metal bracelets acceptable to the export markets. Your Company has therefore taken the initiative to assist in the development of small scale units at Hosur which will produce straps and bracelets of the requisite quality for the Company's products. During the year under review, a leather strap-manufacturing unit was set up by the world famous Hirsch of Austria with the active co-operation of your Company and we are now working on a project to set up units to produce high quality folded sheet-metal bracelets in association with a Japanese manufacturer.

During the current year, the Company proposes to establish new facilities for the manufacture of table clocks which will constitute a major diversification

into an allied field using the design, manufacturing, distribution and retailing strengths of your Company.

A S S O C I A T E C O M P A N I E S

In order to effectively control our international marketing operations, a wholly-owned subsidiary, Titan International Holdings BV, was set up in the Netherlands during the year as approved by the Shareholders at the Extraordinary General Meeting held on 9th January 1993. Approval by the Central Government for remittance of the share capital of 2 million US dollars has been received, and a sum of US \$ 5,00,000 has been remitted.

Two major factors in the success of Titan in the domestic Indian market have been the heavy emphasis on brand-building (so much so that Titan is a household term in urban India) and the retail chain, spearheaded by the specially designed Company Showrooms. In fact, this has now become the operating pattern internationally for all the big watch brands. If Titan is to make a successful entry into the European markets, a relatively large initial investment is thus required. Your Company therefore proposes to approach the Government of India for permission to make a further investment of US \$ 3 million in the overseas subsidiary company.

The test marketing of Titan's existing product line in Europe began in the UK through Titan International Marketing Limited (TIML). During February 1994, TIML launched the jewellery range in the UK at the Spring fair at the National

Exhibition Centre at Birmingham and in Germany at the INHORGENTA fair in Munich. At the prestigious Basle Fair in April this year, TIML displayed both its new range of watches and the initial line of jewellery for the first time to an international cross section of leading persons connected with the watch and jewellery trade.

The feedback received has been very encouraging, and is being used in the building up of the complete range, including the code-named "Eurowatch" collection, for a pan-European launch in the later part of this year. TIML is also establishing a branch office in Paris, primarily to co-ordinate product development of watches and jewellery and to develop private label business. A second branch office is planned in Dubai to be closer to the fast-expanding Middle East market.

Shareholders are aware that your Company is a promoter of Timex Watches Limited and that the Timex range of watches is being distributed and serviced by the Titan sales network which has access to over 4300 outlets all over India, ranging from our prestigious Company showrooms in major cities to small dealers in mofussil towns. During the year under review, about 1 million watches were sold as compared to the 4 lakh watches sold during the five month period ended 31st March 1993.

Titan TimeProducts Ltd, our joint sector project with the Economic Development Council of Goa, Daman and Diu, commenced manufacture of Electronic Circuit Blocks in November 1992 and sold

over 3 lakh ECBs to Titan in 1992-93. TTPL achieved sales of 22.40 lakh ECBs during the year under review. Considering the close business relationship with TTPL, it is desirable for your Company to have a significant equity holding in TTPL and a resolution is accordingly being proposed for investment upto Rs. 150 lakhs in the equity share capital of TTPL.

As many of our employees at Hosur have to make do with overcrowded and make-shift housing or spend an hour commuting each way from Bangalore, Titan Properties Ltd was incorporated to undertake, among other things, a land development and housing scheme for our employees at Hosur. The township, designed by Charles Correa, is projected to extend over 100 acres of land, of which 70 acres have already been purchased. The masterplan for this area was redrawn and significantly improved upon in January 1994 and will now be re-submitted to the Director of Town Planning for approval. An application has also been made to the State Government for acquisition of the remaining 30 acres required to complete the project. In addition to the unique "cluster concept" design for houses, the township will have community facilities like a school, a kindergarten, a medical centre, a community library, social and sports clubs, a cable TV network, a shopping centre and parks. About 300 of our employees have already enrolled and it is expected that the first phase of development would be completed during the current year, thus enabling employees to construct their own houses.

In view of the fact that the activities of Titan Properties Limited are concerned entirely with the housing project for the employees of your Company, it is proposed to make Titan Properties Limited a wholly-owned subsidiary of your Company. The necessary resolution has been proposed for adoption at the forthcoming Annual General Meeting.

E M P L O Y E E S

The Company now has over 3000 employees, of whom approximately 2000 are at the Hosur watch plant, 290 at the Jewellery unit, 80 at Dehradun, 340 in the field and 250 at the Corporate Head Office. They continue to be one of the most highly motivated and talented workforces in Indian industry.

Relations with the employees have been cordial and during the year a trade union was formed by the workers at Hosur as expected. The Company continues the system of dialogue through established forums for all important issues concerning the welfare and well-being of the workforce at Hosur which has contributed in no small measure to the ongoing cordial relationship.

P R O S P E C T S

The future looks very bright for the Company. During 1994-95, income from sales is likely to be of the order of Rs. 350 crores. The Company's thrust will continue to be on exports with further upmarket moves in the domestic sector. When the Company's watch, clock and jewellery plants operate at full capacity, sales income is expected to be of the order

of Rs. 700 crores, including exports of the order of Rs. 250 crores. The Company's management is hopeful of achieving their targets over a period of about three years.

However, prospects for the Indian Watch Manufacturing Industry as a whole are not equally bright. As mentioned earlier, the total sales of the main Indian Watch Manufacturers actually fell in 1993-94 as compared to the previous year. The main reason for this fall is the rampant smuggling, counterfeiting and faking of "country of origin" markings on watches and movements. It is estimated that between 5 to 10 million watches and movements with a street value of between Rs. 150 to Rs. 300 crores are illegally brought into the country every year and, since the estimated total sale of watches in India is around 18 million per annum, it could well be that the illegitimate supply actually exceeds the output of the legitimate manufacturers.

While Titan has succeeded to a large extent in driving smugglers out of the price band within which it operates, smuggling still flourishes at price levels below the Rs. 400 mark. The Union Budget for 1994-95 has reduced import duties on a wide range of inputs for the watch industry, ranging from machinery to appearance parts and these measures will definitely reduce the competitive disadvantage under which domestic manufacturing units work. However, this action has to be accompanied by a resolute effort on the part of law enforcement agencies to curb smuggling and counterfeiting and to prosecute those indulging in or conniving with such

malpractices. In fact, this must be done well before India opens its borders to foreign-made watches : if not, the illegal trade in watches will flourish even more after the liberalisation of imports.

A C K N O W L E D G E M E N T S

Your Directors wish to place on record their appreciation of the support which the Company continues to receive from the Governments of India and Tamil Nadu, the participating financial institutions, the Company's bankers, the watch trade and the world press.

D I R E C T O R S

Mr. A.C. Mukherji, Mr. T.K. Balaji and Mr. A.N. Palwankar retire by rotation and are eligible for reappointment.

At the Annual General Meeting held on 19th July 1993, the Shareholders had approved the reappointment of Mr. Xerxes Desai as Vice Chairman and Managing Director for a further period of five years with liberty to the Board of Directors to change the terms of remuneration, in the event of changes in the legislation, rules and regulations governing such remuneration. A similar provision existed in the resolution passed earlier by the Shareholders at the Annual General Meeting held on 9th December 1988. Consequent to the issue of the Notification dated 14th July 1993 by the Government, enhancing the remuneration limits under the Companies Act, 1956, the Board of

Directors has revised the terms of remuneration of Mr. Xerxes Desai. This requires to be approved by the Shareholders and a resolution to this effect has been proposed for adoption at the forthcoming Annual General Meeting.

S U B S I D I A R Y C O M P A N Y

The statement under section 212 of the Companies Act, 1956, and the Annual Report of Titan International Holdings BV, which is a wholly-owned subsidiary of the Company, are annexed.

P A R T I C U L A R S O F E M P L O Y E E S

Information required to be provided under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed to this report.

S E C T I O N 2 1 7 (1) (e) O F T H E C O M P A N I E S A C T

In accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, the required information relating to "Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo" is annexed.

A U D I T O R S

Members will be requested at the Annual General Meeting to appoint auditors for the current year and fix their remuneration.

ON BEHALF OF THE BOARD OF DIRECTORS,

Bangalore, 17 May 1994

A.L. Mudaliar
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

1. A solar water heating system with a capacity to supply 10,000 litres of hot water (at 70 degrees centigrade) per day, was installed in 1992 with an investment of Rs. 10 lakhs. This has resulted in a saving in power consumption of 15,000 kWh per month.
2. Design improvisation in the entire compressed air system has resulted in a saving in power consumption of 12,000 kWh per month.
3. During the last three years, it has been possible to achieve an average power factor of 0.95 resulting in reduction of maximum demand by 350 KVA.
4. At the new Corporate Office in Bangalore, a Voltas 'Building Automation System' for air-conditioning control has been installed at a cost of Rs. 9.69 lakhs. It is estimated that this will result in a 10% saving in normal power consumption.

B. TECHNOLOGY ABSORPTION

(a) RESEARCH & DEVELOPMENT

1. The Department of Scientific and Industrial Research (DSIR) has given accreditation to Titan for having an established R & D centre.
2. Research and Development is being carried out in the following areas :
 - Design and development of speciality movements and slim line movements.
 - Upgradation of the aesthetic and functional aspects of the watch by developing new designs and processes.
 - Developing special jigs and fixtures to increase productivity.
 - Making design modifications in the product so as to simplify the manufacturing process and enhance productivity.
 - Design and development of special machines required for increasing capacity.
 - Development of equipments required for testing product reliability at various stages.

3. The full-fledged prototype centre which will have the capability of producing small batch prototypes has been completed. The prototype centre helps bridge the gap between design conceptualisation and manufacturing technology and substantially reduces the time and cost involved in developing new products.

4. Plans for 1994-95 including completion of a reliability laboratory which is being set up to help establish ISO 9000 standards of quality required to successfully compete in the international markets.

(b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Technology for the manufacture of watch components has been successfully absorbed. As regards movement manufacture, productivity improvements along with marginal investments in balancing equipments, have resulted in an increase in installed capacity.

2. In order to improve the quality and reliability of plating, the technology of physical vapour deposition for coating cases and straps has been adapted. This sophisticated technology provides a wear resistant coating with very high levels of finish and colour consistency.

3. The process of technology absorption for step motor manufacture has been completed. In-house manufacture of step motors will result in substantial savings in cost and foreign exchange outflows.

4. Jewellery manufacture is being taken up with European technical support. A pilot plant was operational since September 1992 and the staff were trained in India and abroad. The main plant has commenced commercial production during April 1994.

C. FOREIGN EXCHANGE EARNED AND USED

The Company has earned Rs. 1019.76 lakhs in foreign exchange and used Rs. 4818.31 lakhs.

ON BEHALF OF THE BOARD OF DIRECTORS,

A.L. Mudaliar
Chairman

Bangalore, 17 May 1994

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANIES :

1. Name of Subsidiary	Titan International Holdings, B.V.
2. Financial year of the Subsidiary	31st March 1994
3. Share of the Subsidiary held by Titan Industries Limited on the above date : (a) Number of shares and face value (b) Extent of holding	3,600 equity shares of NLG 1000 each (Paid up value - NLG 250 each) 100%
4. Net aggregate amount of loss so far as it concerns the members of Titan Industries Limited : (a) Dealt with in the accounts of Titan Industries Limited for the year ended 31st March 1994 (b) Not dealt with in the accounts of Titan Industries Limited for the year ended 31st March 1994	Nil NLG 10556
5. Net aggregate amount of profit/(loss) for the previous years so far as they concern the Members of Titan Industries Limited : (a) Dealt with in the accounts of Titan Industries Limited for the year ended 31st March 1994 (b) Not dealt with in the accounts of Titan Industries Limited for the year ended 31st March 1994	Not Applicable Not Applicable

ON BEHALF OF THE BOARD OF DIRECTORS,

Bangalore, 17 May 1994

A.L. Mudaliar
Chairman

A U D I T O R S ' R E P O R T

T O T H E M E M B E R S O F T I T A N I N D U S T R I E S L I M I T E D

We have audited the attached balance sheet of Titan Industries Limited as at 31st March, 1994 and also the profit and loss account of the Company for the year ended on that date, annexed thereto, and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 above :

(a) we have 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 appears from our examination of the books;

(c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

(d) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view :

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 1994;

and

(ii) in the case of the profit and loss account, of the profit for the year ended on that date.

FOR A.F. FERGUSON & CO.
Chartered Accountants

H.L. Shah
Partner

Bangalore, 17 May 1994

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Titan Industries Limited on the Accounts for the year ended 31st March, 1994.

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. Most of the fixed assets have been physically verified by the management during the year. As explained to us, no serious discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of assets is reasonable.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals. The stocks in possession of third parties have been verified by the management with reference to certificates obtained from them and/or other relevant documents.
4. The procedures followed by the management for physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not significant and have been properly dealt with in the books of account.
6. In our opinion the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the terms and conditions were prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of section 370 of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, where the terms and conditions were prima facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of section 370 of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loan given by the Company, the parties are repaying the principal amounts as stipulated or as rescheduled and are also regular in the payment of interest, where applicable.
10. 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 comparable alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials (including components), plant and machinery, equipment and other assets, and for the sale of goods.

11. In our opinion and according to the information and explanations given to us and, having regard to our comments in 10 above, where transactions have been made with different parties, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services as available with the Company, or the prices at which transactions for similar goods or services have been made with other parties.

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision for the same has been made in the accounts.

13. In our opinion and according to the information and explanations given to us, the Company has complied with the

provisions of section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted.

14. As explained to us, the Company's operations do not generate any by-products and in our opinion, reasonable records have been maintained by the Company for the sale of scrap.

15. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

16. We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products.

17. According to the records of the Company, provident fund and employees state insurance dues have generally been regularly deposited during the year with the appropriate authorities.

18. There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty as at 31st March, 1994 which are outstanding for a period of more than six months from the date they became payable.

19. In our opinion and according to the information and explanations given to us, personal expenses have not been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of its service activities, the Company has a reasonable system of recording receipts, issues and consumption of components and stores commensurate with its size and the nature of its business. The system provides for a reasonable allocation of materials to the relative jobs

but it is not considered necessary by the management to allocate man-hours consumed to relative jobs. In our opinion, there is a reasonable system for authorisation at proper levels, and adequate system of internal control commensurate with the size of the Company and the nature of its business, on issue of stores and allocation of stores to jobs.

22. In respect of the Company's trading activity, we are informed that there are no damaged stocks.

FOR A.F. FERGUSON & CO.
Chartered Accountants

H.L. Shah
Partner

Bangalore, 17 May 1994

BALANCE SHEET

AS AT 31 MARCH 1994

SOURCES OF FUNDS	SCHEDULE	RUPEES IN LAKHS	
		31-3-1994	31-3-1993
Shareholders' funds			
Share capital	A	4227.63	4227.63
Reserves and surplus	B	8633.68	7781.71
Loan funds			
Secured loans	C	11878.53	10181.65
Unsecured loans	D	3236.91	1262.33
TOTAL		27976.75	23453.32
APPLICATION OF FUNDS			
Fixed assets			
Gross block, at cost	E	15861.04	14793.07
Less : Depreciation		3708.39	2751.17
Net block		12152.65	12041.90
Advances on capital account and capital work in progress, at cost		4511.52	1094.61
		16664.17	13136.51
Investments			
	F	1492.29	6.00
Current assets, loans and advances			
Inventories	G	10184.60	8639.40
Sundry debtors		1432.09	1406.46
Cash and bank balances		1265.22	850.35
Loans and advances		1861.29	3018.94
		14743.20	13915.15
Less :			
Current liabilities and provisions			
Current liabilities	H	3819.51	2885.30
Provisions		1103.40	719.04
		4922.91	3604.34
Net current assets		9820.29	10310.81
TOTAL		27976.75	23453.32
Notes	K		

PER OUR REPORT ATTACHED

FOR A.F. FERGUSON & CO.
Chartered Accountants

H.L. Shah
Partner
Bangalore, 17 May 1994

M.N. Ramdas
Vice President-Finance
& Company Secretary

FOR AND ON BEHALF OF THE BOARD,

A.L. Mudaliar *Xerxes Desai*
Chairman Vice Chairman &
Managing Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1994

I N C O M E	SCHEDULE	RUPEES IN LAKHS	
		CURRENT YEAR	PREVIOUS YEAR
Sales		22622.69	19121.45
Other income	I	258.09	159.85
TOTAL		22880.78	19281.30
E X P E N D I T U R E			
Operating and other expenses	J	15984.14	13599.00
Excise duty		2393.50	2026.14
Depreciation		978.33	722.76
Interest		1615.93	1846.19
TOTAL		20971.90	18194.09
PROFIT FOR THE YEAR		1908.88	1087.21
TAXES		-	-
PROFIT AFTER TAXES		1908.88	1087.21
Provision for taxes in respect of earlier year		-	4.82
Profit brought forward		78.40	123.92
Amount available for appropriation		1987.28	1206.31
Appropriations			
Transfer to debenture redemption reserve		55.00	57.00
Transfer to investment allowance reserve account		-	304.05
Proposed dividend (subject to deduction of tax)		1056.91	688.86
Transfer to general reserve		200.00	78.00
		1311.91	1127.91
Balance carried to balance sheet		675.37	78.40
Notes	K		

PER OUR REPORT ATTACHED
FOR A.F. FERGUSON & CO.
Chartered Accountants

H.L. Shah
Partner
Bangalore, 17 May 1994

M.N. Ramdas
Vice President-Finance
& Company Secretary

FOR AND ON BEHALF OF THE BOARD,

A.L. Mudaliar *Xerxes Desai*
Chairman Vice Chairman &
Managing Director

SCHEDULES FORMING PART OF THE ACCOUNTS

"A" SHARE CAPITAL	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Authorised		
5,00,00,000 equity shares of Rs. 10 each	5000.00	5000.00
Issued and subscribed		
4,22,76,270 equity shares of Rs. 10 each, fully paid up	4227.63	4227.63
	4227.63	4227.63

"B" RESERVES AND SURPLUS	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Capital reserve		
As per last balance sheet	13.23	13.23
Share premium account		
	6172.69	6172.69
Debenture redemption reserve		
As per last balance sheet	273.58	216.58
Transfer from profit and loss account	55.00	57.00
	328.58	273.58
Investment allowance reserve account		
As per last balance sheet	1038.81	734.76
Transfer from profit and loss account	-	304.05
	1038.81	1038.81
General reserve		
As per last balance sheet	205.00	127.00
Transfer from profit and loss account	200.00	78.00
	405.00	205.00
Balance in profit and loss account		
	675.37	78.40
	8633.68	7781.71

SCHEDULES FORMING PART OF THE ACCOUNTS

"C" SECURED LOANS	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
15% debentures, fully paid up	266.67	420.00
13.5% debentures, fully paid up	1312.50	1312.50
12.5% debentures, fully paid up	568.91	568.91
15.5% debentures, fully paid up	2500.00	-
Foreign currency term loans from the International Finance Corporation, Washington	3666.23	4316.07
Term loans from financial institutions	1500.00	1500.00
Interest free sales tax loan	99.96	99.96
Other term loans	640.00	860.00
Cash credit account secured by hypothecation of book debts, inventories, stores and spares	1324.26	1104.21
	11878.53	10181.65

"D" UNSECURED LOANS	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Fixed deposits	1216.89	762.33
Short term loan from a bank	820.02	-
Short term loan from a financial institution	500.00	500.00
Term loan from a bank	700.00	-
	3236.91	1262.33

SCHEDULE FORMING PART OF THE ACCOUNTS

"E" FIXED ASSETS						RUPEES IN LAKHS	
	GROSS BLOCK				DEPRECIATION	NET BLOCK	
	COST AS AT 1.4.1993	ADDITIONS	DEDUCTIONS	COST AS AT 31.3.1994		AS AT 31.3.1994	AS AT 31.3.1993
Land-freehold	29.96	-	-	29.96	-	29.96	29.96
Land-leasehold	40.68	-	-	40.68	-	40.68	40.68
Buildings	991.59	8.86	-	1000.45	169.92	830.53	854.32
Plant, machinery and equipment	12713.82	904.80	13.85	13604.77	3347.08	10257.69	10194.29
Furniture, fixtures and equipment	883.40	173.33	25.76	1030.97	162.33	868.64	808.28
Vehicles	133.62	38.13	17.54	154.21	29.06	125.15	114.37
TOTAL	14793.07	1125.12	57.15	15861.04	3708.39	12152.65	
As at 31st March 1993	11259.23	3574.10	40.26	14793.07	2751.17		12041.90
Advances on capital account and capital work in progress, at cost						4511.52	1094.61
						16664.17	13136.51

SCHEDULE FORMING PART OF THE ACCOUNTS

"F" INVESTMENTS	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Trade investments		
Quoted		
95,00,000 fully paid equity shares of Rs. 10 each in Timex Watches Limited	950.00	-
Unquoted		
6,000 fully paid equity shares of Rs. 100 each in Tata Share Registry Limited	6.00	6.00
1,00,000 fully paid equity shares of Rs. 100 each in Tata Industries Limited	100.00	-
22,000 fully paid 14% redeemable cumulative preference shares of Rs. 1,000 each in Tata Sons Limited	220.00	-
1 fully paid equity share of Rs. 10 in Titan TimeProducts Limited		
	326.00	6.00
Investment in subsidiary company-unquoted		
3,600 equity shares of NLG 1,000 each in Titan International Holdings BV (NLG 250 paid up)	157.25	-
Others - quoted		
3,65,400 units of Rs. 10 each of the Unit Trust of India	59.04	-
	1492.29	6.00
Aggregate amount of quoted investments	1009.04	-
Aggregate amount of unquoted investments	483.25	6.00
Market value of quoted investments	7287.78	-

SCHEDULE FORMING PART OF THE ACCOUNTS

"G" CURRENT ASSETS, LOANS AND ADVANCES	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Inventories		
Consumable stores	482.01	438.33
Loose tools	96.71	64.88
Stock-in-trade		
Raw materials and bought-out components	2401.59	2167.80
Work in progress	3907.37	3710.12
Finished goods	3296.92	2258.27
	9605.88	8136.19
	10184.60	8639.40
Sundry debtors (unsecured and considered good)		
Over six months	27.70	23.93
Others	1404.39	1382.53
	1432.09	1406.46
Cash and bank balances		
Cash and cheques on hand	915.28	600.74
With scheduled banks - in current accounts	63.74	68.61
- on deposit	92.53	59.54
- in transit	193.67	121.46
	1265.22	850.35
Loans and advances (unsecured and considered good)		
Deposits with companies	-	405.00
Advances recoverable in cash or in kind or for value to be received	1811.81	2576.23
Income-tax deducted at source, net of provision for tax	10.42	9.39
Balances with excise and customs authorities	39.06	28.32
	1861.29	3018.94
	14743.20	13915.15

SCHEDULES FORMING PART OF THE ACCOUNTS

"H" CURRENT LIABILITIES AND PROVISIONS	RUPEES IN LAKHS	
	31-3-1994	31-3-1993
Current liabilities		
Sundry creditors	3610.13	2696.97
Unclaimed dividends	15.76	10.39
Interest accrued but not due on loans	193.62	177.94
	3819.51	2885.30
Provisions		
Retiring gratuities	46.49	30.18
Proposed dividend	1056.91	688.86
	1103.40	719.04
	4922.91	3604.34

"I" OTHER INCOME	RUPEES IN LAKHS	
	CURRENT YEAR	PREVIOUS YEAR
Interest - gross (tax deducted at source on interest received Rs. 0.93 lakh; 1993 : Rs. 1.15 lakhs)	92.67	55.14
Dividend from trade investments	1.20	0.84
Dividend from units of Unit Trust of India	6.79	-
Miscellaneous income	157.43	103.87
	258.09	159.85

SCHEDULE FORMING PART OF THE ACCOUNTS

"J" OPERATING AND OTHER EXPENSES	RUPEES IN LAKHS		
		CURRENT YEAR	PREVIOUS YEAR
Raw materials and components consumed		8960.65	7574.62
Stores and spare parts consumed		1563.73	1445.95
Purchase of finished goods		145.84	47.69
Payments to and provisions for employees			
Salaries and wages		1430.47	1008.68
Company's contribution to provident and other funds		76.31	63.57
Welfare expenses		265.40	200.30
Gratuity		16.46	11.16
		1788.64	1283.71
Other expenses			
Power and fuel		181.64	154.43
Repairs to buildings		31.03	27.29
Repairs to plant and machinery		45.87	26.22
Advertising		1605.61	1315.81
Selling and distribution expenses		291.79	222.11
Commission		86.37	67.77
Insurance		145.65	123.64
Rent		343.69	258.00
Rates and taxes		631.63	449.44
Travel		445.98	326.12
General expenses		1131.03	1032.93
		4940.29	4003.76
Auditors' remuneration			
Audit fees		3.00	2.00
Fees for taxation matters		1.00	0.65
Fees for company law matters		-	0.10
Fees for other services		1.75	1.36
Reimbursement of expenses		1.13	0.31
		6.88	4.42
Directors' fees		0.17	0.26
Decrease/(Increase) in work in progress and finished goods			
Closing stocks			
- Work in progress	3907.37		3710.12
- Finished goods	3296.92		2258.27
		7204.29	5968.39
Opening stocks			
- Work in progress	3710.12		3551.97
- Finished goods	2258.27		1893.67
		5968.39	5445.64
		(1235.90)	(522.75)
		16170.30	13837.66
Less : Expenses capitalised		186.16	238.66
		15984.14	13599.00

SCHEDULE FORMING PART OF THE ACCOUNTS

"K" NOTES TO THE ACCOUNTS

1. Accounting policies :

The accounts are prepared under the historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below :

- i) Fixed assets : Capitalised at acquisition cost including directly attributable cost of bringing the assets to their working condition for intended use.
- ii) Depreciation : Depreciation has been provided on the straight line method in accordance with the Companies Act, 1956.
- iii) Foreign currency transactions : Foreign currency liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the last working day of the accounting year or forward cover rates, as applicable. The net variation arising out of the said translation and roll over charges, if any, are adjusted to the cost of fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively in the manner stated in (ii) above.

Other foreign currency assets and liabilities are similarly translated and the net loss arising out of such translation (after considering roll over charges, if any) is adjusted to the profit and loss account.
- iv) Investments : Investments are valued at acquisition cost.
- v) Inventories : Consumable stores and loose tools are valued at cost. All other inventories are valued at lower of cost and net realisable value. The cost of various categories of inventory is determined as follows :
 - (a) Consumable stores, loose tools, raw materials and components are valued on a monthly moving weighted average rate.
 - (b) Work in progress and finished goods are valued on full absorption cost method based on the annual average cost of production.
- vi) Product warranty expenses : Product warranty costs are determined based on past experience and provided for in the year of sale.

SCHEDULE FORMING PART OF THE ACCOUNTS

vii) Retirement benefits : Contribution to the provident fund is made monthly at a predetermined rate to the Provident Fund Trust and debited to the profit and loss account on an accrual basis.

Gratuity liability is provided on an actuarial basis.

Contribution to the superannuation fund is made annually at a predetermined rate to the Superannuation Trust and debited to the profit and loss account on an accrual basis.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 2735.91 lakhs (1993 : Rs. 826.38 lakhs).
3. a) The 15% debentures and the 13.5% debentures are secured by a legal mortgage on an immovable property of the Company.
b) Further, the Company has also created an additional security :
 - (i) by way of an equitable mortgage of the Company's immovable property relating to the watch plant located at Hosur and
 - (ii) by hypothecation of its movable assets (save and except book debts) both present and future, subject to a prior charge on inventories in favour of banks for providing working capital.
4. a) The 15% debentures are redeemable in three equal annual instalments with the first instalment paid on 3rd March 1994. A premium of 5% of the face value was paid together with the first instalment.
b) The 13.5% debentures are redeemable at par at the end of ten years from the date of allotment (i.e. 15th June 1987), with the Company having an option to redeem the same at any time after the end of seven years from the date of allotment either fully or partly on a pro rata basis or by draw of lots or on any other basis.
5. The 12.5% debentures are secured by :
 - a) a legal mortgage on an immovable property of the Company and
 - b) an equitable mortgage of the Company's immovable property relating to the watch plant located at Hosur.
6. The 12.5% debentures are redeemable at par on 30th September 1999.

SCHEDULE FORMING PART OF THE ACCOUNTS

7. The 15.5% debentures are proposed to be secured by a residual charge on the movable current assets of the Company. These debentures are redeemable at par on 30th September 1995.
8. The foreign currency term loans from the International Finance Corporation, Washington, are secured by the securities stated in 3(b) above.
9. The term loans from financial institutions shown under secured loans are secured by the securities stated in 3(b)(ii) above.
10. The interest free sales tax loan is secured by a second charge by way of an equitable mortgage of the Company's immovable property relating to the watch plant located at Hosur and hypothecation of assets except inventories and book debts.
11. The other term loans shown under secured loans include :
 - a) loan of Rs. 240 lakhs (1993 : Rs. 360 lakhs) secured by way of an equitable mortgage of the Company's immovable property relating to the watch plant located at Hosur.
 - b) loan of Rs. 400 lakhs (1993 : Rs. 500 lakhs) secured by a first charge on an asset purchased out of this amount.
12. The security covered under notes 3(b)(i), 5(b), 8 and 11(a) above rank pari passu.
13. Loans and advances include Rs. 124 lakhs (1993 : Rs. 1074 lakhs) advanced to a company which is proposed to be adjusted against issue of equity shares by that company.
14. Sundry creditors include Rs. 40.42 lakhs (1993 : Rs. 33.79 lakhs) payable to small scale and ancillary industries.
15. a) Income from sales includes Rs. Nil (1993 : Rs. 237.55 lakhs) being the income from sale of components. The Company considers watch components 'as meant for sale' only when it is actually sold.
 - b) Income from sales includes Rs. 604.48 lakhs (1993 : Rs. 379.52 lakhs) being the income from sale of process scrap and from after-sales-service.
16. Consequent to the change in the rates of depreciation under Schedule XIV to the Companies Act, 1956, the Company has revised the rates of depreciation, which has resulted in depreciation for the year being higher by Rs. 19.38 lakhs.

SCHEDULE FORMING PART OF THE ACCOUNTS

17. a) Interest debited to the profit and loss account is net of Rs. 61.60 lakhs (1993 : Rs. 187.55 lakhs), being the amount capitalised.
- b) Expenses capitalised during the year are net of sale of jewellery amounting to Rs. 83.75 lakhs which represents products manufactured during trial production.
18. Interest on fixed loans and debentures amounts to Rs. 1403.04 lakhs (1993 : Rs. 1781.07 lakhs).
19. The Managing Director's remuneration (including commission of Rs. 5.40 lakhs; 1993 : Rs. 0.90 lakh) is Rs. 10.54 lakhs (1993 : Rs. 3.91 lakhs). Computation of net profit under section 309(5) of the Companies Act, 1956 for the current year is as under :

	RUPEES IN LAKHS	
	1994	1993
Profit before taxes as per Profit & Loss Account	1908.88	1087.21
Add : Managing Director's remuneration	10.54	3.91
Directors' fees	0.17	0.26
Depreciation provided in the accounts for the current year	978.33	722.76
Loss on sale of fixed assets as per books	13.37	11.18
	2911.29	1825.32
Less : Depreciation as per section 350 of the Companies Act, 1956 for the current year	1681.35	1279.05
Loss on sale of fixed assets as per section 349 of the Companies Act, 1956	0.29	2.59
Net profit	1229.65	543.68

The increase in the Managing Director's remuneration with effect from 14th July 1993 is subject to the Shareholders' approval.

20. The provisions of the Industries (Development and Regulations) Act, 1951, relating to licensed capacity are not applicable to the Company. The installed capacity is 3.5 million watches per annum (1993 : 3 million watches). The installed capacity is as certified by the management and relied upon by the auditors, being a technical matter.
21. The Company produced 29,22,000 watches (1993 : 26,00,000),

SCHEDULE FORMING PART OF THE ACCOUNTS

sold 27,85,101 watches (1993 : 25,69,641), and had a closing stock of 5,50,581 watches (1993 : 4,13,682 ; 1992 : 3,83,323).

22. The Company purchased 27,759 watches (1993 : 10,784), sold 22,477 watches (1993 : 5,282) and had a closing stock of 10,784 watches (1993 : 5,502 ; 1992 : Nil).

	RUPEES IN LAKHS	
	1994	1993
23. Analysis of raw materials and components consumed :		
Components	7672.17	6800.91
Other materials	1205.72	712.49
Sundry charges	82.76	61.22
	8960.65	7574.62
24. Value of imports on CIF basis :		
Raw materials and components	2436.18	2643.23
Stores and spares	121.31	47.01
Capital goods	1501.37	1058.46
	4058.86	3748.70
25. Expenditure in foreign currency (on payment basis) on account of :		
Royalty and technical fees	55.49	176.94
Interest	307.35	350.56
Others	366.76	171.64
26. Amount remitted in foreign currency on account of dividends :		
(i) Number of Shareholders	371	208
(ii) Number of equity shares on which dividend was paid	19,85,775	25,51,560
(iii) Year to which the dividend related	1992-93	1991-92
(iv) Amount remitted, net of tax (Rs. in lakhs)	29.85	41.82

SCHEDULE FORMING PART OF THE ACCOUNTS

		RUPEES IN LAKHS			
27. Earnings in foreign exchange on receipt basis :		1994	1993		
Export of goods on FOB basis		1016.37	664.02		
Interest		3.39	0.51		
28. Value of imported and indigenous materials and components consumed and the percentage of each to the total consumption :					
		1994		1993	
		RUPEES IN LAKHS	%	RUPEES IN LAKHS	%
Imported					
	CIF value	2288.12	25	2360.09	31
	Customs duties	1404.06	16	1873.99	25
		3692.18	41	4234.08	56
Indigenous					
		5268.47	59	3340.54	44
		8960.65	100	7574.62	100

29. Expenditure directly attributable to research and development is estimated at Rs. 65.81 lakhs (1993 : Rs. 21.31 lakhs).
30. The Company's name has been changed from Titan Watches Limited to Titan Industries Limited with effect from 21st September 1993.
31. The figures of the previous year, have been regrouped/recast where necessary.

SIGNATURES TO SCHEDULES "A" TO "K"

FOR AND ON BEHALF OF THE BOARD,

M.N. Ramdas
Vice President-Finance
& Company Secretary

Bangalore, 17 May 1994

A.L. Mudaliar *Xerxes Desai*
Chairman Vice Chairman &
Managing Director

TITAN INTERNATIONAL HOLDINGS B.V.

AMSTERDAM

ANNUAL REPORT

The Board of Directors of Titan International Holdings B.V. hereby presents its report for the financial year ended March 31, 1994.

OVERVIEW OF ACTIVITIES

The state of affairs of the Company at the closing of the financial year is adequately presented in the balance sheet and the profit and loss account, published herewith.

The course of business of the Company has been as the management expected.

FUTURE DEVELOPMENTS/POST BALANCE SHEET EVENTS

The Company is in the process of acquiring shares in a Dutch group company which still has to be incorporated.

Amsterdam May 13, 1994

THE MANAGING DIRECTORS,

F.K. Kavarana X.S. Desai

A.L. Mudaliar M.N. Ramdas

V.I. Nangia

AUDITORS' REPORT

TO THE SHAREHOLDER OF
TITAN INTERNATIONAL HOLDINGS B.V.

We have audited the annual accounts of TITAN INTERNATIONAL HOLDINGS B.V. for the 4-months period ended March 31, 1994. We have conducted our audit in accordance with auditing standards generally accepted in the Netherlands.

In our opinion these annual accounts give a true and fair view of the company's financial position at March 31, 1994, and of the result for the 4-months period then ended and also comply with the other Dutch legal requirements for annual accounts.

*Amsterdam, the Netherlands
May 13, 1994*

ARTHUR ANDERSON & CO.

BALANCE SHEET

AS AT MARCH 31, 1994
(after appropriation of results)

ASSETS		NLG
Intangible fixed assets	(4)	30,745
Current assets		
Receivable on group companies	(5)	924,000
Cash and banks		7,199
Total current assets		931,199
TOTAL ASSETS		961,944
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholder's equity	(6)	
Paid-up share capital		900,000
Result for the year		(10,556)
Total shareholder's equity		889,444
Current Liabilities		
Due to parent company		24,000
Due to affiliated company		30,000
Capital tax payable		9,000
Accruals		9,500
Total current liabilities		72,500
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		961,944

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED MARCH 31, 1994

OPERATING EXPENSES		NLG
General and administrative expenses		(10,116)
Amortization expense		(2,354)
		(12,470)
FINANCIAL INCOME / EXPENSES		
Interest income		1,914
Net result for the year		(10,556)

The accompanying notes form part of these accounts

SCHEDULE FORMING PART OF THE ACCOUNTS

NOTES TO THE ANNUAL ACCOUNTS

March 31, 1994

1. GROUP AFFILIATION AND PRINCIPAL ACTIVITY

The Company was incorporated on November 23, 1993 in Amsterdam, the Netherlands, with limited liability and is a wholly owned subsidiary of Titan Watches Limited, India. The principal activity of the Company is to act as a holding company.

These accounts are appended to the accounts of the ultimate parent company, Titan Industries Limited, India.

2. BASIS OF PRESENTATION

The accompanying annual accounts have been prepared in accordance with principles of accounting generally accepted in the Netherlands and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Title 9.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Intangible Fixed Assets : The expenses incurred in connection with the incorporation of the Company are written off in a period of five years.

(b) Foreign Currencies : Assets and liabilities denominated in foreign currencies are translated into Dutch guilders at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rates in effect at the dates of transaction.

Exchange gains or losses are reflected in the profit and loss account.

(c) Other Assets and Liabilities : All assets and liabilities, other than those for which the basis of valuation is indicated on the face of the balance sheet, or notes thereto, are shown at nominal value.

(d) Recognition of Income and Expenses : Income and expenses are recognized and reported in accordance with the accrual concept.

4. INTANGIBLE FIXED ASSETS

Amount represents incorporation expenses amortized over a period of 5 years.

Incorporation expenses	33,099
Accumulated depreciation	(2,354)
	30,745

SCHEDULE FORMING PART OF THE ACCOUNTS

5. RECEIVABLE ON GROUP COMPANY

The Company has a receivable on Titan International Investments B.V. i.o., which group company still has to be incorporated. Upon incorporation the intention is to convert the receivable into share capital.

6. SHAREHOLDER'S EQUITY

The Company's authorized share capital consists of 5,000 ordinary shares with a par value of NLG 1,000 each, amounting to NLG 5,000,000, of which 3,600 shares have been issued and are paid-up for 25%.

Movements in capital and reserves are as follows :

Authorized share capital	5,000,000
Not issued	(1,400,000)
Issued shares	3,600,000
Less : Amount not paid-in on issued shares	(2,700,000)
Paid-up share capital	900,000
Result for the year	(10,556)
Total shareholder's equity	889,444

7. EMPLOYEES

The Company has no employees and hence incurred no wages, salaries or related costs from the date of incorporation to March 31, 1994.

8. DIRECTORS

The Company has five directors, none of whom received any remuneration during the date of incorporation to March 31, 1994. No loans or other advances have been given to or received from any director.

The Company has no supervisory directors.



Titan's range of image-building watches, codenamed "Eurowatches". A fusion of the East and the West, of Japan and Switzerland, bringing together the best of two cultures in a stunning array of watches. Created by an international team and crafted in Titan's new Rs. 30 crore case and bracelet plant.

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Watches of matchless beauty and precision engineering – the sporting, the luxurious, the classically elegant or the ultra slim. Retail prices in India, Rs. 4,000 to Rs. 10,000. In Europe, \$ 150 to \$ 600. A new generation of watches, challenging the hegemony of established brands, leading Titan into a new world.

