TITAN INDUSTRIES LIMITED

29th Annual Report
2012-2013

WATCHES & ACCESSORIES | JEWELLERY | EYEWEAR | PRECISION ENGINEERING

THE TITAN COMPANY

Titan Industries Limited started its journey in 1987 as a joint venture between Tata Group and Tamil Nadu Industrial Development Corporation and 25 years since then it has grown as a major brand player with a stake of 60% in the organized watch market. Subsequent diversifications have also made Titan Industries the leader in the Indian market in branded jewellery. Titan is among the country's leading retailers. Further diversification into eyewear and precision engineering has grabbed many eye-balls. Titan is the fifth-largest watch manufacturer in the world and the largest jewellery and eyewear retailer in India.

WATCHES AND ACCESSORIES

In the last fiscal year 15.35 million watches were sold, with the domestic market share in the organized watch market exceeding 60%. Accessories like sunglasses, bags, belts and wallets sold another 1.89 million units together during 2012-13.

The division brand architecture covers Titan, Sonata, Fastrack, Nebula, Xylys, Zoop; retail brand Helios and service brand Titan Care. In addition the division has licensing arrangements with Tommy Hilfiger, FCUK and Timberland.

JEWELLERY

The Jewellery division has three brands Tanishq, Gold Plus and Zoya. Tanishq offers a premium range of gold jewellery studded with diamonds, precious and semi-precious stones in various hues in 18 kt and a wide range of plain gold jewellery in 22kt pure gold. Platinum jewellery also forms part of the product range. Mia a working woman's range is a sub-brand of Tanishq and FQ brand caters to teenagers.

Gold plus retails plain gold jewellery offerings with designs specifically created for the semi urban and rural Indian market and offers unique designs crafted with diamonds, American diamonds and other precious stones. Zoya offers premium studded jewellery catering to the needs of the elite.

BOARD OF DIRECTORS

Hans Raj Verma, *(Chairman) (from 31.10.2012)*
N. Sundaradevan, *(up to 22.10.2012)*
Vikram Kapur, *(up to 30.01.2013)*
K. Dhanavel, *(up to 31.10.2012)*
N.S. Palaniappan, *(from 30.01.2013)*
V. Parthasarathy, *(up to 31.07.2012)*
T.K. Arun, *(from 31.07.2012)*
Bhaskar Bhat, *(Managing Director)*
Ishaat Hussain
N.N. Tata
T.K. Balaji
C.G. Krishnadas Nair
Vinita Bali
Hema Ravichandar
R. Poornalingam, *(up to 31.07.2012)*
Das Narayandas
Ireena Vittal, *(from 30.01.2013)*

HEAD- LEGAL & COMPANY SECRETARY

A.R. Rajaram

AUDITORS

Deloitte Haskins & Sells

BANKERS

Canara Bank
Bank of Baroda
The Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank
Oriental Bank of Commerce
Union Bank of India
Indian Bank

REGISTERED OFFICE

3, SIPCOT Industrial Complex,
Hosur 635 126, Tamil Nadu

CORPORATE OFFICE

Golden Enclave, Tower - A
HAL Airport Road,
Bangalore 560 017, Karnataka

REGIONAL OFFICES

East : 22, Camac Street, Block-B, 4th Floor, Kolkata 700 018
West : The Metropolitan, East Wing, 9th Floor,
C 26/27, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
North : 213 A, Okhla Industrial Estate, Phase-3, New Delhi 110 020
South : Golden Enclave, HAL Airport Road, Bangalore 560 017

SHARE DEPARTMENT

TSR Darashaw Pvt Ltd
Unit : Titan Industries Ltd,
6-10, Haji Moosa Patrawla Industrial Estate,
20, Dr. E Moses Road, Mahalaxmi,
Mumbai 400 011
Telephone: 022 - 6656 8484

CONTENTS

Annual General Meeting
Thursday, 1st August 2013 at 3:00 p.m. at
3, SIPCOT Industrial Complex, Hosur 635 126

Titan Industries Ltd is a TATA Enterprise in association with Tamilnadu Industrial Development Corporation Ltd

Visit us at www.titan.co.in

Notice

Notice is hereby given that the Twenty-ninth Annual General Meeting ("the Meeting") of TITAN INDUSTRIES LIMITED ("the Company") will be held at the Registered Office of the Company, at 3, SIPCOT Industrial Complex, Hosur 635 126, on Thursday, 1st August 2013 at 3:00 P.M. to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the Balance Sheet as at 31st March 2013, the Profit and Loss account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.

2) To declare dividend on equity shares for the financial year ended 31st March 2013.

3) To appoint a Director in place of Mr. T.K. Balaji who retires by rotation and is eligible for re-appointment.

4) To appoint a Director in place of Dr. C.G. Krishnadas Nair who retires by rotation and is eligible for re-appointment.

5) To appoint a Director in place of Mr. Ishaat Hussain who retires by rotation and is eligible for re-appointment.

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

"RESOLVED that M/s. Deloitte Haskins & Sells, Chartered Accountants (Registration No. 008072S), be and hereby are re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to audit the Accounts of the Company for the financial year 2013-14, including audit of Cash Flow Statements, on a remuneration to be mutually decided upon between the Auditors and the Board of Directors of the Company."

SPECIAL BUSINESS

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

"RESOLVED that Mrs. Ireena Vittal who was appointed as an Additional Director by the Board of Directors with effect from 30th January 2013 and who holds office up to the date of this Annual General Meeting under section 260 of the Companies Act, 1956 read with Article 117 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a shareholder proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

Notes:

a) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item nos. 6 & 7 above is annexed hereto. The relative details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment / re-appointment as Directors under item nos. 3, 4, 5, & 7 of the Notice are also enclosed.

b) **A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the Company.** Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the Meeting. A Proxy is not entitled to vote except on a poll. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

c) The Register of Members and the Transfer Books of the Company will be closed from Thursday, 18th July 2013 up to Thursday, 1st August 2013, both days inclusive.

d) Subject to the provisions of Section 206A of the Companies Act, 1956 dividend on equity shares as recommended by the Directors, if declared at the Meeting, will be paid on 7th August, 2013 to those members whose names appear on the Register of Members of the Company as on 17th July 2013. In respect of shares held in electronic form, dividend will be paid to the beneficial holders as per the beneficiary list provided by the National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on 17th July 2013.

e) Members are requested to inform the Company's Registrars and Share Transfer Agents viz., TSR Darashaw Pvt Ltd, regarding changes, if any, in their registered addresses with the PIN code number.

f) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or TSR Darashaw Pvt Ltd, for assistance in this regard.

g) As per the provisions of Section 109A of the Companies Act, 1956, the facility for making nominations is available to the shareholders in respect of the equity shares held by them. A specimen nomination form (Form 2B) is attached to this Annual Report for use by the shareholders.

h) The equity shares of the Company are listed in the following Stock Exchanges in India:

Bombay Stock Exchange Ltd.	National Stock Exchange of India Ltd,
25, Phiroze Jeejeebhoy Towers,	Exchange Plaza,
Dalal Street,	Bandra Kurla Complex, Bandra (East)
Mumbai 400 001	Mumbai 400 051

The Company has paid the annual listing fees to each of the above Stock Exchanges for the financial year 2013-14.

i) Members are requested to intimate the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Head – Legal & Company Secretary, Titan Industries Limited, Golden Enclave, Tower-B, 7th Floor, HAL Airport Road, Bangalore 560 017. (email : arrajaram@titan.co.in) Members are requested to bring their copies of Annual Reports to the Meeting.

j) For the convenience of Members, the Company will provide a coach service from Bangalore on the day of the Meeting. The coaches will leave for Hosur at 1 p.m. from the following four locations:

1) Jayanagar - Ashok Pillar, 1st Block, Siddapura Police Station Road, Bangalore - 560 011
2) Rajajinagar - near ISKCON temple, Opp. Varasidhi Vinayakar Temple, Government School Grounds, Bangalore - 560 010
3) Golden Palm Station, near BRV theatre, Bangalore - 560 001.
4) Golden Enclave, HAL Airport Road, Bangalore - 560 017.

k) Shareholders are requested to furnish their e-mail id particulars to the Company at the Company's dedicated mail id: investor@titan.co.in. This will assist the Company in redressing shareholders' grievances expeditiously.

l) The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Amendment to the Listing Agreement with the Stock Exchanges permit companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.

By Order of the Board of Directors,

A.R. Rajaram
Head – Legal & Company Secretary

Registered Office:

3, SIPCOT Industrial Complex
Hosur 635 126

25th June, 2013

Annexure to Notice

As required by section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the business mentioned under item Nos. 6 & 7 of the accompanying Notice dated 25th June, 2013.

Item No. 6:

Since the shareholding pattern of the Company is such that the provisions of section 224A of the Companies Act, 1956, are applicable, the appointment of Auditors of the Company is required to be made by a special resolution. It has been proposed to re-appoint M/s. Deloitte Haskins & Sells as Auditors of the Company for the financial year 2013-14.

The Shareholders are requested to approve the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors by a special resolution, to audit the accounts of the Company for FY 2013-14 as set out in Item No. 6 of the Notice.

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

Item No. 7:

Mrs. Ireena Vittal was appointed as an Additional and Independent Director on the Board of the Company with effect from 30th January 2013. In terms of section 260 of the Companies Act, 1956, Mrs. Ireena Vittal holds office as a Director till the date of the ensuing Annual General Meeting of the Company, but is eligible for appointment. Notice in writing has been received from a Shareholder of the Company signifying their intention in proposing Mrs. Ireena Vittal as a candidate for the office of Director.

Ireena is recognised as a thought partner to global and local consumer-facing companies eager to build large-scale, profitable businesses in emerging markets. With a perspective across both developed and emerging markets, she helps companies define dynamic growth portfolios, assemble effective local top teams, and re-craft business models. She has also served governments and foundations to design and implement solutions core to India's development, such as sustainable rural growth and inclusive urban development. She was a founding member of the McKinsey global emerging markets practice and of the economic development practice. She is also a much valued counsellor to leaders, who seek her practical judgment and empathetic coaching in an always evolving, often tough market.

Ireena graduated in electronics and has an MBA from the Indian Institute of Management, Calcutta.

The Board considers it desirable that the Company continues to avail of the services and wise counsel of Mrs. Ireena Vittal and accordingly the Directors recommend that she be appointed as a Director of the Company.

Other than Mrs. Ireena Vittal none of the other Directors, is in any way, concerned or interested in this resolution.

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

By Order of the Board of Directors,

A.R. Rajaram
Head – Legal & Company Secretary

Registered Office:

3, SIPCOT Industrial Complex
Hosur 635 126

25th June, 2013

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

Name of the Director	Mr. T K Balaji	Dr. C G Krishnadas Nair	Mr. Ishaat Hussain	Mrs. Ireena Vittal
Date of Birth	12.07.1948	17.08.1941	02.09.1947	02.10.1968
Date of appointment	01.03.1986	02.05.2002	17.07.1989	30.01.2013
Expertise in specific functional areas	Industrialist with rich business experience	Rich experience in academia, R & D and industry	Rich and varied experience in Finance, Strategy & General Management	Independent strategic advisor with an indepth and significant knowledge in agriculture, urban development in India and emerging markets.
Qualifications	B.E.	B.E. (Metallurgy)., M.Sc. Engineering, Ph.D Engineering	FCA, England & Wales	B.Sc, PGDBM, IIM
Shareholdings	5,61,000 shares	—	14,060 shares	—
List of Public Companies in which outside Directorships held on 31st March, 2013	Lucas TVS Ltd India Nippon Electricals Ltd Sundaram Clayton Ltd Delphi-TVS Diesel Systems Ltd Lucas Indian Service Ltd T V Sundaram Iyengar & Sons Ltd Apollo Hospitals Enterpise Ltd TVS Automotive Systems Ltd TVS Investments Ltd TVS Credit Services Ltd	Brahmos Aerospace Thiruvananthapuram Ltd Global Vectra Helicorp Ltd Karnataka Hybrid Micro-Devices Ltd Tata Advanced Materials Ltd Titan TimeProducts Ltd	Tata Sons Ltd Tata Steel Ltd Voltas Ltd Tata Inc. Tata Teleservices Ltd Tata Industries Ltd Tata AIG General Insurance Co Ltd Tata AIA Life Insurance Co Ltd Tata Consultancy Services Ltd Tata Sky Ltd The Bombay Dyeing & Manufacturing Company Ltd Tata Capital Ltd Viom Networks Ltd Go Airlines (India) Ltd Tata Capital Financial Services Ltd	Axis Bank Ltd Godrej Consumer Products Ltd
Chairman/Member of the Committee of Board of Public Companies on which he/she is a Director as on 31st March, 2013	**Audit Committee** Sundaram Clayton Ltd - Member **Investors Grievance Committee** Sundaram Clayton Ltd - Member India Nippon Electricals Ltd - Chairman		**Audit Committee** Tata Steel Ltd - Member Tata Industries Ltd - Chairman Tata Teleservices Ltd - Chairman Tata AIG General Insurance Co Ltd - Member Tata AIA Life Insurance Co Ltd - Member Tata Sky Ltd - Member Tata Consultancy Services Ltd - Member Go Airlines (India) Ltd - Chairman **Investors' Grievance Committee** Tata Steel Ltd - Chairman	

Directors' Report

To the Members
of TITAN INDUSTRIES LIMITED

The Directors are pleased to present the **Twenty-ninth Annual Report** and the Audited Statement of Accounts for the year ended 31st March 2013:

Financial Results

₹ in crores

	2012-2013	2011-2012
Sales Income	10206.36	8970.86
Other Income	100.77	94.11
Total Income	10307.13	9064.97
Less: Excise Duty	93.69	132.48
Net Income	10213.44	8932.49
Expenditure	9102.04	8005.43
Gross profit	1111.40	927.06
Finance Costs	50.64	43.72
Cash operating profit	1060.76	883.34
Depreciation / Amortisation	54.49	44.90
Profit before taxes	1006.27	838.44
Income taxes - Current	285.35	238.90
- Deferred	(4.26)	(5.29)
Profit after taxes for the year	725.18	604.83
Less: Income tax of earlier years	-	4.67
Net Profit	725.18	600.16

On the back drop of a challenging economic environment in 2012-13 where the GDP growth was only around 5%, the Company turned out a very good performance.

In 2012-13, the Company's sales income grew by 13.8% to ₹ 10206.36 crores compared with ₹ 8970.86 crores in the previous year. Profit before tax grew by 20% from ₹ 838.44 crores to ₹ 1006.27 crores and the net profit grew by 20.8% to ₹ 725.18 crores.

2012-13 was a challenging year for the Watches segment which grew by 9.6% to ₹ 1675.87 crores. The consumer / retail sentiment remained subdued during most parts of the year. Numbers of wedding dates were much lower compared to 2011-12. This is reflected in the moderate growths recorded by most of our brands. Malls and Department stores also witnessed lower walk-ins. The retail growth in the Multi Brand Outlet channel has been lower than the growth seen in the World of Titan and the Fastrack stores.

The main focus of the marketing efforts for the flagship brand Titan during the year was to showcase the design supremacy of our watches as well as enhance the image through the product offerings at the premium end of the spectrum.

Fastrack ran impactful marketing campaigns for each of its product categories and had successful activations. The brand continued its strong presence on the social media network through innovative digital campaigns, which led to increase in its fan base on Facebook to 5.9 million.

Brand Sonata's marketing campaigns and collections were targeted towards the youth by offering contemporary products. Sonata's "Ocean series" collection with India's first touch screen watch was an unprecedented success.

The Company's Jewellery Division sales grew by 14.8% to ₹ 8107.99 crores, facing a challenging year in recent times on sales growth. Customer sentiments were affected by the inflation, uncertain economic conditions and the movements in gold rate, resulting in poor walk-ins, which was more pronounced during the first half of 2012-13.

The Government and the Reserve Bank of India have also initiated few measures to contain the Current Account Deficit and Money laundering, to cite a few, by increasing the customs duty on gold, restricting the credit period on gold imports, extending the provisions of Prevention of Money Laundering Act, 2002 as amended, to Gem & Jewellery sector etc. The final notifications on some of these are still awaited.

However, in early June 2013, the Reserve Bank of India made some very significant changes to the gold import policy to help curb the Current Account Deficit. Credit of any nature has been discontinued for gold imported for domestic consumption.

This will affect the Company's financials by forcing it to resort to other means of funding that could be more expensive.

The Company is supportive of the measures taken by the Reserve Bank of India to address the serious economic condition and the Management is currently working on various options to mitigate the adverse impact of this change.

The Company's Eyewear Division, Accessories and Precision Engineering revenues cumulatively grew by 25.9% to ₹ 414.03 crores.

The year 2012-13 was a year of transformation for the Eyewear Business of the Company and the brand is progressing towards its rightful place in the consumer's mind as per the latest brand health study. The transformation was on multiple fronts starting with product portfolio and mix, pricing, advertising, the store experience, merchandising, manufacturing, sourcing as well as store staff incentives and franchisee partnering.

The B2B Precision Engineering Division also continued its momentum during the year despite a challenging economic environment both within India and outside.

The year witnessed expansion of the Company's retail network with a net addition of 126 stores (2.35 lakh sq.ft.) across watches, jewellery and eyewear businesses. As at 31st March 2013, the Company had 953 stores with over 1.27 million sq.ft.of retail space delivering a retail turnover in excess of ₹ 9980 crores.

Capital investments were also made during the year in the manufacturing facilities of Watch Division and Precision Engineering Division.

International operations

The Company achieved exports of ₹ 197 crores during the year under review comprising watches and precision engineered components; registering a growth of 23% over the previous year.

The international markets for watches posed challenges with the continuing slow down in retail in South East Asia, SAARC markets and most of the Middle East countries due to economic uncertainty. The Company's presence in Philippines has now been extended to 50 retail points. Titan was the official sponsor for the International Penang Bridge Marathon in Malaysia reinforcing our growing brand stature.

Dividend

The Directors are pleased to recommend the payment of dividend on equity shares at the rate of 210% (₹ 2.10 per equity share), subject to approval by the shareholders at the Annual General Meeting.

Finance

During the year under review, the Company generated a net cash of ₹ 453 crores from operations. After payments towards capital expenditure, repayment of borrowings, interest and dividend, the net cash accruals during the year was ₹ 175 crores.

The Company repaid borrowings of ₹ 5.42 crores during the year and incurred ₹ 166.43 crores as capital expenditure in respect of refurbishment and expansion programmes for manufacturing, retail outlets and IT hardware systems.

As on 31st March 2013, there were no fixed deposits held by the Company from the public, shareholders and employees other than unclaimed deposits amounting to ₹ 0.04 crore.

An amount of ₹ 318.10 crores was transferred to the general reserve.

During the year under review, the Company made payments aggregating ₹ 1112.86 crores by way of taxes (central, state and local) and duties as against ₹ 992.57 crores in the previous year.

Post the changes in the gold import policy announced by the Reserve Bank of India on 4th June 2013, the Company is exploring alternate options to fund the working capital requirements.

The Uttarakhand Calamity

As in the past instances of national calamities, for Uttarakhand, the Company has decided to extend financial support by collecting a day's salary from employees matched with a similar sum from the Company. In addition, employees of the five units of the Company in the state, have volunteered help by participating in relief work. While the total financial contribution is expected to be in the region of ₹ 75 lakhs, the actual plan will be implemented in discussion with the local authorities and coordinated by the Tata Relief Committee (TRC). The challenge is to ensure speedy, efficient and effective relief. The Company's Corporate Sustainability team is in touch with local authorities and TRC to provide immediate support locally, assess and assist in this extremely grave situation.

Subsidiaries

As on 31st March 2013, the Company had the following subsidiaries:

1) Titan TimeProducts Limited, Goa
2) Favre Leuba AG, Switzerland

In 2012-13, Titan TimeProducts Limited sold 8.12 million (2011-12: 8.99 million) electronic circuit boards with a net profit of ₹ 99.89 lakhs (2011-12: ₹ 102.94 lakhs). Favre Leuba AG, Switzerland was incorporated on January 13, 2012 as a limited liability company owning the trademarks, Favre Leuba.

As at 31.3.2013, Favre Leuba AG had a loss of CHF 63,939, which primarily represents their operating expenses.

Neither of these companies declared a dividend in 2012-13.

The annual accounts of these subsidiary companies are consolidated with the accounts of Titan Industries Limited for 2012-13.

The High Court of Madras sanctioned the Scheme of Amalgamation filed by Titan Properties Limited, the Company's wholly-owned domestic subsidiary, with the Company from the appointed date of April 1, 2011. Accordingly, the accounts of Titan Properties Limited are merged with the accounts of Titan Industries Limited.

The Ministry of Corporate Affairs, Government of India has issued a Circular No. 2 /2011 dated 8th February 2011 granting general exemption to Companies under Sec. 212 (8) from attaching the documents referred to in Sec. 212 (1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company have approved dispensing with the requirement of attaching to its Annual Report the annual audited accounts of the Company's subsidiaries.

Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company, its subsidiaries and an associate. The Annual Accounts of these subsidiary companies, along with the related information, is available for inspection at the Company's registered office and copies shall be provided on request. The statement pursuant to the approval under Sec. 212(8) of the Companies Act, 1956, is annexed together with the Annual Accounts of the Company. The same will also be available on our web-site www.titan.co.in

Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared as per Accounting Standard AS 21 and Accounting Standard AS 23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

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

A statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this Report.

Awards and Recognition

The Company's initiatives and performance were recognized across various platforms. The Company was selected unanimously by the jury as the Best Governed Company 2012 by Asian Centre for Corporate Governance & Sustainability and has been awarded the "Fabulous 50" company award by Forbes Asia . A *Titan case study by Mr. L. R Natrajan, CEO, New Businesses, on a subject "Innovating Innovation" has been declared amongst the winners at an international innovation competition, organised in association with Harvard and McKinsey, by MIX (Management Innovation Exchange).* The Company also won Client of the Year award at the Campaign India Digital Media Awards 2012. The 3 digital campaigns that won the awards were Titan HTSE (watches), Tanishq and Fastrack.

The Jewellery Division won three prestigious design awards.

- Designomics Award: 1st Runner-up for Mia Product Design.
- CII Design Award: Winner in the 'Best Product Design [Lifestyle Category]' for 'Mia Reflections', a part of Mia 2.
- IJ Jewellers Choice Award: Winner in the 'Diamond Jewellery under 5L' category for a necklace from 'Ganga'.
- 2 Qimpro awards for innovation and the Tanishq Retail team won "CII Special Recognition" award for the "Kaizen - Operation Efficiency", in the CII 7th Kaizen Competition.

The Integrated Supply Chain of Jewellery Division was awarded two state safety awards: for longest accident free period and lowest frequency rate of accidents from the Government of Tamil Nadu.

Titan Signet won the award at the 6th Loyalty Awards for the speciality store category.

TITAN HTSE picked up the award for 'Best Marketing Campaign on Television' at the Watch World Awards 2012.

The Company won the CIO Award for extending SAP-ISR to EYE+ retail stores, Global Customer Advisory Board award for enabling technology for POSS (point of sale solution) in Show Rooms of Watches & Accessories. In addition, the Red Dot design award was won by one of our designers from Titan Design Studio for the "Best Product Design of the year - Watches and Jewellery" for his entry Edge Skeletal.

The Company's Managing Director, Mr. Bhaskar Bhat was chosen as CEO of the year by Business Standard and was honoured with a special award for his contribution to the watch industry at the Watch World Awards 2012. Mr. Bhaskar Bhat, was also conferred the "Transformational Leader of the Year Award" at Managing India Awards 2013.

Particulars of Employees

In terms of provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars are set out in the Annexure to the Directors' Report. However, having regard to the provisions of section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company, and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company or through mail addressed to arrajaram@titan.co.in

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report. The Business Responsibility Report on the Company's Corporate Sustainability initiatives is included as mandated under Clause 55 of the Listing Agreement.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors' based on the representations received from the operating management confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
2. They have in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They have prepared the annual accounts on a going concern basis.

Auditors

Members will be requested at the Annual General Meeting to appoint auditors for the current year and pass resolutions as per item No.6 of the Notice.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. T.K.Balaji, Dr. C.G. Krishnadas Nair and Mr. Ishaat Hussain retire by rotation and are eligible for re-appointment.

Mrs. Ireena Vittal, Independent Director was appointed as an Additional Director on the Board of the Company on 30th January 2013.

Members' attention is drawn to Item No. 7 of the Notice for the appointment of Mrs. Ireena Vittal as a Director of the Company.

Acknowledgements

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

On behalf of the Board of Directors,

Hans Raj Verma
Chairman

Registered Office:

3, SIPCOT Industrial Complex
Hosur 635 126

25th June, 2013

Annexure to the Directors' Report

(Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Watches and Accessories

- Continuing the Automation journey in Watch case manufacturing, the in-house developed Cartesian table top Robotic unit for adhesive application to fix the Mineral glass on to the case was completed and 10 units installed at Case assembly. This initiative will improve productivity by 25 % and facilitates achieving consistent high quality. Robotic automation was piloted in Back cover Press operation to enhance safety, employee ergonomics and productivity. The feasibility of automation is established and refinement to reach the desired levels of productivity is in progress;
- To support the journey of the Watch Division, the Company is acquiring capability and competitiveness of manufacturing high end Stainless Steel (SS) Cases for watches. Technical Services Agreement was signed between the Company and Seiko Epson Corp (SEC), Japan in August 2012. The Company is setting up a new manufacturing plant at Coimbatore, Tamil Nadu to produce high end SS cases with an investment of ₹ 100 crores. In addition to technical services support, SEC would also procure SS Cases from the Company to meet its market demand;
- The movement division increased the production of Cal.7000 hybrid movements to 1.4 million in 2012-13 as a part of their Hybridization project. Following the need for developing Value add Movements from the Watch Movement Plant, Multi Eye version of Movements with various eye options for displaying the Seconds, Day, Date, 24 Hours etc., is developed. These movements were designed through our in-house R&D facilities and the production will be scaled up to 100,000 during 2013-14. Considering the surge in the need for high end mechanical movements and also to secure its availability, Company has invested in foreign technical know-how and also in special purpose Machineries for the development and manufacturing of Mechanical Movement Components. These CNC Milling and turning centers have been commissioned in Watch Movement plant. These Machineries would help us to develop the initial proto type parts for design validation and will progressively help us to scale up the production plans;
- The Pant Nagar Assembly unit could quickly ramp up volume from 3.0 million to 4.5 million during the year 2012-13. Further increase of capacity up to 1.0 million is planned during 2013-14; and
- With the growing dependency on Import of Watches owing to selection and launch of Products from Supplier Collection, the Company is moving towards generation of design by overseas designers, with the close interactions of Titan Design Studio. Manufacturing will be in-house / indigenous to enhance capability and in turn reduce imports. Two Design Houses have been identified to work with Titan.

Jewellery

The Division introduced several key automation processes to de-skill operations, reduce process time, improve productivity and strengthen material safety and handling, among others. Some of the automation projects are casting bagging automation, Kit marshal Plain & Studded automation etc. These projects are under various stages of implementation and will be completed in 2013-14. In addition, the division adopted various new technologies like Microfiltration system & Industrial dishwasher system to reduce gold loss. A new Jewellery manufacturing facility is being set with state of art technology at Pantnagar. This facility aimed at catering to the northern markets as well as to reduce manufacturing and logistics costs is being developed at a capital expenditure of ₹ 45 crores, of which ₹ 24 crores was incurred in 2012-13.

Eyewear

In the Eyewear Division, free form lens generation and soft tool polishing technology is absorbed and adapted in lens manufacturing processes. Using free form technology a new generation progressive lenses are being made with highest level of vision comfort and accuracy that keep the manufacturing lab ahead of competition. In hard coating area, new state of the art spin coating technology with UV curing has been adapted that makes the hard coating process easier and faster. It has drastically reduced the hard coating process time from 6 hours to 5 minutes. In anti-reflection coating, a very high vacuum PVD technique has been adapted to do anti-reflection, anti-static and other value added coatings on prescription-spectacle lenses. On innovation front, the lens manufacturing facility has successfully made a new double convex generation process where one can make a very high plus power lens like +30.00 sph or more. Beside this, a new 'advantage coating' has been developed where one can get anti-reflection, anti-static and super hydrophobic properties all together on the spectacle lenses. Very recently a new 'UV protected coating' has been developed by the facility which can be made even for entry level spectacle material CR39. These innovations facilitate the lens manufacturing facility to achieve highest level of customer satisfaction.

Precision Engineering

The Automation business developed unique assembly technology for the following applications:

- Canola assembly line on rotary index platform incorporating needle feeding with precision orientation Mechanism, UV gluing, camera-based vision inspection and leak testing system;
- Capacitor assembly line on linear index platform, deploying automatic wire Feeding /bending mechanism, resistance welding and flame soldering technology;

  Miniature circuit breaker assembly line on modular system combining rotary index machine and linear Transfer system. The process technology comprises precision riveting with heat stacking technique, laser marking, electrical testing and camera vision inspection on 15 parameters;
- Electronic Power steering assembly line comprising Servo Presses, Press monitoring devices, Alignment system through Prism with Camera, Traceability and line is built with Automotive Transline standards;
- Gear box assembly line incorporating Palletized conveyor system, RFID for traceability, Hydraulic & Servo Presses, gauging system for inspection;
- Testing of Phase monitor relay & Timers using PC based system & Lab view software;
- Fully Automatic Air suction valve assembly & testing machine on rotary transfer lines consisting Vibratory bowl feeders, Pick & place devices, Electrical screw tightening, Leak & Flow testing; and
- Built assembly line for Fuel Filters and exported to UK. It is based on lean manufacturing concept, which consists of Gang tightening, Laser marking; Leak testing, Traceability & Data storage using SCADA system.

The Precision Components & Sub-assembly (PECSA) business has enhanced its capability in the following areas:

- High precision hard part turning through the procurement of a machine that can deliver 2 to 3 microns accuracy on materials of 60 HRC hardness. This technology in a way replaces grinding process and is much faster, cleaner and more productive technology;
- Multi-axis machining through the procurement of amongst world's best machining centres that have one of the fastest material removal rates for Aluminum, thereby improving productivity. Also considerably enhanced the simultaneous 5-Axis machining; and
- Rigid Vertical turn milling that helps the business produce complex hard material discs of 600 mm in diameter.

Conservation of Energy & Fuel

The Company's Watches Division has successfully implemented various energy and fuel conservation projects with internal expertise and association with external agencies with state of art equipment and technology in the areas of lighting, vacuum system, air-conditioning and process water cooling / evaporation systems at its watch manufacturing facility. During 2012-13, these conservation initiative has resulted in power & fuel cost saving of ₹ 165 lakhs which includes energy conservation of 0.75 million units and fuel conservation of 45 KL. Other initiatives were:

- In line with the vision of becoming "Carbon Neutral", the Company is continually sourcing part of its energy consumption at watch manufacturing facility through renewable energy resources – Wind Mills. During 2012-13, 7.50 million units of energy has been sourced from our joint venture wind farms with TVS Energy Limited (6.4 million units) and Green Infra Wind Power Projects Limited (1.1 million units) which has resulted in cost savings of ₹ 181 lakhs and reduced the carbon emission to an extent of 5700 Tons during 2012–13;
- The Company has installed a unique product "Light Pipe" for harvesting sun light to meet general lighting requirement at manufacturing shop floors of watch plant. Around 30000 sq.ft. of shop floor area at movement manufacturing block, watch division has been converted with this solar lighting during 2011-12 & 2012-13. Total investment on this project is ₹ 15 lakhs. This initiative will support to reduce the carbon emission to an extent of 25 tons per annum; and

- The Company has invested on LED lighting projects considering the phenomenal energy conservation potential to the extent of 60% at the Hosur Watch Manufacturing Facility to meet general lighting requirements. During 2012-13, an investment of ₹ 25 lakhs is made on this project and around 1000 numbers of light fittings across various shop floors are revamped with LED lighting. During 2013-14, an investment of another ₹ 25 lakhs is planned on this project.

The Jewellery Division commissioned during Jan-2013 various energy conservation initiatives such as Thermal Energy Storage system with air cooled chillers and LED street lightings, leading to net fuel & energy savings of ₹ 5 lakhs. Besides that, the solar cooking project is under implementation and is expected to be completed in the first quarter of 2013-14. This project when operational will result in savings of fuel of ₹ 1.5 lakhs per annum.

In the Eyewear Division, the shift patterns are reviewed constantly to maximise utilisation and hence conserve energy. Equipments like air conditioners, compressors etc. are evaluated with respect to energy efficiency and given priority for lower energy consuming products. Employee ideas for energy conservation are encouraged, implemented and recognised. Energy consumption has grown at a lower rate than growth in production reducing energy costs and hence overall cost of production, total energy consumption and energy consumption per unit of production. Total consumption in 2012-13 was 8,38,408 KWH and consumption for per unit production was 3 KWH.

EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ lakhs)

		Year ended 31.3.2013	Year ended 31.3.2012
(a)	Capital	50.08	5.79
(b)	Recurring	429.30	330.26
(c)	Total	479.38	336.05
(d)	Total R & D expenditure as percentage of turnover	0.05%	0.04%

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned ₹ 197.84 crores in foreign exchange and spent ₹ 2936.60 crores (including ₹ 2579.24 crores in the procurement of gold and ₹ 20.60 crores in capital imports).

On behalf of the Board of Directors,

Hans Raj Verma
Chairman

Registered Office:

3, SIPCOT Industrial Complex
Hosur 635 126

25th June, 2013

Management Discussion and Analysis

THE ECONOMY

The Indian economy is estimated to have grown at 5% in 2012-13, the lowest in the last ten years.The decline in the GDP growth was attributable to the continued global economic slow-down coupled with the poor performance in the domestic sectors - manufacturing, infrastructure, service and agriculture. High levels of inflation and the continued depreciation of rupee were clearly impacting the growth. The slowdown in growth significantly impacted the country's fiscal deficit and widened the Current Account Deficit. The Capital goods sector remained weak. High interest rates and inflation resulted in reduction of disposable incomes of households contributing to the decline of growth in consumer durables and other discretionary spends.

BUSINESS OVERVIEW

On the backdrop of a challenging economic environment in 2012-13, the Company's income grew by 14.3% to ₹ 10213.44 crores compared with ₹ 8932.49 crores in the previous year. Profit before tax grew by 20% from ₹ 838.44 crores to ₹ 1006.27 crores and the net profit grew by 20.8% to ₹ 725.18 crores.

WATCHES AND ACCESSORIES DIVISION

The Indian Watches market

The Indian Watch market is estimated at around 55 million units and valued at around ₹ 4,700 crores. Over 50% of this market is unorganized, primarily at the low-end and dominated by small players assembling watches illegally, smuggled watches and fakes.

The organized Watch market is dominated by Titan, with its collection of brands having a market share exceeding 65%. In a market where every global brand is now present, including Fossil, Timex, Casio, Seiko, most Swiss brands and all the fashion brands, Titan continues to hold its own. Despite a sluggish economy, poor consumer sentiment and a retail market over-run with products on deep discounts, Titan registered a 9% value growth in sales. The Company's market share in multi-brand outlets also grew to around 49% during 2012-13, a healthy growth of 2% over the previous years.

Strengths

Titan has a strong portfolio of brands each targeting a different consumer segment. While Titan targets the mid market segment and Sonata targets the mass market segment, Fastrack targets youth, Zoop targets kids, Xylys targets the mid premium segment and Nebula made of precious metal targets the Indian luxury customer. Innovative marketing and advertising, expansion of the retail and sales network and a continuous stream of path-breaking watch designs have captivated consumers and made the Company's brands stronger than ever before.

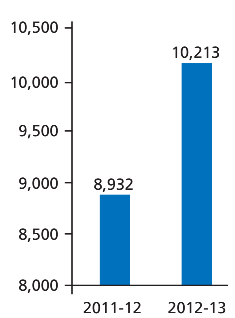
The Company also runs a chain of multi-brand watch stores named Helios which retails over 30 international watch and fashion brands.

Apart from a strong portfolio of brands and a very sharp consumer connect and understanding, the Watches Division benefits greatly from a world class manufacturing setup, a large and loyal vendor base, a cutting edge design studio and a widespread distribution and retail network across the country.

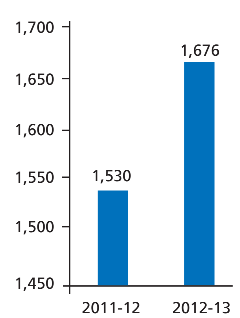
Opportunities, Threats and Risks

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

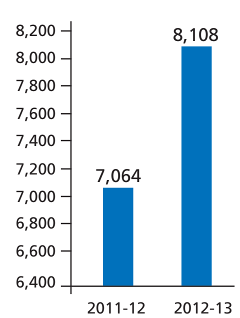
Total Income
₹ crores



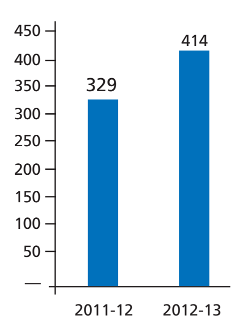
Income - Watches
₹ crores



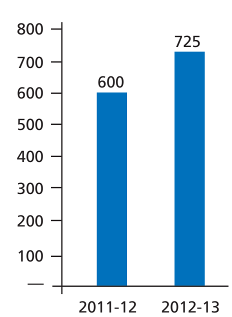
Income - Jewellery
₹ crores



Income - Others
₹ crores



Net Profit
₹ crores



Middle India, with ever increasing access to the internet, television and mobile telephony, is emerging as a big growth opportunity for marketing and selling watches. The youth segment and the women's segment are areas in which there are further opportunities for growth. The emergence of a plethora of e-commerce 'retailers' and the increasing propensity of consumers to buy on-line will make this channel a focus area for the future. The Watch Division is in the process of implementing the "Theory of Constraints" or replenishment model to drive its supply chain and huge benefits in terms of correct product availability at the retail level are expected.

Accessories

With the Indian consumer's propensity to spend on lifestyle products increasing steadily, the Watch Division has chosen to extend its strong brands into accessories.

The accessories market is conservatively estimated to be twice the size of the watch market. The Company first leveraged the Fastrack brand to launch a slew of new categories like sun glasses, bags, belts and wallets targeting the youth. With sales of over a million sun glasses and close to a million bags, belts and wallets, Fastrack has emerged as one of the most exciting accessory brands for youth in the country.

Titan, the Company's flagship brand, also entered the accessories space recently launching stylish leather belts and wallets which have so far been very well accepted and is in the process of being rolled out nationally.

Marketing and Advertising

Over the years, the Watch Division has built some of the country's best brands. Titan has become synonymous with watches in India and is recognized world-wide as a brand of stature. Raga the woman's sub brand of Titan is uniquely positioned for the Indian women. Fastrack is today the country's most exciting brand targeting the youth and its edgy style of communication resonates with the youth across the length and breadth of India. Sonata has become the largest volume brand in the country and is amongst the most aspirational brands in small-town India. Xylys and Zoop, brands targeting the mid-premium segment and the kids segment respectively, have established themselves firmly in the hearts and minds of their consumer segments in a very short period of time.

Network Expansion

The Company has the largest retail and distribution network for watches and accessories in India. Today, its watches are available in over 9,000 multi-brand dealer outlets across 2,500 towns. Its proprietary retail network, comprising of World of Titan, Titan One and Fastrack stores, has grown rapidly. As at the year end there were 363 World of Titan outlets, 71 Titan One outlets and 140 Fastrack stores across the country. Besides this, the Company has 742 service centres which provide reliable and timely after-sales-service.

Helios

Launched in 2009, the Helios network envisions the creation of India's finest retail chain for premium watches. This chain addresses the fast growing demand for premium and luxury watches in the country. Over the years the chain has been successful in bringing many international brands such as Tag Heuer and Fossil, in addition to the brands licensed with the Company, like Tommy Hilfiger and FCUK. During the year two more brands were added to the licensing portfolio, Timberland and Police, which are also retailed out of Helios. The chain added 20 stores during the year taking the total number of operational stores to 45 at the end of the year.

International

The Company's presence in international markets strengthened this year on the back of a creditable performance and is now present in 32 countries and entered two major growing markets - Philippines and Indonesia – in the year. The focus remains on establishing a good distribution network before investing for larger growths in the medium term.

Vietnam, Singapore, Malaysia, Thailand in the Far East, Saudi Arabia, UAE, Qatar and Oman in the Middle-East, Bangladesh, Sri Lanka and Nepal are the other countries where the Company has a strong presence. A new retail identity, conceived and designed by a Singapore agency, was launched and is witnessing accelerated deployment. Titan Kiosks and shop-in-shop and counters are giving a significant facelift to the brand in overseas markets. This has attracted attention from several consumer groups who frequent the modern retail landscape. Coupled with the latest, contemporary products, effective events, media engagements and smart communication, the business recorded handsome returns once again. It was significant since overall retail across international markets declined over the previous year, given the depressed nature of the economy.

Favre Leuba

Favre Leuba, the heritage Swiss brand that the Company acquired in 2011-12, is being actively worked on for a launch during 2014-15. The acquisition dovetails with the Company's growth agenda in India's growing premium and luxury watch market.

Manufacturing, Technology and Design

The focus on automation continues at the Company's Watch manufacturing units with a view to improve productivity. The in-house R & D facility has designed and developed a new multi-eye version movement for the display of hours, seconds, day and date separately on the dial.

The Company is setting up a new manufacturing plant in Coimbatore, Tamil Nadu to manufacture high-end stainless steel cases. A technical services agreement has been signed between the Company and Seiko Epson Corp, Japan for this purpose.

The Company's Innovedge cell which drives technology for the Watch Division is working on developing many new technology platforms including changeable watch dial colours, touch screen watches, active dials, etc.

Product design is at the core of the Watch Division's strategy and is the pillar on which the Company's brands have been built. During the last year, a number of stunning products were introduced into the market with the Skeletal Edge watch winning the coveted Red Dot award for design.

Outlook for 2013-14

The Watches and Accessories Division is looking at the current year with cautious optimism. In a scenario where the economy is expected to grow at around 6.5%, the rupee is expected to be more stable and overall market sentiment will be more buoyant, the division is looking at enhancing growth and profitability. It will invest in its brands, expand distribution and target market share gains with its strong portfolio of brands.

JEWELLERY DIVISION

FY 2012- 13 turned out to be a very special year for the jewellery industry.

1. The rise in the price of gold started tapering off quarter after quarter during the year, and finally crashing in April 13 to April 12 levels.
2. Many regional players started exhibiting much larger ambitions. Companies were starting to get listed, much larger stores were being opened across the country and substantial investments were being made in marketing. P C Jewellers from North, TBZ from West and Kalyan from South were the notable names.
3. The Government came down heavily on gold in multiple ways: increase of customs duty to 6%, senior bureaucrats talking about gold as an "unproductive asset", RBI working committee recommending 90 days lease period and application of base interest rate and the inclusion of "Dealers in precious metals and gems" in the Prevention of Money Laundering Act, 2002.
4. On top of all this, the public sentiment was quite muted, given the inflationary situation and negative news all around. This showed in reduced consumption of all discretionary categories, including jewellery.

It is in this context that the sales and profit growth of the Company's Jewellery Division needs to be seen.

While the sales growth in FY13 was perhaps the lowest (in percent terms) in the last decade, the profit growth was among the highest, taking the division's EBIT margin beyond the 10% mark the first time in its history.

Many strategic and tactical initiatives helped the Jewellery Division achieve these milestones:

1. A very aggressive store expansion plan that helped us set up many medium and some large stores in key markets. A total of 18 stores were set up with an area of more than 1.25 lakh sq. ft.
2. A maturing merchandise strategy that helped us to provide the right assortment in each store and keep that assortment in operation for as many days during each month as possible.
3. A collection strategy that saw the launch of exciting lines like Ganga, Mia and Iva that not only generated immediate sales and reinforced our design leadership, but also started building future segments.
4. A whole new beginning in the Solitaires category (globally huge) through smart merchandise planning, affordable pricing and marketing campaign built around Romance
5. A top-of-the-line advertising campaign effort, based on deep customer insights and loads of creativity, resulting in very effective, much-talked-about TV commercials throughout the year.
6. A very agile organizational approach to managing product mix, product margin and every significant element of cost, through all the 4 quarters.

The Management believes that our brands have actually emerged stronger in 2013 as a result of all these, even as their sales growth was low. It also believes, based on the following factors that the 5-year prospects of the Division continue to be exceptional:

1. The *India Shining* story, which provided the tailwind for the Division for much of the last decade, is still very much there even if less pronounced. We expect that there will be some acceleration in this story, post 2014 elections.
2. Our brands continue to be very aspirational. Combined with a spotless reputation for purity and quality and the Tata pedigree, the overall package is unbeatable.
3. Our distribution reach is exceptional and our street presence now is very impressive. Our franchisee partners bring a high-quality soft side to this great network.

4. We share a great professional and warm relationship with some of the best jewellery manufacturers in India and they continue to help us stay ahead in innovation and supply chain effectiveness.
5. We are blessed with the most accomplished, motivated and committed talent in this country and that is the edge that others would really crave to possess but would always be behind on.

With this as background, the Company is targeting an aggressive sales and financial growth in FY 2014, underpinned by much of the strategic thrust of FY 2013:

1. A significant expansion of network, taking us into many more new towns.
2. Introduction of many KVIs (Key Value Indicators, entry products in price and weight) as well as region-specific products.
3. Many exciting collections, across the category and price spectrum.
4. Focus market initiatives in states or cities where our performance can be much better.
5. Investing in segments like Work wear (Mia), Fashion (Iva) and Romance (Solitaires).
6. Insight-based marketing communication efforts.
7. A continuing push of the Golden Harvest scheme.
8. Modernisation of the Hosur plant and the setting up of the full-scale Pant Nagar plant.
9. Establishing of the first Karigar Centres in Hosur, to accelerate the transformation of jewellery manufacturing.

Risks, Threats and Concerns

Given the contribution of the rising price of gold to the Division's sales and profit growth in the last 5 years, there were fears about the reverse effect of a falling price of gold in FY14 and later. The Division has always held that a "lower" price of gold is actually a good thing in 2 significant ways:

1. At lower prices, more customers come into the jewellery category and each one of them is psychologically tuned to buy more. The jewellery industry will benefit from lower prices. Overall tonnage will be better.
2. At lower prices, the making charges charged by our brands will come closer to other big jewellers, which will improve our competitive position.

In order to counter the potential competitive effect of the major regional players, the Division has started the following initiatives:

a. A KYC (Know Your Customer) programme through which each store keeps in touch with every customer of the store, detects any significant shift to a neighbouring competitor and puts together a response basis.
b. A pre-emptive competitive action plan that is rolled out in every neighbourhood where a new competitor is about to open, a couple of months before the opening, to blunt the impact.

Effective mid-June 2013, Reserve Bank of India has made sweeping changes to the Gold Import Financing Policy and virtually abolished, hopefully temporarily, the Gold on Loan/Lease Scheme that the Company was using for the last many years.

This has resulted in the following significant changes in the financial situation of the Jewellery Division:

1. All the gold that the Division henceforth buys will have to be by paying cash up-front. This will mean that the Division, and the Company, will become a net-borrower. This could also have an impact on the capital employed by the Division and the Company. The Company is currently working on options to bridge the financing gap.
2. The interest cost could rise materially and the Company will have to look at alternate hedging options, some of which might require approval from the Reserve Bank of India.

The Company is dealing with this situation in a mature fashion that will not endanger the competitive advantages that the business has overall. The Management is working on many initiatives to try and recover as much of the consequential EBIT margin dilution, as possible.

Fortunately, the Direct Import License that the Company has to import gold will go someway towards this effort, through a contribution in terms of VAT savings.

The Company has been representing to DGFT, RBI and the Finance Ministry, directly and through the Gem and Jewellery Federation in the matter.

EYEWEAR

Indian eyewear market:

The eyewear industry has been on an overdrive for the last 3 years. The proliferation of stores continued unabated in the year and the advertising spend in the category has increased tremendously. The industry is highly fragmented and some regional players have grown into small chains. The growth of national chains was overshadowed by the growth of the new full service hospital chains. The national footprint of these hospital chains has brought complete eye care closer to the consumer.

The Change:

The year that went by was a year of transformation for the Company and the 'Titan Eye+' brand is progressing towards its rightful place in the consumer's mind as per the latest brand health study. The transformation was on multiple fronts starting with product portfolio and mix, advertising, the store experience, merchandising, manufacturing, as well as franchisee partnering, keeping a single objective on mind, i.e. reaching out to more customers.

The Company has embarked on a strategy which encompassed new collections in both frames and lenses, a new advertising campaign, new retail strategy to make the brand promise come alive at the store. The new range of frames 'Trendz' and 'Titan Ace' lenses have received an overwhelming response in the market.

As per latest research, 75% of customers felt truly loyal towards the brand both in attitude i.e. positive perception & behavior i.e. commitment to make a repeat purchase.

Retail store Experience:

The Company strengthened its tie-up with Sankara Nethralaya to offer mandated training for all its store staff and qualified Optometrists. As per consumer feedback, the Company stands out in providing quality eye testing and superior customer experience through highly trained professional staff.

Innovations:

The Eyewear Division endeavours to be at the forefront of technology innovation by launching the 'Vision Check' - a self administered online eye screening test. The test is completely free and accurately establishes the need for vision correction. The test has attracted over 6 lakh visitors till date.

Network:

Titan Eye+ has the largest optical retail network in India. The total network stood at 223 stores across 76 towns, with over 150,000 sq. ft., as on 31st March 2013.

Integrated Supply Chain:

Titan Eye+ managed its material and production costs through a series of cost management initiatives. Significant inventory reduction was achieved through reduction of planning period, optimization of offering, centralized merchandising and alignment of new product introduction.

The lens manufacturing plant has delivered over 95% on time delivery. The plant is keeping pace with the changes in the industry and has launched many new products to stay ahead as a leader.

Risks, Threats and Concerns

Human Resource risk comprise insufficient availability of industry specialist staff. The Company mitigated these risks by investing in training centres in association with Sankara Nethralaya and providing a professional working environment with opportunities to upgrade knowledge.

Going ahead:

The Company will focus attention on:

1. Investments in customer satisfaction initiatives.
2. Investing in all parts of the value chain.
3. Increase in production capacity.
4. Geographical expansion.
5. Balanced approach to maximizing business from all relevant consumer segments.

PRECISION ENGINEERING DIVISION

In the year 2012-13 the Precision Engineering Division continues to grow strongly on both topline and bottomline. The business has grown in stature and positioned itself as a premium solutions provider, a dependable partner and making a presence globally for its quality and delivery.

The precision engineering business comprised the following businesses:

Precision Engineering Component and Sub-assemblies (PECSA):

PECSA caters to the specialised requirements of the aerospace, defence, oil and gas and engineering sectors. It supplies parts to leading Tier One aerospace & defence companies through long-term contracts. PECSA is becoming a default choice of large multi-national companies in the Aerospace and Defence sector for precision components & assemblies. The business enjoys near 600 customer qualified parts that strengthens the future prospects. Moreover a number of companies, global market leaders in the aerospace industry have grown their business with the division and are looking at strengthening the relationship.

Machine Building and Automation (MBA): MBA caters to the assembly line automation needs of automotive and electrical industries. Around 20 customers were acquired during the year under report (total 60) and several export orders were completed. The division entered the manufacture of assembly lines for medical devices with a potential for repeat orders. A rising demand for automation will strengthen revenues.

Outlook for 2013-14

Despite a challenging global environment, there is good opportunity for both businesses to address. Many global majors are looking at India strategically, both in terms of a lucrative market as well as a destination for cost competitive solutions. India being a big spender in defence is also creating good offset opportunities.

The Division is ideally positioned to capitalize on these opportunities and is seeing a lot of customer interest for both businesses and has good visible pipeline of business.

Risks, Threats and Concerns

Specific risks pertaining to the Division are indicated below:

The Company addresses talent retention risks by attracting young Graduate Engineering Trainees (GET) and diploma engineers and uses its "grow your own timber" strategy to retain key skills.

The Company's customer acquisition risks are managed by its ability to cater to several multinational Tier-I customers in the aerospace, Defence, oil & gas and other specialised sectors.

HUMAN RESOURCES

The Company strengthened recruitments to reinforce its future-readiness. It added a net 749 employees during the year under report (total 6851 as on 31 March 2013). Of this, 3361 members were engaged in factories, 3107 in retail, sales and marketing and 383 in support functions.

The Company continued to emphasize its "people first" policy, making it possible for the Company to report one of the industry's lowest attrition rates (6.4%).

The Company rejuvenated competence through training and personal development on the one hand and lateral movements across functions and divisions on the other, which translated into high engagement and exposure to new opportunities.

The Company's fair and transparent remuneration policies strengthened talent attraction. Besides, members were assessed for variable pay through corporate, divisional and individual performance. The management continued to enjoy cordial industrial relations with the Titan Employees Union, resulting in motivation, efficiency and productivity.

There was continued focus during the year on training and development of employees in various areas with specific focus on customer service & technical and managerial capability building. An e-learning portal for product training for sales people across our organisation and for those working with our business partner was launched.

Integrated Retail Services Group

The Integrated Retail Services Group was responsible for the highest ever network expansion during 2012-13, setting up a total of 140 stores (2,36,166 sq. ft). The network as on 31st March 2013 was as follows:

	No of stores	Area (in sq. ft)
World of Titan	364	3,74,864
Fastrack	140	76,237
Helios	46	64,348
Tanishq	146	5,20,969
Goldplus	31	74,319
Zoya	2	6,628
Eye+	224	1,54,274
Service Centers	742	60,000

During 2013-14, the Company has augmented plans to add 145 stores in Watches and Accessories, 45 stores in Jewellery and 55 stores in Eyewear.

SEGMENT-WISE PERFORMANCE

Segment Results (₹ lakhs)

	Year ended 31-3-2013 (Audited)	Year ended 31-3-2012 (Audited)	**Consolidated Year ended 31-3-2013 (Audited)**	Consolidated Year ended 31-3-2012 (Audited)
Net sales / Income from segments				
Watches	1,67,587	1,52,976	1,68,661	1,53,807
Jewellery	8,10,799	7,06,416	8,10,799	7,06,416
Others	41,403	32,881	41,403	32,881
Corporate (Unallocated)	1,555	976	1,555	1,186
Total	10,21,344	8,93,249	10,22,418	8,94,290
Profit / (Loss) from segments before finance costs and taxes and after share of profit/ (losses) of associate				
Watches	20,185	21,676	20,209	21,793
Jewellery	89,085	69,755	89,085	69,755
Others	(313)	(448)	(313)	(448)
Total	1,08,957	90,983	1,08,981	91,100
Less : Finance Costs	5,064	4,371	5,065	4,373
Unallocable expenditure net of unallocable income	3,266	2,768	3,222	2,693
Profit before taxes	1,00,627	83,844	1,00,694	84,034
Capital Employed				
Watches	67,056	50,398	69,137	52,233
Jewellery	96,750	63,863	96,750	63,863
Others	16,903	17,107	16,903	17,107
Corporate (Unallocated)	15,578	14,374	14,017	13,670
Total	1,96,287	1,45,742	1,96,807	1,46,873

How the Company fared:

The Company achieved 14% growth in sales turnover, profit before tax increased 20% while profit after tax grew 21% over the previous year. Some of the key financial indicators comprise:

	2012-13	2011-12	2010-11	2009-10	2008-09
Sales to Net fixed assets (No. of times)	20.82	22.79	21.92	17.11	13.09
Sales to Debtors (No. of times)	62.31	55.00	57.80	50.24	36.22
Sales to Inventory (No. of times)	2.78	3.12	3.30	3.51	3.20
Retained Earnings - Rupees in crores	514.97	380.13	301.00	173.14	115.08
% of Net profit for the year	71.0%	63.3%	69.9%	69.2%	72.4%
Return on Capital Employed (EBIT)	55.9%	62.0%	58.5%	45.4%	34.2%
Return on Net worth	42.5%	48.5%	49.2%	39.2%	32.2%

Internal controls

In 2012-13, the Company undertook the following measures to counter occurrence of frauds/ risks particularly at the retail end:

- Evaluation of all control processes including franchisee evaluation by credit rating agencies for both existing franchisees and new appointments.
- Continuous focus on control across retail outlets and on revenue assurance by the Operations Control Group (OCG)
- Continuous Emphasis on whistle blower policy by way of further communication to employees and business associates by the Managing Director.

The Company's internal audit system is geared towards ensuring adequate internal controls to meet the increasing size and complexity of business, for safeguarding the assets of the Company, identifying weaknesses and areas of improvement and to meet with all compliances.

The internal audit program focuses primarily on checks and controls on systems and processes, monitoring compliances, continuous upgrade of controls and the current business risk assessment. This process enables reporting of significant audit observations to the Audit Committee. The Audit Committee reviews the audit observations and monitors the implementation through action reports taken.

During the year, the leading division-wise business risks of the Company covering all the divisions were reviewed and updated. The Audit Committee recommends risk mitigation initiatives acted upon by the management and other personnel.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be forward-looking statements within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which it operates, changes in the Government regulations, tax laws and other statutes and incidental factors.

Corporate Governance Report

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

A. MANDATORY REQUIREMENTS

Corporate Governance Philosophy

The Company believes that it must so govern its affairs as to optimise satisfaction amongst all its stakeholders, which includes its esteemed customers, providers of capital, employees, those from whom we buy and through whom we sell, the communities in which our primary activities take place and society at large. The Company attaches equal importance to both means and ends - the results sought to be secured and the methods used to achieve them. The Company believes that, in whatever it does, it must contribute to the economic and social development of India, a basic tenet of the Tata Group to which your Company belongs. The Company views the governance norms originating in the institutions of the capital market as an integral part of its corporate governance philosophy to be respected not just in the letter but, more importantly, in spirit. The Company realizes that it must disseminate information pertaining to its affairs so that all stakeholders may gain a true understanding of its activities and aspirations. The Company aims at attainment of the highest levels of transparency, accountability and equity in its operations, thus leading to best standards of Corporate Governance. It is the Company's belief that good ethics needs good business sense and our business practices are in keeping with this spirit by following the Tata Code of Conduct thereby maintaining high ethical standards. The Company is a signatory to Global Compact, which has social dimensions to the functioning of the corporate entity within the ecosystem.

Board of Directors

Titan Industries Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on 31st March 2013, the Company had 12 Directors, comprising 11 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31st March 2013 is as follows:

Category	Name of the Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. Hans Raj Verma[1]	3
	Mr. N.S. Palaniappan[2]	
	Mr. T.K. Arun[3]	
Nominee Directors of Tata Group	Mr. Ishaat Hussain	
(Non-Executive, Non-Independent)	Mr. N.N. Tata	2
(Executive, Non-Independent)	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T.K. Balaji	6
	Dr. C.G. Krishnadas Nair	
	Ms. Vinita Bali	
	Ms. Hema Ravichandar	
	Prof. Das Narayandas	
	Mrs. Ireena Vittal[4]	
Total		12

1 Mr. Hans Raj Verma, nominee of TIDCO, was nominated as Director of the Company on 31st October 2012 in place of Mr. K. Dhanavel who was appointed on 30th April 2012 and resigned on 31st October 2012.

2 Mr. N.S. Palaniappan nominee of TIDCO, was nominated as a Director of the Company on 30th January 2013 in place of Mr. Vikram Kapur who was appointed on 22nd October 2012 and resigned on 30th January 2013. Dr. N. Sundaradevan resigned as Chairman on 22nd October 2012.

3 Mr. T.K. Arun, nominee of TIDCO, was nominated as Director of the Company on 31st July 2012 in place of Mr. V. Parthasarathy who resigned on that date.

4 Mrs. Ireena Vittal was appointed as an Additional Director of the Company on 30th January 2013.

Mr. R. Poornalingam, Independent Director who retired by rotation at the Annual General Meeting held on 31st July, 2012 was not re-appointed as a Director.

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

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

The Board of Directors met five times during the Financial Year 2012-13. Board Meetings were held on 30th April, 31st July, 31st October in 2012 and on 30th January, 22nd March in 2013.

The information as required under Annexure 1A to Clause 49 of the listing agreement is being regularly placed before the Board. The Board also reviews the declaration made by the Managing Director and Executives of the Company regarding compliance with all laws applicable to the Company on a quarterly basis.

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at 31st March 2013 are as indicated below:

Name of Director	No. of Board meetings attended out of 5 meetings of the Board of Directors	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
			As Chairman	As Director	As Chairman	As Member
Mr. Hans Raj Verma[1]	1	NA	6	9	1	3
Mr. Bhaskar Bhat	5	Yes	1	5	-	1
Mr. N.N. Tata	4	Yes	3	7	1	2
Mr. Ishaat Hussain	4	Yes	2	13	4	6
Mr. N.S. Palaniappan[2]	-	NA	6	9	-	-
Mr. T.K. Balaji	4	No	2	8	1	3
Dr. C.G. Krishnadas Nair	5	Yes	2	5	2	-
Ms. Vinita Bali	4	Yes	-	6	-	2
Ms. Hema Ravichandar	5	Yes	-	2	-	1
Prof. Das Narayandas	2	No	-	1	-	1
Mr. T.K. Arun[3]	4	Yes	1	12	1	11
Mrs. Ireena Vittal[4]	-	NA	-	3	-	-

[NA - Not Applicable]

[1] Mr. Hans Raj Verma, nominee of TIDCO, was nominated as Director of the Company on 31st October 2012 in place of Mr. K. Dhanavel who resigned on that date.

[2] Mr. N.S. Palaniappan nominee of TIDCO, was nominated as a Director of the Company on 30th January 2013 in place of Mr. Vikram Kapur who resigned on that date.

[3] Mr. T.K. Arun, nominee of TIDCO, was nominated as Director of the Company on 31st July 2012 in place of Mr. V. Parthasarathy who resigned on that date.

[4] Mrs. Ireena Vittal was appointed as an Additional Director of the Company on 30th January 2013.

Code of Conduct

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors and by definition to the Managing Director and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2013. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

Audit Committee

The Audit Committee of the Board was constituted in 1999. The constitution of Audit Committee is in conformation with the requirements of Section 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the Listing Agreement.

Powers of the Audit Committee

a) to investigate any activity within its terms of reference;

b) to seek information from any employee;

c) to obtain outside legal or other professional advice; and

d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

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

a) Oversight of the Company's financial reporting process and the disclosures of the financial information to ensure that the financial statements are correct, sufficient and credible.

b) Recommending the appointment and removal of statutory auditors, fixation of audit fees and also approval for payment for any other services.

c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:

   - any changes in accounting policies and practices;
   - major accounting entries based on exercise of judgment by management;
   - qualifications in draft audit report;
   - significant adjustments arising out of audit;
   - the going concern assumption;
   - compliance with accounting standards;
   - compliances with Listing Agreement and other legal requirements concerning financial statements; and
   - any related party transactions.

d) Reviewing with the Management matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.

e) Reviewing with the Management, Statutory and Internal Auditors, the adequacy of the internal control systems.

f) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department; approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

g) Discussion with Internal Auditors on any significant findings and follow up thereon.

h) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

i) Discussion with Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

j) Reviewing of Management Letters issued by the statutory auditor.

k) Reviewing the Company's financial and Risk Management policies.

l) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

m) Seek assistance from the Statutory Auditors in such areas and in such manner as desired by the Audit Committee from time to time.

n) Reviewing the functioning of the Whistle Blower mechanism.

o) Reviewing Management Discussion and Analysis of financial condition and results of operations.

p) Reviewing with the Management, the quarterly financial statements before submission to the Board of Directors for approval.

Dr. C.G. Krishnadas Nair, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 31st July 2012.

As at the year-end, the Audit Committee of the Board comprised of six members, four of them being Independent Directors. All members are financially literate and have relevant finance and / or audit exposure. Mr. Ishaat Hussain is a Chartered Accountant and a financial expert.

The Audit Committee met four times during the Financial Year 2012-13 on 30th April, 31st July, 31st October in 2012 and on 29th January in 2013.

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

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

Name of Director & Category	No. of Meetings attended out of four meetings
Dr. C.G. Krishnadas Nair Chairman (Non Executive) (Independent)	4
Mr. Ishaat Hussain (Non Executive) (Non Independent)	3
Mr. T.K. Balaji (Non Executive) (Independent)	2
Ms. Vinita Bali (Non Executive) (Independent)	3
Mr. V. Parthasarathy[1] (Non Executive) (Non Independent)	1
Prof. Das Narayandas (Non Executive) (Independent)	1
Mr. T. K. Arun[2] (Non Executive) (Non Independent)	2

[1]Member up to 31st July 2012

[2]Member from 31st July 2012

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

OTHER SUB-COMMITTEES OF THE BOARD OF DIRECTORS

a. Remuneration Committee

The broad terms of reference of the Remuneration Committee are to recommend to the Board the appointment / reappointment of Managing Director and / or Whole-time Directors, the remuneration including Commission payable to the Managing Director, revision in salary to be paid from the succeeding financial year, based on evaluation of performance for the year under consideration. The performance evaluation is based on financial performance, market performance etc., of the Company. The Remuneration Committee also recommends the total remuneration payable to Non-Executive Directors and the criteria for payment amongst the Directors. The criteria for payment of Non-Executive Directors Commission for Financial Year 2012-13 is attendance at the Meetings of the Board and the Committees thereof.

The Committee met once during the Financial Year 2012-13 on 30th April 2012.

The following Directors are the members of the Remuneration Committee:

Mr. T.K. Balaji (Chairman) (Non Executive) (Independent)

Mr. Ishaat Hussain (Non Executive) (Non Independent)

Dr. N. Sundaradevan[1] (Non Executive) (Non Independent)

Mr. Vikram Kapur[2] (Non Executive) (Non Independent)

Mr. Hans Raj Verma[3] (Non Executive) (Non Independent)

Mrs. Hema Ravichandar (Non Executive) (Independent)

[1]Member up to 22nd October 2012
[2]Member from 22nd October 2012 to 30th January 2013
[3]Member from 22nd March 2013

b. Shareholders' Grievance Committee

The Shareholders' Grievance Committee was constituted to specifically look into the redressal of Investors' complaints relating to the transfer of shares, non-receipt of Annual Reports and non-receipt of dividends declared by the Company, etc. During the Financial Year 2012-13, a meeting of the Shareholders' Grievance Committee was held on March 14, 2013. All the members were present at the meeting. The members of the Shareholders' Grievance Committee are as follows:

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

Mr. Bhaskar Bhat (Executive) (Non Independent)

Mr. V. Parthasarathy[1] (Non Executive) (Non Independent)

Mr. R. Poornalingam[2] (Non Executive) (Independent)

Mr. T.K. Arun[3] (Non Executive) (Non Independent)

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

[1]Member up to 31st July 2012

[2]Member up to 31st July 2012

[3]Member from 31st July 2012

c. Share Transfer Committee

A Share Transfer Committee was constituted on 27th July 2009 to facilitate speedy disposal of requests pertaining to transfer, transmission, issue of duplicate share certificates etc. The Members of the Share Transfer Committee are as follows:

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

Mr. Bhaskar Bhat (Executive) (Non Independent)

Mr. V. Parthasarathy[1] (Non Executive) (Non Independent)

Mr. R. Poornalingam[2] (Non Executive) (Independent)

Mr. T.K. Arun[3] (Non Executive) (Non Independent)

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

[1]Member up to 31st July 2012

[2]Member up to 31st July 2012

[3]Member from 31st July 2012

d. Committee of Directors

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

The Committee of Directors was re-constituted on 22nd March 2013 and the present constitution is as follows:

Mr. Ishaat Hussain (Non Executive) (Non Independent)

Mr. Bhaskar Bhat (Executive) (Non Independent)

Mr. Hans Raj Verma (Non Executive) (Non Independent)

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

The business transacted by the Committee as recorded in circular resolutions, are placed before the Board at the next meeting, for noting.

e. Ethics Committee

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

The composition of the Committee is as follows:

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

Mr. Bhaskar Bhat (Executive) (Non Independent)

Mrs. Hema Ravichandar (Non Executive) (Independent)

Mr. T.K. Arun[1] (Non Executive) (Non Independent)

[1]Member from 31st July 2012

During the year 2012-13, this Committee held Meetings on 30th April 2012, 11th July 2012, 1st October 2012 and 18th January 2013.

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

f. Nomination Committee

Nomination Committee recommends to the Board most eligible nomination for appointment as Directors, appropriate to the Company's structure, size and complexity and special expertise and experience of the Directors in related domains / field.

The composition of the Committee is as follows:

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

Dr. N. Sundaradevan[1] (Non Executive) (Non Independent)

Mr. Vikram Kapur[2] (Non Executive) (Non Independent)

Mr. Hans Raj Verma[3] (Non Executive) (Non Independent)

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

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

[1]Member up to 22nd October 2012

[2]Member from 22nd October to 30th January 2013

[3]Member from 22nd March 2013

During the year, the Nominations Committee met twice on 31st October 2012 and 19th December 2012 to select and recommend to the Board the appointment of an Independent Director.

Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary Company and hence, it is not mandatory to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee reviews the financial statements, particularly, the investments made by the Company's non-listed subsidiary companies. The minutes of the non-listed subsidiary companies had been placed before the Board for their attention and major transactions and decisions of the subsidiaries, such as inter-corporate loan / investments are effected with prior approval by the Board of Directors of the Company.

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

Disclosures

(a) Related Party Transactions: During the year under review, besides the transactions reported in Note 40 forming part of the financial statements for the year ended 31st March 2013 in the Annual Report, there were no other material related party transactions of the Company with its promoters, Directors or the Management or their relatives and subsidiaries and associates. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information once in a year. Further there are no material individual transactions that are not in normal course of business or not on an arm's length basis.

(b) Disclosure of Accounting Treatment: The Company follows Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and / or by the Institute of Chartered Accountants of India in the preparation of financial statements and has not adopted a treatment different from that prescribed in any Accounting Standard.

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

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

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

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

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

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

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

(d) Disclosure by Senior Management: Senior Management has made disclosures to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

(e) CEO / CFO Certification: The Managing Director (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended March 31, 2013, which is annexed hereto.

(f) Details of Non-Compliance: There have been no instances of non-compliance on any matter as regards the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.

(g) Whistle Blower Policy: The Company has a whistle blower mechanism wherein the employees can approach the management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every employee to promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosure reported are addressed in the manner and within the time frames prescribed in the policy. A mechanism is in place whereby any employee of the Company has access to the Chairman of the Audit Committee to report any concerns. Further, the said policy has been disseminated within the organisation and has also been posted on the Company's website.

(h) Secretarial Audit: Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a share capital audit on a quarterly basis for reconciliation of the share capital of the Company.

Remuneration of Directors

Managing Director

The Company has during the year paid remuneration to its Managing Director by way of salary, perquisites and commission within the limits approved by the Shareholders. The Board of Directors on the recommendation of the Remuneration Committee approves the annual increment (effective April each year). Commission is calculated based on the net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendation of the members of the Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to the Managing Director is based on performance criteria laid down by the Board, which broadly takes into account the profits earned by the Company for the related financial year.

Details of the remuneration to the Whole-time Director during 2012-13 are as under: *(in ₹)*

Name	Salary	Perquisites & Allowances*	Commission**
Mr. Bhaskar Bhat, Managing Director	57,60,000/-	1,01,54,866 /-	2,30,00,000 /-

* includes leave encashment ₹ 7,92,000/- paid during the financial year.

** based on the recommendations of the Remuneration Committee of the Board and after taking into consideration the performance during the Financial Year 2012-13 which is payable in Financial Year 2013-14.

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

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

Period of Agreement	: 5 years from 1st April 2012.
Salary	: up to a maximum of ₹ 10,00,000/- per month with authority to the Board to fix the salary within the maximum amount from time to time.
Notice period	: The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
Severance Fees	: Nil

There are no stock options issued to the Managing Director.

Non-Executive Directors

The remuneration paid to Non-Executive Directors for the year 2012-13 had been computed pursuant to Sections 198, 309, 349 & 350 of the Companies Act, 1956.

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

During the Financial Year 2012-13, the Company has paid sitting fees to Non Executive Directors detailed below and proposes to pay commission as shown below:-

(₹)

Name of Director	Commission*	Sitting Fees**
Mr. Vikram Kapur	7,27,900/-	27,500/-
Dr. N. Sundaradevan	12,13,200/-	60,000/-
Mr. Hans Raj Verma	24,85,300/-	20,000/-
Mr. K. Dhanavel	9,70,600/-	40,000/-
Mr. Ishaat Hussain	36,39,700/-	160,000/-
Mr. N.N. Tata	21,83,800/-	87,500/-
Mr. T.K. Balaji	36,39,700/-	155,000/-
Dr. C.G. Krishnadas Nair	60,66,200/-	232,500/-
Ms. Vinita Bali	33,97,100/-	140,000/-
Mr. V. Parthasarathy	9,70,600/-	40,000/-
Mr. T.K. Arun	36,39,700/-	142,500/-
Mrs. Hema Ravichandar	36,39,700/-	150,000/-
Mr. R. Poornalingam	9,70,600/-	40,000/-
Prof. Das Narayandas	14,55,900/-	60,000/-

*gross amount, subject to tax and payable in Financial Year 2013-14.

**gross amount, excluding service tax, paid during Financial Year 2012-13.

The Managing Director is not eligible to receive sitting fees as per the terms of appointment and the contract entered into with him.

Sitting fees and Commission payable to the Directors, who are nominees of the co-promoters viz., TIDCO are being paid directly to TIDCO.

Details of shares of the Company held by Non-Executive Directors as on 31st March 2013 are as below:

Name of Director	Number of Shares
Mr. Hans Raj Verma	NIL
Mr. N.S. Palaniapan	NIL
Mr. N.N. Tata	46,900
Mr. Ishaat Hussain	14,060
Mr. T.K. Balaji	5,61,000
Dr. C.G. Krishnadas Nair	NIL
Ms. Vinita Bali	NIL
Ms. Hema Ravichandar	NIL
Prof. Das Narayandas	NIL
Mr. T.K. Arun	NIL
Mrs. Ireena Vittal	NIL

Means of Communication

Whether half-yearly reports are sent to each household of shareholders	:	No, the financial results are published in the Newspapers, as required under the Listing Agreements
Quarterly Results	:	-do-
Website, where results are displayed	:	The results are displayed on www.titan.co.in
Whether it also displays official news releases	:	Yes
Website for investor complaints	:	Pursuant to the amended listing agreements with the Stock Exchanges Clause 47(f) has been inserted for an exclusive e-mail ID for redressal of investor grievances. Accordingly, the Company has created an exclusive ID investor@titan.co.in for this purpose. **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Presentations to institutional investors or analysts	:	Presentations made during the year to institutional investors are displayed in www.titan.co.in
Newspapers in which results are normally published	:	The quarterly results were published in The Business Standard, Financial Express, Business Line, The Mint and Dina Thanthi. The audited financial results for the year ended 31-March-2013, were published in Financial Express, Business Standard, Business Line, The Mint and Dina Thanthi.
Whether Management Discussion & Analysis is a part of the Annual Report	:	Yes

Particulars of The Past Three Annual General Meetings

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

Year	Location	Date	Time
2009-2010	At the Registered Office of the Company located at 3,SIPCOT Industrial Complex, Hosur 635 126	27th July 2010	3:00 p.m.
2010-2011	-do-	28th July 2011	3:00 p.m.
2011-2012	-do-	31st July 2012	3:00 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2012-13.

c) No Postal Ballot was conducted during the financial year 2012-13.

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

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

At the Annual General Meeting held on 28th July 2011, a Special Resolution was passed for the re-appointment of Statutory Auditors, Deloitte Haskins & Sells for financial year 2011-12, which was passed unanimously.

Special Resolutions were passed through Postal Ballot in June 2011, for alteration of the Articles of Association of the Company for increase in authorised equity share capital and sub-division of equity share capital, which were passed unanimously.

At the Annual General Meeting held on 27th July 2010, Special Resolutions were passed:

1) For the re-appointment of Statutory Auditors, Deloitte Haskins & Sells for financial year 2010-11, which was passed unanimously.

2) For payment of remuneration by way of commission to Directors who are neither in Whole-time employment of the Company nor Managing Director(s) of the Company, which was passed unanimously.

GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	:	Thursday, 1st August 2013, 3:00 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	:	1st April 2012 to 31st March 2013
Directors seeking appointment / re-appointment	:	As required under Clause 49(IV)(G), particulars of Directors seeking appointment / re-appointment are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting to be held on 1st August 2013.
Book Closure Date	:	18th July 2013 to 1st August 2013 (both days inclusive)
Dividend payment date	:	On or after 1st August 2013 (within the statutory time limit of 30 days) subject to shareholders' approval at the Annual General Meeting.

Financial Calendar Period (tentative)	:	Board Meeting to approve quarterly financial results
- Quarter ending 30th Jun 2013		- 1st August 2013
- Quarter ending 30th Sep 2013		- End October 2013
- Quarter ending 31st Dec 2013		- End January 2014
- Quarter ending 31st Mar 2014		- April / May 2014
Registered Office	:	3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Listing of Equity Shares on Stock Exchanges	:	Bombay Stock Exchange Limited, Mumbai National Stock Exchange of India Limited, Mumbai
Listing fees	:	Listing fees as prescribed have been paid to the above stock exchanges up to 31st March 2014
Share Registrar and Transfer Agents	:	**TSR Darashaw Private Limited** 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 E-mail:csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com Tel No: 022-66568484 Fax No: 022-66568494
Company Secretary & Contact Address		**Mr. A.R. Rajaram** Head- Legal & Company Secretary Golden Enclave, Tower - B, 7th Floor, HAL Airport Road, Bangalore 560 017 E-mail: arrajaram@titan.co.in Tel No: 080-66609610 Fax No: 080-2526 3001 / 2526 9923

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

TSR Darashaw Private Limited
503, Barton Centre, 5th Floor
84, M.G. Road,
Bangalore – 560 001
Tel: 080-25320321
Fax: 080 – 25580019
Email: tsrdlbang@tsrdarashaw.com

TSR Darashaw Private Limited
Plot No. 2/42, Sant Vihar
Ansari Road, Daryaganj
New Delhi – 110 002
Tel: 011 – 23271805
Fax: 011 – 23271802
Email: tsrdldel@tsrdarashaw.com

TSR Darashaw Private Limited
Tata Centre, 1st Floor
43, Jawaharlal Nehru Road
Kolkata – 700 071
Tel: 033 - 22883087
Fax: 033 - 22883062
E-mail: tsrdlcal@tsrdarashaw.com

TSR Darashaw Private Limited
Bungalow No.1, 'E' Road
Northern Town, Bistupur
Jamshedpur – 831 001
Tel: 0657 – 2426616
Fax: 0657 – 2426937
Email: tsrdljsr@tsrdarashaw.com

Shah Consultancy Services Limited
c /o. TSR Darashaw Private Limited
3-Sumatinath Complex,
Pritam Nagar, Akhada Road,
Opp. Kothawala Flats,
Ellisbridge, Ashram Road,
Ahmedabad - 380 006
Telefax: 079 - 2657 6038,
Email: shahconsultancy8154@gmail.com

SHARE TRANSFER SYSTEM

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

Investor Services

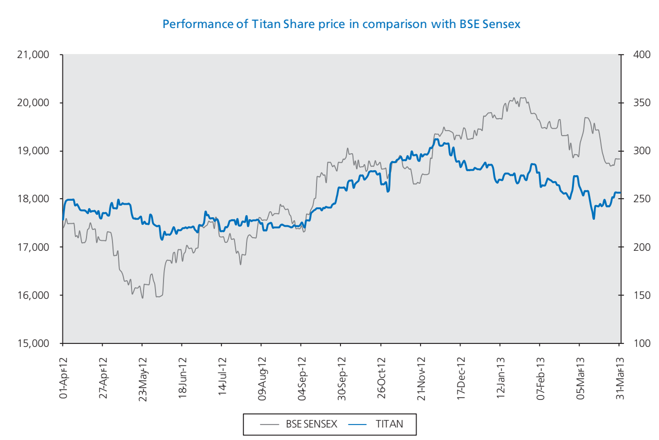
Number of complaints from shareholders during the year ended March 31, 2013.

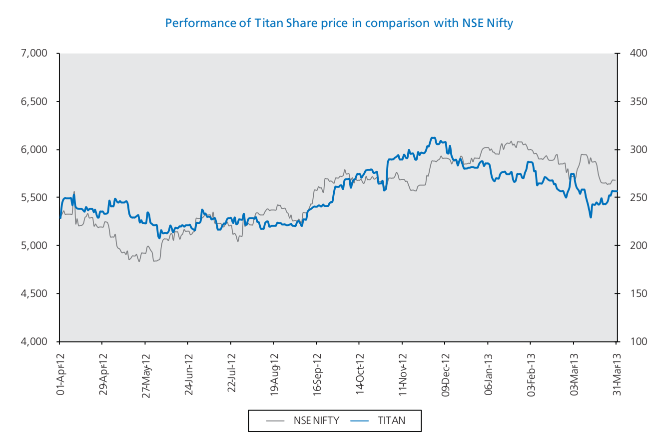
Complaints outstanding as on 1st April 2012	2
Complaints received during the year ended 31st March 2013	23
Complaints resolved during the year ended 31st March 2013	24
Complaints pending as on 31st March 2013	1

Stock Performance

Market Price Data - Bombay Stock Exchange Ltd

Month	Bombay Stock Exchange (in ₹)		BSE Sensex
	High	Low	
April 2012	249.20	229.90	17,318.81
May 2012	249.05	222.85	16,218.53
June 2012	222.30	207.80	17,429.98
July 2012	236.85	216.90	17,236.18
August 2012	228.60	217.70	17,380.75
September 2012	261.55	220.35	18,762.74
October 2012	278.90	257.80	18,505.38
November 2012	311.75	284.90	19,339.90
December 2012	308.15	279.80	19,426.71
January 2013	287.75	266.35	19,894.98
February 2013	285.80	250.05	18,861.54
March 2013	273.65	229.15	18,835.77





Market Price Data - National Stock Exchange of India Ltd

Month	National Stock Exchange of India Ltd (in ₹)		NSE Nifty
	High	Low	
April 2012	249.30	229.40	5,248.15
May 2012	248.70	222.70	4,924.25
June 2012	223.40	207.75	5,278.90
July 2012	237.00	216.90	5,199.80
August 2012	229.30	217.70	5,258.50
September 2012	261.15	220.20	5,703.30
October 2012	278.80	257.45	5,619.70
November 2012	311.70	285.15	5,879.85
December 2012	308.65	280.00	5,905.10
January 2013	287.80	266.00	6,034.75
February 2013	286.55	250.05	5,693.05
March 2013	274.30	229.15	5,682.55

Distribution of Shares according to size, class and categories of Shareholders as on 31st March 2013

No. of Equity Shares Held	No. of Shareholders	Percentage	No. of Shares	Percentage
1-5000	1,21,205	96.44	63,887,329	7.20
5001-20000	2,637	2.10	18,802,479	2.12
20001-30000	943	0.75	12,664,346	1.43
30001-40000	207	0.16	5,033,034	0.56
40001-50000	181	0.14	7,244,811	0.82
50001-100000	160	0.13	11,811,959	1.33
100001- 1000000	273	0.22	91,687,225	10.32
1000001 and above	71	0.06	676,654,977	76.22
TOTAL	**1,25,677**	**100.00**	**887,786,160**	**100.00**

Categories of Shareholding as on 31st March 2013

Category	No. of Share holders	No. of Shares held	% of Shareholding
Tamil Nadu Industrial Development			
Corporation Ltd.	1	247,476,720	27.88
Tata Group Companies	32	226,284,677	25.49
FFI / FIIs / OCBs	399	169,425,534	19.08
Bodies Corporate	1,935	17,978,629	2.03
Institutional Investors	57	10,349,552	1.17
Mutual Funds	71	12,534,907	1.41
Nationalised Banks	5	22,500	0.00
Others	1,23,177	203,713,641	22.94
Total	**1,25,677**	**887,786,160**	**22.94**

Top Ten Shareholders:

The Company's top ten shareholders as at 31st March 2013 are as shown below:

Sl. No.	Name	Holdings	% to total holding
1	Tamilnadu Industrial Development Corporation Limited	247,476,720	27.88
2	Tata Sons Limited	135,125,411	15.22
3	Jhunjhunwala Rakesh Radheshyam	60,125,645	6.77
4	Kalimati Investment Company Limited	38,775,840	4.37
5	Jhunjhunwala Rekha Rakesh	21,641,575	2.44
6	Tata Investment Corporation Limited	17,225,640	1.94
7	Matthews Pacific Tiger Fund	15,186,666	1.71
8	Tata Chemicals Limited	13,826,180	1.56
9	Tata Global Beverages Limited	9,248,060	1.04
10	IIFL Inc A/C Vontobel India Select Fund	9,241,253	1.04

STOCK CODE

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

The Aggregate Non-promoter / Public Shareholding of the Company as at March 31, 2013 is as shown below:

Number of Shares : 416,778,240 shares

Percentage to total holding : 46.95%

Dematerialisation of Shares and Liquidity

As on 31st March 2013, 97.03 % of the Company's Equity Capital was held in dematerialised form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialised form with effect from 15.02.1999 as per the notification issued by the Securities and Exchange Board of India (SEBI).

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

Stock option scheme : None

Plant Locations

Watch Plants:
- (a) Plot Nos. 3, 4 & 5 SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
- (b) Mohabewala Industrial Area, Dehradun 248 002, Uttaranchal
  - (i) Unit : Khasra No. 148D, 173B, 176A and 176B
  - (ii) Unit : Khasra No. 148B, 149B
- (c) Plot No. C1, C2, C3, Khasra No.37, Village Bantakheri, Tehsil - Roorkee, District - Haridwar, Uttaranchal
- (d) Plot No. 10B, 10C, Khasra Nos. 150,151,152,153, Sector 2, Integrated Industrial Estate, SIDCUL, Pantnagar 263 153, Udham Singh Nagar District, Uttarkhand

Jewellery Plants :
- (a) 29, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
- (b) Khasra No.238, Kuanwala, Haridwar Road, Dehradun 248 160, Uttarakhand
- (c) Plot No. 10 A, Sector II E, SIDCUL, Pantnagar, Dist Udham Singh Nagar, Uttarkhand 263 153

Precision Engineering Plants:
- (a) No.15 B, Bommasandra Industrial Area, Hosur Road, Anekal Taluk Bangalore 562 158, Karnataka
- (b) Plot Nos. 27 & 28, SIPCOT Industrial Area, Hosur 635 126, Tamil Nadu

Prescription Eyewear Lens Laboratory: Plot No. 27, Survey No.125, KIADB Industrial Area, Chikaballapur 562 101, Karnataka

Addresses for Correspondence

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

Corporate Office: Golden Enclave, Tower A, HAL Airport Road, Bangalore 560 017, Karnataka

B. NON MANDATORY REQUIREMENTS

As far as the non-mandatory requirements are concerned, the Board has set up a Remuneration Committee to recommend appointment / re-appointment of Managing Director and Whole-Time Directors and to recommend / review remuneration of the Managing Director, Whole-time Directors and Non Executive Directors.

The Board has adopted a whistle-blower policy which enables the employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The policy provides direct access to the Chairman of the Audit Committee under certain circumstances. The policy has been communicated to the employees.

There was no audit qualification in the Company's financial statements during the financial year 2012-13. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

CERTIFICATE

To the Members of TITAN INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Titan Industries Limited ("the Company"), for the year ended March 31, 2013, as stipulated in Clause 49 of Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that an Independent Director was replaced on the 183rd day as against the stipulated period of 180 days as required under sub clause I (C) (iv) of Clause 49 of Listing Agreement.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

V. Srikumar
Partner

Bangalore, 25th June 2013

(Membership No. 84494)

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

May 3, 2013

The Board of Directors,

Titan Industries Limited

3, SIPCOT Industrial Complex,

Hosur 635 126

Certification to the Board pursuant to clause 49(V) of the Listing Agreement

We, Bhaskar Bhat, Managing Director and S. Subramaniam, Chief Financial Officer, hereby certify that in respect of the Financial Year ended on March 31, 2013

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

Bhaskar Bhat
Managing Director

S Subramaniam
Chief Financial Officer

Declaration by the CEO under Clause 49 I (D) of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2013.

for **Titan Industries Limited**

BHASKAR BHAT
Managing Director

Shareholders' Information

Quick Information

- Number of equity shareholders – 1,25,677
- Number of equity shares held – 88,77,86,160
- Stock exchanges in which the equity shares are listed:
  Bombay Stock Exchange Limited (BSE).
  National Stock Exchange of India Limited (NSE).
- 96.97% of the Company's equity capital is held in dematerialized form with NSDL and CSDL.
- TSR Darashaw Pvt Limited is the Registrar and Transfer Agents (R & TA) of the Company.
- Non Promoter/Public Shareholding as on 31st March 2013 – 416,778,240 amounting to 46.95%.

Investor Grievances handling mechanism

Investor service matters are being handled by TSR Darashaw Pvt Limited. They have branches across the country and discharge investor service functions efficiently, effectively and expeditiously. The Company has an established mechanism for investor service and grievance handling, with TSR Darashaw Pvt Limited.

Suggestions to shareholders

Open Demat Account and dematerialize your shares

In the best interest of the investors it is suggested to convert their physical holdings of securities into demat holdings. By holding securities in demat form helps investors to get immediate transfer of securities. Stamp duty would not be payable on transfer of shares held in demat form. Risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries can be avoided.

Dematerialization of shares

Trading in the shares of the Company is compulsory in dematerialized form for all investors. The Company has, therefore, enlisted its shares with both the depositories, viz, NSDL and CDSL. This means that one has the option to hold and trade in the shares of the Company in electronic form.

What is Dematerialisation of shares?

Dematerialisation is a process by which the physical share certificates of an investor are taken back by the Company and an equivalent number of securities are credited in electronic form at the request of the investor. An investor will have to first open an account with a Depository Participant and then request for the dematerialisation of his share certificates through the Depository Participant so that the dematerialised holdings can be credited into that account. This is very similar to opening a Bank Account.

What is a Depository?

A depository is an organisation which holds securities (like shares, debentures, bonds, government securities, mutual fund units etc.) of investors in electronic form at the request of the investors through a registered Depository Participant. It also provides services related to transactions in securities.

How many Depositories are registered with SEBI?

At present two Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are registered with SEBI.

Is a depository similar to a bank?

It can be compared with a bank, which holds the funds for depositors. A Bank – Depository analogy is given in the following table:

BANK	DEPOSITORY
Holds funds in an account	Holds securities in an account
Transfers funds between accounts on the instruction of the account holder	Transfers securities between accounts on the instruction of the BO account holder
Facilitates transfer without having to handle money	Facilitates transfer of ownership without having to handle securities
Facilitates safekeeping of money	Facilitates safekeeping of securities

Who is a Depository Participant?

A Depository Participant (DP) is an agent of the depository through which it interfaces with the investor and provides depository services. Public financial institutions, scheduled commercial banks, foreign banks operating in India with the approval of the Reserve Bank of India, state financial corporations, custodians, stock-brokers, clearing corporations /clearing houses, NBFCs and Registrar to an Issue or Share Transfer Agent complying with the requirements prescribed by SEBI can be registered as DP. Banking services can be availed through a branch whereas depository services can be availed through a DP.

Is it compulsory for every investor to open a beneficial owner (BO) account to trade in the capital market?

In view of the convenience of trading in dematerialised mode, it is advisable to have a beneficial owner (BO) account for trading at the exchanges.

Benefits of Demat

- Reduces risks involved in holding physical certificates, e.g., loss, theft, mutilation, forgery, etc.
- Ensures transfer settlements and reduces delay in registration of shares.
- Ensures faster communication to investors.
- No stamp duty is paid on transfer of shares.
- Provides more acceptability and liquidity of securities.
- Faster settlement cycles and payouts.
- Postal delays and loss of shares in transit is prevented.
- Periodic status reports and information available on internet.
- Easy portfolio monitoring.

What is the procedure to dematerialize the shares?

- Open an account with a Depository Participant (DP) of your choice by filling up an Account Opening Form.
- Fill up and submit a Dematerialization Request Form (DRF) provided by the DP duly signed by all the holders and surrender the physical shares intended to be dematted to the DP. The DP upon receipt of the shares will issue you an acknowledgement and will send an electronic request to the Company/ Registrars and Transfer Agents of the Company through the Depository for confirmation of demat.
- The DP will simultaneously surrender the DRF and the shares to the Company / Registrars and Transfer Agents of the Company with a covering letter requesting the Company to confirm demat.
- The Registrars and Transfer Agents of the Company, after necessary verification of the documents received from the DP, will cancel the physical shares and confirm demat to the Depository.
- This confirmation will be passed on by the Depository to the DP which holds your account. After receiving this confirmation from the Depository, the DP will credit your account with the number of shares dematerialized.
- The DP will hold the shares in the dematerialized form thereafter on your behalf. And you will become the beneficial owner of these dematerialized shares.

Can odd lots be dematerialized?

Yes, odd lot share certificates can also be dematerialized.

Why should an investor give his bank account details at the time of demat account opening?

Bank account details are necessary for the protection of interest of investors. When any cash or non cash corporate benefits such as rights or bonus or dividend is announced for a particular scrip, depositories provide to the concerned issuer /it's RTA, the details of the investors, their electronic holdings as on record / book closure date for reckoning the entitlement of corporate benefit.

The disbursement of cash benefits such as dividend is credited directly by the Issuer/it's RTA to the beneficiary owner through the ECS (Electronic Clearing Service wherever available) facility or by issuing warrants on which bank account details are printed for places where ECS facility is not available. The bank account number is mentioned on the dividend and warrant to avoid any fraudulent misuse. The bank account details will be those which are mentioned in account opening form or modified details that had been intimated subsequently by the investor to the DP.

Can multiple accounts be opened?

Yes. An investor can open more than one account in the same name with the same DP and also with different DPs. For all the accounts, investor has to strictly comply with KYC norms including Proof of Identity, Proof of Address requirements as stipulated by SEBI and also provide PAN number. The investor has to show the original PAN card at the time of opening of demat account.

Does the investor have to keep any minimum balance of securities in his account?

No.

Can investor close his demat account with one DP and transfer all securities to another account with another DP?

Yes. The investor can submit account closure request to his DP in the prescribed form. The DP will transfer all the securities lying in the account, as per the instruction, and close the demat account.

Do dematerialised shares have distinctive numbers?

Dematerialised shares do not have any distinctive numbers. These shares are fungible, which means that all the holdings of a particular security will be identical and interchangeable.

Can electronic holdings be converted back into physical certificates?

Yes. The process is called rematerialisation. If one wishes to get back his securities in the physical form he has to fill in the RRF (Remat Request Form) and request his DP for rematerialisation of the balances in his securities account.

What is the procedure to rematerialise the shares?

- Shareholders should submit duly filled in rematerialisation request form (RPF) to the concerned DP.
- DP intimates the relevant Depository of the request through the system.
- DP submits RRF to the company's R&TA.
- Depository confirms rematerialisation request to the company's R&TA.
- The Company's R&TA updates accounts and prints certificate(s) and informs the depository.
- Depository updates the beneficiary account of the shareholder by deleting the shares so rematerialized. Share certificate(s) is dispatched to the shareholder.

What is ISIN?

ISIN (International Securities Identification Number) is a unique 12 digit alpha-numeric identification number allotted for a security (e.g.- TITAN ISIN No : INE280A01028). Equity-fully paid up, equity-partly paid up, equity with differential voting /dividend rights issued by the same issuer will have different ISINs.

How does one know that the DP has updated the account after each transaction?

The DP provides a Transaction Statement periodically, which gives details of current balances and various transactions made through the depository account. If desired, DP may provide the Transaction Statement at intervals shorter than the stipulated ones, probably at a cost.

At what frequency will the investor receive his Transaction Statement from his DP?

DPs have to provide transaction statements to their clients once in a month, if there is any transaction and if there is no transaction, then once in a quarter.

DPs also provide transaction statement in electronic form under digital signature subject to their entering into a legally enforceable arrangement with the BOs to this effect.

Nomination Facility

What is Nomination Facility?

Section 109A of the Companies Act, 1956 provides the facility of nomination to shareholders. This facility is useful for individuals holding shares in sole name. In the case of joint holding of shares by individuals, nomination will be effective only in the event of the death of all joint holders.

How to appoint a nominee?

Investors, who are holding shares in single name, are advised to avail of the nomination facility with the R&TA. However if the shares are held in demat form, nomination facility has to be registered with the concerned DP directly, as per the format prescribed by the DP.

Who can appoint nominee?

Individuals holding shares in single name or joint names can appoint nominees. In case of joint shareholding, joint holders together have to appoint the nominee. Non-individuals including society, trust, body corporate, karta of Hindu Undivided Family, holder of power of attorney cannot nominate.

Who can be appointed as a nominee & who cannot be appointed as a nominee?

Individual can be appointed as a nominee. Minor can be appointed as a nominee.

A Trust, Society, body corporate, partnership firm Karta of a HUF or a power of attorney holder cannot be nominees.

Can joint shareholders deem to be nominee(s) to the shares?

Joint shareholders are not deemed to be the nominee(s). However joint shareholders may, together appoint a nominee. In the event of death of any one of the joint holders, surviving joint holder/s of shares is/are the only person(s) recognized under the law as holder(s) of the shares.

Rights of the nominee

The nominee is entitled to all the rights of the deceased shareholder to the exclusion of all other persons. In the event of death of a shareholder, all the rights of the shareholder shall vest with the nominee. In case of joint shareholding, all the rights shall vest with the nominee only in the event of death of all the joint shareholders.

Consolidate multiple portfolios

It is suggested that all the investors to consolidate their shareholding held in multiple portfolios. It would facilitate reduction of time and efforts to monitor multiple portfolios. It also avoids multiple tracking of corporate benefits.

DIVIDENDS

Payment of dividend:

The dividend is paid in two modes. They are:

(1) National Electronic Clearing Service (NECS).

(2) Physical dispatch of Dividend Warrant

What is National Electronic Clearing Service Facility?

NECS facility is centralized version of ECS facility. National Electronic Clearing Service (NECS) was introduced during September 2008 for centralized processing of repetitive and bulk payment instructions. The service aims to centralize the Electronic Clearing Service (ECS) operation and bring in uniformity and efficiency to the system. The system takes advantage of the centralized accounting system in banks. NECS (Credit) would facilitate multiple credits to beneficiary accounts destination branch at participating centre against a single debit of the account of a user with the sponsor bank. NECS (Debit) would facilitate multiple debits to destination account holders against single credit to user account. The branches participating in NECS can be located anywhere in the country.

As per directive from Securities and Exchange Board of India (SEBI), the Company has been using the Electronic Clearing Service of the Reserve Bank of India (RBI) at designated locations, for payment of dividend to shareholders holding shares in dematerialised form. The service was extended by the Company also to shareholders holding shares in physical form, who chose to avail of the same. In this system, the investor's bank account is directly credited with the dividend amount.

As per RBI's notification, with effect from 1st October 2009, the remittance of money through ECS has been replaced by National Electronic Clearing Service (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant (in case of shareholders holding shares in dematerialised form) or to the Company's Share Transfer Agent (in case of shareholders holding shares in physical form) in which case the communication may be made in the Mandate Form which had been mailed to the shareholders.

Shareholders holding shares in physical form who have not yet opted for the ECS Mandate Facility, are urged to avail of the NECS Mandate Facility as this not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminated dependence on the postal system, loss / damage of dividend warrants in transit and correspondence relating to revalidation / issue of duplicate dividend warrants.

Kindly ensure that the above instructions are under your signature (which should be as per specimen registered with the Depository Participant / Company) and are communicated before commencement of the book closure date, to facilitate receipt of dividend. Please note that if your new bank account number is not informed as aforesaid, payment of your dividend to your old bank account number may either be rejected or returned. Shareholders are requested to refer to the NECS Mandate Form mailed to them by the Company.

Benefits of NECS Facility

- The shareholder need not visit his bank for depositing the paper instruments which he would have otherwise received had he not opted for ECS Credit;

- The shareholder need not be apprehensive of loss/theft of physical instruments or the likelihood of fraudulent encashment thereof;
- Cost effective; and
- Prompt credit to bank account of the shareholder through electronic clearing.

How to avail NECS Facility?

Investors holding shares in physical form can send the NECS Mandate form, duly filled in, to the Company's R&TA. However, if shares are held in dematerialized form, NECS mandate form has to be sent to the concerned Depository Participant (DP) directly, in the format prescribed by the DP. It is to be noted that NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. Shareholders are requested to provide the new Bank Account Number allotted by the banks post implementation of CBS, along with a copy of cheque relating to the concerned account, to the R& TA of the Company in case you hold shares in physical form and to the concerned depository participant in case you hold shares in demat form.

Unpaid Dividend

Members may please note that pursuant to Section 205C of the Companies (Amendment) Act, 1999, the dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company will be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims. Periodic intimation in this regard is sent to the concerned shareholders. Given below are the dates of declaration of dividend and corresponding dates when unpaid/ unclaimed dividends are due for transfer to the Investor Education and Protection Fund:-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid dividend
31.03.2005	August 31, 2005	August 30, 2012
31.03.2006	August 21, 2006	August 20, 2013
31.03.2007	July 27, 2007	July 26, 2014
31.03.2008	July 31, 2008	July 30, 2015
31.03.2009	July 27, 2009	July 26, 2016
31.03.2010	July 27, 2010	July 26, 2017
31.03.2011	July 28, 2011	July 27, 2018
31.03.2012	July 31,2012	July 31,2019

Compliance with Clause 5A of the Listing Agreement

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

a) Send at least three reminders to the addresses given in the application form as well as the latest address available as per the Company's Registrars record asking for the correct particulars.

b) If no response is received, the issuer Company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account"

The Company had sent three reminders till date, in respect of unclaimed equity shares in April 2012, August 2012 and March 2013 as per details given below:

Particulars	No. of shareholders	No. of equity shares (Re 1 each)
Aggregate number of shareholders and outstanding unclaimed shares as at April 1, 2012	2,004	37,83,020
Shareholders to whom shares were dispatched from unclaimed shares during FY 2012-13	233	5,51,060
Aggregate number of shareholders and outstanding unclaimed shares as at March 31, 2013	1,771	32,31,960

The Company has sent reminders to 1,771 shareholders in March 2013 and the process of transfer of unclaimed shares to Unclaimed Suspense Account is under way. Upon transfer to the Unclaimed Suspense Account, the voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

Business Responsibility Report

"I believe that the company Titan should evolve into a virtuous organisation that pulls together all its stakeholders (employees, customers, associates, investors, and the community) in building a sustainable institution. An institution that strives to bring meaning, not just material gain to its stakeholders. Such an institution will need little supervision and regulation and will chart out a journey of its own to achieve unimaginable goals".

Bhaskar Bhat, Managing Director, Titan Industries Limited

Building a Sustainable Institution

With a slice of Mozart, the Titan Signature tune and great international designer looks, Titan changed the face of time in India and created a brand that remains forever etched in the minds of Indian consumer. Our success lies in building desirable brands through new and exciting marketing strategies, seizing opportunities in unorganised market sectors, breaking the distribution norms and creating a whole new demand. Our goal is to build a sustainable institution that strives to bring meaning not just material gain to our stakeholders.

We believe in going beyond business and doing more by including our stakeholders in our growth story, sharing and caring for them which is ingrained in our culture as we are aligned to the Tata Group Values which emphasize on responsibility to people, society and planet.

We have provided livelihood for women from disadvantaged backgrounds by training them to perform outsourced processes through the MEADOWS initiative across watches, jewellery and precision engineering divisions. When we started our jewellery division, we recognised the need for respecting human rights in an unorganised jewellery sector where inhumane work conditions were prevalent and therefore built 'Karigar Parks' to provide structured, better work facilities and a safe work environment for the karigars.

More such inclusive partnerships and stakeholder concerns are addressed further in this report - our first formal Business Responsibility Report, which summarise our sustainability and responsible business initiatives for 2012-13. We have been guided by the Nine Principles of the National Voluntary Guidelines for Social, Environmental, and Economic Responsibilities of Business (NVG-SEE), as developed by the Ministry of Corporate Affairs, Government of India. The report has been developed in accordance with Clause 55 of the Listing Agreement executed with the Stock Exchanges and provides the information required by SEBI.

We have been a signatory to the United Nations' Global Compact since the year 2002 and have been submitting our 'Communication on Progress' ever since.

Economic Value

About Titan

Promoted in the mid-Eighties by the Tata Group and Tamil Nadu Industrial Development Corporation Limited (TIDCO), Titan Industries Limited is a unique instance of how ideas can be taken from scratch and transformed into winning brands that generate value, create entire market spaces and then consistently dominate these spaces. Our business objective is to leverage our skill of entering into unorganised markets where customers are dissatisfied and raise the standards of the sector while providing customers with unmatched value and choice. We have created iconic brands from scratch, and have a reputation of being a speciality retailer. We have four divisions – Watches and Accessories, Jewellery, Eyewear and Precision Engineering.

Titan Industries Limited has a market cap of Rs. 22,771.72 crore as on 31st March 2013 with a share price of Rs. 256.50. Even though we largely focus on the Indian market, we continue to strengthen our International presence as well. A brief description of our brands and divisions is given overleaf.

Award Details

Year	Category	Details
2006-07	Innovation	Jewellery Division wins First Prize at Tata Innovation Competition
2007-11	CSR	In the Top 15 of 500 Indian companies to achieve 4 out of 5 score in Karmayog CSR ratings
2007-08	Safety	First prize for highest reduction in accident rates from Tamil Nadu Govt
2008-09	CSR	Silver Award at Reader's Digest Pegasus Award for CSR
2008-09	Safety	Third Prize for lowest rate in accident frequency from Tamil Nadu Govt
2008-10	Innovation	Jewellery Division won IIMM Innovation SCM award
2009-10	Supply chain	Jewellery Division Supply chain ranked amongst the top 5 globally
2009-10	Environment	Jewellery Division won Gold Award in FMCG sector for Greentech Environment Management
2009-10	Safety	First prize for lowest rate in accident frequency from Tamil Nadu Govt
2009-10	Leadership	Our MD, Mr. Bhaskar Bhat, wins the 20th Qimpro Gold Standard Business award
2010-11	Environment	Golden Peacock Award on Environment Management by Frost & Sullivan
2010-11	Quality Circle	23rd Tamil Nadu state level Quality Circle Convention award for Operators awarded by CII
2010-11	CSR	Titan Industries was recognised by Tamil Nadu Govt as the best Company in CSR activities
2010-11	Innovation	Jewellery Division won First Prize at Tata Innovista
2010-11	Innovation	Jewellery Division won award on Innovation by Frost & Sullivan
2010-11	Innovation	Ananta from Goldplus won Qimpro Innovation award
2010-11	Organisation	Titan Industries secured 1st place in retail companies and 15th place overall as "Great Place to Work"
2010-11	ISCM	Best Industry practice gold award from Frost & Sullivan
2010-11	Safety	First prize in Industrial Safety award presented by Tamil Nadu Govt
2012-13	Organisation	Titan Recieves Best Governed Company Award from Asian Center for Corporate Governance
2012-13	Organisation	Bhaskar Bhat won Trasformational Leader of the Year Award Instituted by AIIMA
2012-13	Organisation	Bhaskar Bhat received the CEO of the Year Award Instituted by Business Standard

JEWELLERY

* Plain and studded gold jewellery
* Brands: Tanishq, Gold Plus, Zoya, Mia
* To change the outlook on jewellery as an accessory instead of an investment and to target the accessorising needs of the modern Indian woman

EYEWEAR

* Stores with frames and contact lenses
* Brands: Eye+
* To raise the standards of the industry with respect to quality and aesthetics and to spread awareness of the need for vision correction.

WATCHES

* Watches and accessories like bags, sunglasses etc
* Brands: Titan, Sonata, Fastrack and sub brands like Raga, Xylys, etc
* To be Innovative, World class, contemporary and to build India's most desirable brands

PRECISION ENGINEERING

* Precision Engineering Component and Sub-assemblies (PECSA) and Machine Building and Automation (MBA)
* B2B Clients: Schlumberger, Hamilton Sundstrand, Pratt & Whitney Canada & Microtecnica, etc
* To be recognised as a leader in the precision engineering business

At Titan, we believe in going beyond financial profits, instead our goal is to generate economic value for all our stakeholders – our employees, franchisees, suppliers, shareholders and investors.

Similarly, when most business experts, were advising us against our Precision Engineering division, we persevered in retaining the division and making it part of the Titan success story. The division has turned profitable over the past 2 years.

Operating in largely unorganised sector markets and competing with unscrupulous and unorganised players, where compliance is difficult to implement, there are opportunities to demonstrate that wealth can be created in a legal, clean, and respectful manner.

The income for 2012-13 was ₹ 10213.44 crores registering a growth of 14.3% over last year. Profit before tax grew by 20% to ₹ 1006.27 crores and net profit too grew by 20.8% over last year to ₹ 725.18 crores.

Other financial metrics are part of the annual report published every year.

Key Risks

We operate in a fast paced, ever changing world where managing and mitigating risks is key to our success. The Risk Management is overseen by the Senior Management and the Board at various levels. Our Statutory Compliance Tool helps the Company in efficiently managing the various legal compliances, thus minimizing compliance related risks. The tool covers corporate, tax, labour laws as well as industry specific legislation and State Rules. We also have a 3-tiered approval hierarchy for submission, escalation and approval of law specific compliance requirements by concerned business managers. Specific division and company level risks are discussed in detail in our annual report. We enumerate our risks as follows:

- Introduction of new amendments to the Prevention of Money Laundering Act, 2002 and its applicability to jewellery sale;
- Compliances to Shops & Establishment Acts, Labour Laws;
- Copy of PAN Card required for cash transactions above ₹ 5 lacs for purchase of jewellery;
- Possible Government regulation controlling Golden Harvest Scheme;
- Over dependence on Franchisee model for high sales contribution exposes the company to long term business risk and brand vulnerability;
- Business Opportunity Risk: Losing sight of the opportunities afforded by the emerging landscape by active search and identification of profitable businesses with synergy either in resource base or customer/ market base;
- Competing in a market where unorganized sector operates resulting in an uneven playing field including impact of excise duty on Jewellery & Eyewear;
- Securing retail property and at right cost;
- Changing climate of labor relations;
- Foreign Exchange Fluctuation; and
- Increase in raw material cost by sudden rise of US Dollar & Swiss Franc.

These risks are being addressed as part of Company's strategy and business plan.

Report Scope

This business responsibility report covers our economic, social and environmental performances, for the period of April 2012 to March 2013. It includes information and data related to:

- All our product lines and divisions including Watches and Accessories, Jewellery, Eyewear, Precision Components and Automation Solutions;
- Our offices which include the Corporate Office at Bangalore, Regional offices in Bangalore, Delhi, Kolkata, Mumbai and all the Branch and Area offices across the country; and
- Our manufacturing facilities at Hosur, Bommasandra, Chikkaballapur, Dehradun, Roorkee and Pantnagar.

Our wholly-owned subsidiary, Titan TimeProducts Ltd. Goa, operates independently under a separate Board and hence is not covered as part of this report.

Most data covers our offices and manufacturing units directly within our control for which we are able to track enviromental data that accounts for more than 90% of our operations. Gradually, we intend to widen our data collection processes to capture environmental information across our retail operations as well.

We have detailed our engagement with various stakeholders including opportunities of partnering them in Business Responsibility.

Our Stakeholders

Aligning the principles of National Voluntary Guidelines (NVG)

How we are a responsible business

		Principle Number
Primary Customers - Franchisees	• Preference for Franchisees who share our value system. They are part of our Tata Code of Conduct program • Empowering Franchisees to run the business like their own • Business Associates Meet that strengthens relationships with Titan • Franchisee retail staff is provided the same training opportunities as Titan staff • Feedback mechanisms like Franchisee Satisfaction Surveys, Business Associate Audits, Opportunity to participate	**4** **9**
End Consumers	• Customer First – Empowering our frontline retail staff to delight our customers • Customer Experience – Building trust through greater transparency, great quality products, inventive retail layouts, warranties, service centers, optometrists, etc • Customer Feedback – A range of avenues for collecting customer feedback and addressing grievances through dedicated help lines, email ids, Customer satisfaction surveys, Customer Exit interviews, Mystery Shopping Audits, Visitor's books, Websites of Tanishq, Eye+ and Titan provide information on our products to our customers	**4** **9**
Government and Regulatory Bodies	• Policies like the Tata Code of Conduct, Whistleblower, Prevention of Sexual Harassment, Standing Orders to ensure an ethical and fair climate • Management of Business Ethics (MBE) Assurance Survey and Tell Me Survey to monitor ethical climate • Ethics hotline and email ids, Board Ethics Committee and Ethics Counselors for reporting and addressing ethical concerns	**1** **5**
Employees	• Grievance redressal through u.speak - an email id, MD's Open House and Tell Me survey as well as Unit Personnel Officer and Location HR • Robust training, development and capability building program • Positive discrimination at the recruitment stage for diversity in Affirmative Action, employment of differently-abled and healthy gender ratio • Work-Life balance initiatives like creche, flexi time, maternity leave	**3**
Supply Chain Partners	• Inclusion of Tata Code of Conduct in every purchase order • Energy and Safety Audits conducted for key vendors • Focus on capacity building of local vendors • Self sustained livelihood program through MEADOWS • Improving the working conditions of karigars through Karigar Park • Regular engagement through meetings, vendor satisfaction surveys etc • Participation is programs like Innovation Bazaar	**5** **8**
Community	• MEADOWs initiative that empowers women from disadvantaged backgrounds and makes them skilled service providers • Initiatives like Titan Scholarships, Titan Kanya Project, Clean Hosur Project, Eye camps, Anganawadi support and support to differently-abled	**8** **7**

		Principle Number
Environment	• Two of our divisions have a long term strategy on climate control initiatives • EMS system at all divisions • Environmental planning is baked into the business plans of each division • Large thrust on renewable energy usage including wind and solar energy	**2** **6**
Investors and Shareholders	• Providing timely and transparent information to investors through Annual General Meeting, Annual result reporting, detailed annual report with MD's message and disclosures on management approach • Shareholder's grievance committee and redressal process	**4**

Approach to Business Responsibility

The foundation of our business responsibility is built on the Core values promoter groups, viz TIDCO and Tata Group, the Tata Code of Conduct (TCoC), as well as the Tata Business Excellence Model (TBEM) that has been adopted by the company and our vision.

Key members of the Titan Management Council shoulder the responsibility for implementing initiatives, which are key components of a Sustainability strategy. In addition to their business responsibilities, The Board sets the direction basis which we engage with all our stakeholders including unionised employees to be compliant with our Code of Conduct and the statutory regulations. Recently we have climbed a step higher in being more mature and responsible, by forming a dedicated sustainability group, under the guidance of the Managing Director. This sustainability group is responsible for setting the sustainability strategy, implementation and evaluation of our Sustainability initiatives.

We follow stringent accounting standards and practices like GAAP and Indian Accounting Standards. The Audit Committee oversees the financial reporting and audit process as well as the internal control mechanism. Our financial statements are externally audited by leading audit firms. Our internal audit team reports directly to the audit committee of the board. The internal audit program focuses primarily on checks and controls on systems and processes, monitoring compliances, continuous upgrade of controls and the business risk mitigation. In recognition of our governance practices, the company has received the "Best Governed Company-2012" from the Asian Centre for Corporate Governance.

The Remuneration Committee recommends to the Board, appointment and remuneration of Managing Director and / or Whole-time Directors. The Nomination Committee recommends to the Board most eligible nomination for appointment as Independent Directors, appropriate to the Company's structure, size and complexity and special expertise and experience of the Directors in related domains / field. The Shareholders' Grievance Committee was constituted to specifically look into the redressal of Investors' complaints. The Ethics Committee reviews the compliance with SEBI (Prohibition of Insider Trading) Regulations and the implementation of Code of Conduct of Ethics at Titan.

While the company has adopted the Climate Change Policy of the Tata Group, it also has enunciated policies on Occupational Health and Safety and Policy on Affirmative action. Apart from these we have also declared policies on Quality and Environment Management Systems that lead to setting Goals and objectives in these areas. We have adopted the Tata Affirmative Action Programme committing to exercise positive discrimination in employing personnel from historically disadvantaged communities and also pursuing other areas of support under AA . We follow the Tata Group's Code of Conduct, intended to serve as a guide to each employee on the values, ethics and business principles expected of him or her in personal and professional conduct. We follow the TATA Business Excellence Model (TBEM), an institutionalised process of the Tata Group. TBEM is 'Customised-to-Tata' adaptation of the globally renowned Malcolm Balridge model.

We have also obtained Management Certifications like OHSAS 18001:2007, ISO 14001:2004, ISO 9001:2008, AS 9100. Our largest divisions i.e. the watches and the Jewellery divisions have been recipients of the prestigious JRDQV award for business excellence.

Ethics and Integrity

Linkage to NVG

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 5: Businesses should respect and promote human rights.

Titan adheres to the comprehensive Tata Code of Conduct (TCoC), which is applicable not just to the Company, but also to the stakeholders including employees, primary customers and supply chain. The Tata Code of Conduct, which every employee signs at the time of joining the Company, contains 25 clauses that make up a governing framework for responsible corporate citizenship and ethical behaviour and include clauses on Ethics, Corruption and Human Rights. In addition, Titan has also specific policies on Whistle Blower, Prevention of Sexual Harassment, Gifting and a unique policy on honorarium.

The Ethics Management Process is driven by a task force comprising of the Managing Director as the Principal Ethics Officer, headed by a senior vice president who is the Chief Ethics Counsellor (CEC) and supported by about 40 ethics counsellors across the Company. This process is overseen by the Board Ethics Committee formed for this purpose. The team led by the CEC also ensures that all employees, new joinees and temporary workforce abide by the TCoC through adequate communication and awareness initiatives. Breaches of ethical conduct in the organisation are dealt with appropriately. The email ID ethics@titan.co.in helps in bringing in transparency to the system & enables people to register issues.

Apart from this, the Management of Business Ethics (MBE) Assurance Survey conducted by Tata Quality Management Services and the "Tell Me" survey conducted by the Managing Director himself, provide independent feedback on awareness and communication of ethical practices and TCoC.

The entire Tata Code of Conduct is available for reference on our website. Apart from the TCoC guidelines, the Company, for all its blue collar employees also has in place a set of Standing Orders, which detail each of the activities that need to be followed and implemented, as part of governing day to day working.

The following table outlines the types and numbers of concerns raised by our employees.

Table 1:Type and number of concerns in 2012-13

Type of Concern	Total No. of Concerns	No. of Concerns Resolved	No. of Concerns Pending
Disciplinary cases	4	2	2
Ethical cases	10	8	2
Sexual Harassment cases	3	3	0

In 2012-13, we trained 5,300 people on TCoC.

Human Rights

While the company does not have a formal Human Rights policy, many elements of the same are covered either as part of the standing orders of the Tata Code of Conduct. As a manufacturing company, we are largely dependent on a complex supply chain, and therefore recognize the need for strict vigilance. Every supplier, vendor, and contractor is expected to adhere to the TCoC. Wherever possible, company officials conduct physical audits to assess conformance to TCoC.

The Company has a formal policy against employing Child, Forced, and Compulsory Labour ensures that the employees including Contract and Franchisee employees are above the age of 18 years. The HRIS system disables addition of any employee who is less than 18 yrs of age.

Grievance Redressal

The Senior Management Team has periodic interactions, including open houses with employees at all locations. Feedback from such internal communication such as open house, people connect etc are analyzed to understand employee grievances, based on which actions are taken keeping in line with the HR theme of "Care at individual level". Besides, there are mechanisms such as 'u.speak', an email ID to which any employee having grievance can write in to and seek redressal of their grievance.

The MD regularly receives feedback from employees across the country through specially instituted mechanisms that include weekly 'Open hours' on Saturdays when he is available for any employee to meet or call him, as well as through the annual 'Tell Me' survey and feedback sent in response to his Quarterly Communication address.

The 'Unit Personnel Officer' (UPO) at each Manufacturing location and 'Location HR' at the Company's Regional / Area Offices are specifically tasked with the responsibility of ensuring that all grievances of employees are addressed within a specific time period, failing which there is an escalation matrix to ensure the grievance is addressed appropriately.

For our shareholders we have a separate Shareholder Grievance Committee. The shareholder complaints are posted by SEBI in its website and the Company is pro-active in resolving the complaints by uploading the Action Taken Report in a time bound manner. The average time taken for resolving shareholder grievances is 7 days.

Table 2: Shareholder complaints in 2012-13

No. of Shareholder Complaints Received in April 2012-March 2013	No. of Complaints Resolved	No. of Complaints Pending as on 31 March, 2013
23	22	1

The pending complaint has been since resolved. There were no complaints regarding copyright issues in respect of products that involve use of traditional knowledge and geographical indicators. No cases were filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

Customer Value Creation

Titan watches were launched in 1987 at a time when watches were bought from a functional aspect than as a lifestyle and fashion accessory. Back then, Titan moved the Indian watch market from hand-wound to quartz watches. Then in late nineties mobile phones started gaining prominence and the marketing experts predicted that timepieces and specifically watch sales would get impacted. Yet we have always been confident of our business plans since we are focused on delivering value to customers in segments where they were facing lack of transparency.

By creating an organized retailing network in a largely unorganized and fake, smuggled products market combined with affordable stylish designs, we transformed the Indian watch market. We continue to dominate the market share both by volume and value.

Primary Customers - Franchisees

Franchisee selection and evaluation:

About 70% of all our stores across the Watches and Accessories, Jewellery, and Eyewear divisions are run by franchisees. It is therefore crucial for us to have the right partners as our franchisees who share our value system and can partner us as we set new benchmarks in the sectors that we operate in.

Franchisee Selection Process – Choosing the Right Partner

The Franchisee's profile is evaluated on several parameters including financial capability and experience in businesses with a comparable background like retail or services sector. Visits are conducted to their existing business premises to assess softer aspects like the quality of service to dealers, treatment of staff, and to interact with the key person who will be responsible for the operations of the franchisee. Each Franchisee is expected to abide by the TCoC guidelines , a copy of which is given and reinforced through all contractual agreements and documents

Franchisee Employees

All employees – Titan or Franchisee-employed – receive identical training on soft skills development, apart from specific product knowledge and business skills. All frontline Retail Staff participate in 'Impressions', our Rewards and Recognition program for frontline retail staff at regional and national levels. It is open across our network of Franchisees' including technicians, department store staff, and receptionists and is a great source of belongingness and energy. The program touches the lives of 3500-4000 frontline staff and seeing that they belong to the ecosystem of Titan helps intensify the connection they feel with us.

Engagement

In addition to regular store visits by our sales, regional managers, and business heads, we have open sessions for discussions on RoI, Break Even Point, IRR and we engage with them on a year to year basis, exemplifying the Titan commitment. Biennially, we hold a Business Associate Meet (BAM) where a range of engagement activities such as one-on-one business planning sessions for each store, Franchisee workshops, recognition programs etc are carried out. We also conduct Franchisee Satisfaction Surveys, Business Associate Audits, regular meet ups and call ups. A testament of our partner commitment is that many of our franchisees have stood with us through thick and thin and many of those who started as watch franchisees are now dealing with us across jewellery, accessory and eyewear.

Partnering beyond Business..... In Responsibility

Our Franchisees have contributed to CSR in the form of individual efforts to some of the Company initiatives. Going forward, we intend to involve them further in the Titan Kanya Project.

We make significant efforts to reduce the carbon emissions per square foot of our stores and ensure safety considerations by getting involved in designing of the stores. All the company stores and most of our Franchisee stores have switched to LED lights.

Customer First

Titan has many 'firsts' in the market driven by our passion of deciphering customer insights to introduce innovative offerings such as

Customer First

Titan:

- First to introduce a desirable Indian branded quartz watch offering a plethora of choices for the first time to the customer. Voted as the Most Admired Brand (across categories) and the Most Admired Consumer Durable Brand several times;
- Raga, the only exclusive dedicated women's brand in the world;
- The Titan Edge is the world's slimmest and thinnest watch and is a tribute to Titan's expertise in design and technology; and
- Fastrack, the emerging youth fashion icon, ranked No 4 as the Most Exciting Brand by Brand Equity in 2013.

Tanishq:

Introduced greater transparency in gold purity through Karat Meter.

Transparent pricing and certificate of authenticity for gold and studded jewellery.

Titan Eye +:

- The first eyewear company in India to offer a warranty on our frames;
- Innovation with an online eye-testing tool launched in October 2012 that detects the need for vision correction. It affords the convenience of doing an eye-test from home through a laptop or a computer;
- Own lens manufacturing factory in India; and
- All the Titan Eye + centres have a trained optometrist and provide zero-error eye testing, free of cost.

Customer Satisfaction

One of the important mandates of the Customer Service Function is to ensure that customers get genuine spares. Our Customer Relationship Officers are trained on the importance of Customer First and Customer Experience. They are encouraged to post these stories as Moments of Delight on our internal web portals. They are also part of the retail newsletters published every quarter.

All our consumer products display prices and other product information on the product label, over and above what is mandated as per local laws. To measure in- store experience, we have mystery shopping audits, customer exit interviews and a visitors' book. We also conduct a regular customer satisfaction survey. Our integrated helpdesk tracks customer issues and grievances.

Table 3: Customer complaints received and resolved in 2012-13

Type of Customer Complaint	No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
Returns per 1000 watches%	1.55%	1.51%	0.04%
PED	33 from all customers for PECSA	22 – CAPA given and closed	11 – open for customer clarifications
	194 service calls from customers	163 calls are closed	31 – Open.
Eyewear - % of warranty complaints v/s sales	0.98%	0.98%	0
Jewellery	1262	1262	0

Customer Complaints:

All our customers can register their complaints and concerns through respective customer access points of each division. For watches, our customers can access our Helpline and Helpdesk apart from our retail stores and watch care centres. Our jewellery customers prefer interacting with the staff of our boutiques. For eyewear, our customers have access to our toll free helpline as well as store staff. The PED customers participate in feedback surveys and also have one-on-one meetings with our business head.

Our Customer Care Cell serves as a single point of contact for our customers and handles issues as diverse as customer grievances, price and store enquiries, gift card queries and so on. We have a helpline that is a toll-free number that customers can call as well as a helpdesk which is an email id. We also track customer complaints aired on social media. These queries are managed by a Customer Relationship Management Portal that has been developed in-house. We handle approximately 1,26,000 direct customer queries. Every query is acknowledged within 12 hours and is resolved as per the turnaround time based on the type of request. We track customer satisfaction as soon as a product is purchased through email and sms.

We pride ourselves on our after sales service. The table above outlines the number of service related queries that have occurred in the warranty period. We rarely receive complaints through the consumer forum. In 2012-13 we have received 10 complaint cases that are service related.

Responsible Advertising and Consumer Education

We look at Advertising as an opportunity to educate our consumers in sync with our core business value in addition to promoting sales. A recent Tanishq advertising campaign featuring a leading celebrity couple educated the consumers on different facets of diamond purchase. Titan Eye+ has aggressively communicated an online testing tool through digital media and PR to raise awareness and get people to detect the need for correction or change in power at the appropriate time from the comfort of their home/office. All our claims on product performance are tested extensively and are backed by product warranties relevant for each category. Our claims on the quality of services are factual.

Smuggled to Originals

Our business model of Helios (and earlier Time Zone) enables bringing genuine original watch brands under one roof keeping consumer requirements in mind to get an original watch product has gone a long way in creating a successful product and retail brand in this country.

Employee Well Being

The Human Capital of Titan is our biggest asset and our most important stakeholder. Here it is People First, and taking care of their welfare and well-being is at the forefront of all we do. We cannot fulfil our vision to be world-class and innovative without the contribution of our employees. Therefore our responsibility is not limited to the people we directly employ, but even to the employees of our franchisees, and we take great pains to extend employee benefits to them as well. We engage in a process of mutual discussion and dialogue on all common areas of interest both to the employee and the company.

Linkage to NVG

Principle 3: Businesses should promote the wellbeing of all employees

Table 4: Number of permanent and contract employees in 2012-13 Resolved

Categorisation	2012-13		
	Male	**Female**	**Total**
Non-Executives	1061	920	1981
Executives	3511	810	4321
Middle Management	449	47	496
Senior Management	48	5	53
Total Regular Employees	5069	1782	6851
Total Contract Employees	-	-	5386

At the Manufacturing Locations, the workers are represented through trade unions. The Company engages with these Unions to arrive at Long Term Settlements and productivity improvement measures. Titan's relationship with the employees through the employee union is the cornerstone of our engagement and relationship with the employees.

Table 5: Percentage of union employees in 2012-13

Name of union / labour worker association/ employee association	**Number of permanent employees**
Titan Employee's Union (Regn. No. 317/Drp)	1115/ 1284 (87%)
Watch Assembly Unit, Dehradun Employee Forum	158/ 158 (100%)
Jewellery Unit, Dehradun Works Committee	41/ 41 (100%)
Watch Assembly Unit, Roorkee Works Committee	171/ 171 (100%)
Employee Forum, Pant Nagar	261/261 (100%)
Watch Assembly Unit, Pantnagar Works Committee	261/261 (100%)

Learning and Development

The Company develops and provides growth opportunities internally, to build and enhance internal capabilities to sustain business growth, besides providing career growth opportunities for individuals. The process of identifying training needs and providing training is a well established practice. We have a robust training, development and capability building program for all categories of its employees. Approaches to identification of training and professional development needs include needs identified from the Performance Management System, Business / Department skill needs, based on Business Strategy Plans etc. The Training plans are developed in line with the above and the alignment and coverage are tracked throughout the year.

The Education Policy of the Company gives all employees who have completed 2 to 5 yrs in service to pursue and acquire higher education. The Company reimburses the cost of education expenses up to ₹ 1 Lac.

Leadership Programs

- **Management Development** - Middle and senior management on the Tata Leadership Practices
- **Leadership Development** - For future leaders - Business / Leadership development programs at TMTC, Harvard etc.
- **Talent Management Program** - Career and development plan for each Talent Pool member at the middle management level

Other Programs

- A specialised program on Theory of Constraints (TOC);
- SAP and ORACLE training to relevant users; and
- OHSAS and Safety Training etc.

Skills Development Programs

- **Manufacturing** : The Operators are given specific skill based training programs for development in their areas.
- **Manufacturing: Career advancement to L Level** - supporting the programs like e-MBA, MBA, MS etc., in association with renowned institutes.
- **Frontline Retail** : Competency-based training aimed at superior customer service.

Table 6: Average hours of training per year per employee in 2012-13

Category/Level/Grade of Employees	Male	Female	Total
Non-Executives	19.2	22	20.6
Executives	24.5	15.6	10.3
Middle Management	39.1	78.2	58.6
Senior Management	25.8	8	16.88

Table 7: % of employees receiving skills upgradation training in 2012-13

Permanent Employees	26.6%
Permanent Women Employees	42.9%
Casual/Temporary/Contractual Employees	259.4%
Employees with Disabilities	0%

Compensation and Benefits

Titan, as an organisation, pays significant attention to the work life balance of its employees. Apart from a wide variety of policies and benefits, it also offers personal care and attention to employee needs. We believe in providing fair compensation. The minimum wage paid for a skilled worker at Titan is ₹ 6500 which is 1.47 times higher than the local minimum wage of ₹ 4400.

Titan Township: The need felt for creating a good township for its employees and for the community near its largest manufacturing operations in Hosur is based on the TATA philosophy that "Responsibility towards employees extends beyond the workplace". The TITAN school, a one of its kind institution, following the CBSE syllabus, has become one of the finest institutions in the region at Hosur, and has won many accolades.

Creche: All our manufacturing units have a Crèche facility for use by employees.

Flexi Time: At our Corporate and Regional offices, the Company has Flexi Work Hours.

Maternity Leave: The maternity leave of the company provides flexibility for the women employee to avail Maternity Leave of 90 days, excluding the Weekly Holidays and Intervening National & Festival Holidays. There are several women employees who are given maternity leave beyond the statutory requirements.

The process of transitioning for Retiring employees starts in advance with identification of a successor, who would be mentored and coached by the Retiring person well in advance. The retirement age for employees below the senior management level in the Company is 58 yrs and for Senior Management Team members is 60 yrs. The Gratuity benefit for retiring employees is much above the rate specified under the Gratuity Act. Medical Insurance for retirees and their spouses is extended up to 80 yrs of age. Employee termination happens primarily in cases of violation of ethical code of conduct, which are few in number.

Some of the benefits we give to intended retirees are:

- Pre-retirement planning;
- Retraining for those intending to continue working;
- Severance pay taking into account employee age and years of service; and
- Assistance (e.g., training, counselling) on transitioning to a non-working life.

Diversity and Equal Opportunity

An equal opportunity employer, Titan believes in diversity and an inclusive approach in all its areas of operations. In the previous "Great Place to work survey" we were specially recognised for Diversity and inclusion. Diversity is manifested in 5 ways – Gender, Physical Ability, Local Hiring, Affirmative Action, Lateral/Fresh hires. No recorded instances of discrimination were noted during the reporting period.

Gender diversity ratio of the company is at 74 men to 26 women. We also ensure adequate and fair representation of differently-abled in our recruitment process. It is ensured that every HR policies like Promotion, compensation etc are applicable equally to all without any discrimination.

The Company also engages physically challenged employees wherever possible on merit. Titan has 126 differently-abled employees, whose salaries & other benefits are on par with other employees. The Company has tie-ups with NGO's such as V-Shesh to give employment opportunities for differently-abled people for roles such as retail sales officer, cashier, MIS officer, brand executives etc. Titan has received several recognitions, including the Best Employer of Differently-abled people by the President of India.

At the work place, we ensure that differently-abled people are provided work in areas where their disability would not hinder their performance, like giving the visually impaired work in packing section. Appropriate physical support such as providing ramps for movement, handrails etc are provided wherever possible. This is extended to our offices and showrooms as well. This supports the needs of differently-abled customers who choose to visit us.

Our Company also supports the Affirmative Action policy and has put in initiatives in this direction, including positive discrimination in recruitment. Apart from hiring local talent in all the places where we are present, we also ensure a balance between fresh and lateral recruitment. Close to a third of our workforce is through campus recruitment / fresher in the field.

At the various locations at which Titan has its establishments, Factories or Stores, relationship with the local community is leveraged to gainfully employ youth. The skills are built through intensive training to make them capable of delivering high quality products and services. The Company ensures that other than in critical specialized skills, people from the local community are given the opportunity for employment.

Table 8: Employees with Disabilities

Employee Details	2012-13	2011-12	2010-11
New employees (with disabilities) joining the workforce	6	1	0
Total no. of employees with disabilities	126	120	119

Health and Safety

Workplace safety and ergonomics have been designed since inception taking best practices from collaborators and technical partners. Dedicated and Qualified Safety Officers have been deployed to monitor workplace safety. Monitoring mechanisms such as Safety Committee, employee forums at Plants, EMS & OHS core teams, Preventive & Primary Occupational (PAPO) health centre etc have been instituted.

At Corporate, Regional & Area Offices, Safety aspects such as Fire Extinguishers, First aid boxes, Fire exits plans etc are in place. Mock drills and awareness sessions are conducted regularly. At Stores and CFAs the Safety of Employees and Customers are also given due importance.

At manufacturing units, the Safety Committee comprising of a SMT member as Chairman and a Union representative as Vice-Chairman tracks near misses for improving safety standards. Work place, road and home safety training is provided to all employees.

Company showrooms are equipped with safety gadgets and basic safety needs are considered during project establishments.

PAPO Health Centre at Hosur is supported by qualified doctors who are on call 24/7. Pre-employment health checks are mandatory for all employees. Periodical preventive health checks are conducted for canteen workers and others working in hazard prone areas like plating and polishing. Eye checks for those operating material handling equipment is carried out. Periodic health checkups are also conducted for executives and employees aged above 35 years irrespective of their location.

At Corporate Office, service of a qualified doctor is available, at other locations there are tie-ups with local hospitals. While basic medical and health facilities apart from Insurance coverage are provided to employees, the company does not hesitate to go beyond the call of duty to support and protect the safety and security and health of its employees. Requisite support is extended to the family of employees whether it is the Casual, Contract, apprentice or, franchisee employee etc in times of need.

Occupational Health & Safety: Titan is committed to implement and maintain occupational Health and Safety of all our employees working under the control of Titan Industries, including all stakeholders.

In order to comply with OHS compliance and continuously improve its performance, Titan has drawn a OHS policy and is also registered under OHSAS 18001:2007 Certification, an international standard for occupational health and safety management. In the journey towards certification all manufacturing units, offices and retail outlets have instituted a system to identify significant hazards and risks with controls in place, set occupational health and safety goals, have emergency preparedness and response procedures and robust systems for evaluating performance, taking corrective action where needed and continually improving occupational health and safety performance.

The scope of the OHSAS implementation and certification covers the entire organization, including all manufacturing units and regional locations, Company owned stores and CFA's apart from the corporate office at Bangalore covering a total of 91 locations.

Ergonomics: At Titan ergonomics as an issue was given focus during the process of the layout design, selection of work place gadgets. A risk assessment is conducted for all manufacturing sites. Essential ergonomics training is also provided for all the employees to minimize WMSD (Work related Muscular Skeletal Disorders). As a proactive measure to prevent adverse impacts on day to day activities, Illumination levels, noise levels and ambient air quality & Work zone monitoring are monitored at all our work places.

Table 9: % of Employees who Received Safety Training in 2012-13

Permanent Employees	42.0%
Permanent Women Employees	48.5%
Casual/Temporary/Contractual Employees	45.1%
Employees with Disabilities	57.1%

Be More – Driving Inclusive Growth

"We welcome the mandatory CSR spending as per the New Companies Bill, as we think it'll take the justification out of the process and bring in creative energy in this field, helping in developing a great CSR strategy."

- Bhaskar Bhat, Managing Director, Titan Industries Ltd.

At Titan, business is more than just generating profits, it is also about creating value to all stakeholders. Therefore inclusion of the community in business growth is not an investment, but all about generating economic value. For the financial year 2012-13, about Rs. 3 Crores has been spent on our CSR activities. This amount has been spent in the areas of Education (through our Titan Scholarship and Titan Kanya - girl child education initiative), Health & Disability and Employability & Skill Building Programs. The impact of these programs are monitored on a case-to-case basis as we seek to maximise social return. We also have a major focus on employee volunteering.

Linkage to NVG

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8: Businesses should support inclusive growth and equitable development

Going Forward - Five Year Goal

Over the next 5 years, we aim to directly impact 100,000 lives with 45,000 in the first year, focusing on the most needy, most exploited and underprivileged sections of our society. We have clear CSR focus areas to achieve this goal – Education (with special focus on girl child, scholarships, support to primary and secondary schooling etc), Health (including support to Eye care and differently-abled), Employability creation (focusing on skill building, women empowerment). Apart from monetary investment, we will also aim to build volunteering capabilities with the aim of at least 2% of our employee strength volunteering in our CSR efforts. We have outlined several initiatives in line with the CSR initiatives and implementation areas as outlined in the Company's bill as we move forward.

While the Core theme of our CSR will continue to be initiatives around the girl child, we will also be aggressively integrating the requirements of Affirmative Action as we move forward.

CSR Initiatives:

CSR Initiatives	Impact in 2012-13 in terms of number of beneficiaries	Future Impact in 2013-14 terms of number of beneficiaries
Titan Kanya – Educating the girl child	3000	7000
Titan Scholarships – Based on need and merit	370	699
Skill Development – Basic Training Centers and Unnati	108	4000
Eye Care – Through Eye Camps	2200	27000
Meadows – Sustainable livelihood for women	600	600
Other Activities	5090	10730

We find the means and opportunities to better the lives of our community stakeholders in various ways. Our manufacturing units are located in backward districts like Krishnagiri and Pantnagar and much of our community initiatives focus on providing education and health services in these areas. Titan Scholarships are given for 12th class pass students for higher studies. There are ongoing rural eye camps in remote locations of Krishnagiri district wherein employee volunteers in participation with local NGOs conduct eye camps about every month (10-12 camps per year on an average). While our programs were earlier largely determined by our areas of operation, we have now taken a conscious decision to move beyond these areas to cover CSR programs across India. Our

Titan Kanya program is the way we plan to do this. We will also encourage our business associates to participate in these programs.

Since we operate in a high precision industry like watch making and jewellery-making which requires skilled labour education and skill building emerge as a natural fit for our CSR efforts. We continue to empower women through the sustainable livelihood - MEADOWS initiative. We make a concerted effort to recruit people locally wherever possible as well as tie up with local suppliers. We also have plans to increase the intake of employees from disadvantaged backgrounds though our Affirmative Action program.

Titan Kanya – The Girl Child Education Initiative

The Girl child in India lives an unenviable life with societal imposed 'traditions' like early marriage leading to, dowry harassment, early maternity and death. Added to this is female foeticide that skews gender ratios. Given this scenario, it is not coincidental that only 3 out of 10 girls who enter Grade I complete Grade 10. Education is therefore the best way of empowering the girl child. While the Titan Scholarship program tries to address these issues in the locations Titan operates in, it was time to move beyond these horizons as befits an organisation with a pan-India market presence.

We have branded our girl child education initiatives as Titan-"Kanya". The aim is to create awareness and participation across Titan by encouraging our employees, vendor partners, franchisees, distributors spread across India to participate in educating the girl child. Employees can contribute money through sponsorships or time by volunteering to teach students. Franchisees or vendor partners can adopt a learning center, sponsor a child, or become a Titan Kanya Evangelist by enrolling their staff as volunteers to teach in sponsored schools. Currently we are targeting 5000 Titan Kanyas to be supported by our Business Associates.

The MEADOW Program

One of the best examples of inclusive growth is the Titan MEADOW (Management Enterprise and Development of Women) Programme. The program started in 1995, as a CSR initiative. Titan in collaboration with a local NGO, Mysore Resettlement and Development Agency (MYRADA), organised poor semi-literate women from Hosur into self-help groups and contracted laundering of uniforms to them. Gradually other processes were outsourced including assembling of metal watch straps (bracelets). Titan provided them with Capital Equipment, besides training them in these skills.

As the relationship grew, newer areas were added. Currently 23 activities have been outsourced, which include Case Buffing; Movement Assembly; Deburring; Polishing Aerospace components and; Jewellery making. These women now generate Rs. 40 million in revenue. The impact of this programme on the social as well as economic development of the women and the villages of the district is immense. In a recent Impact assessment, over 84% of the respondents stated that their economic status had improved and over 80% now have monthly savings.

Policy Advocacy

In addition to our CSR initiatives, we also work with institutions to advocate policy. Most of our advocacy is business driven and is around improving transparency for unorganised sectors. Our MD is the Chairman of the CII Retail committee where we suggest and coordinate retail industry best practices and serve as an interface between the industry and government.

The Watch Industry was dominated by one organization, a PSU. The rest was largely unorganized and fake & smuggled products were available to the Indian consumer at varying prices. By creating an organized retailing network and also bringing in affordable stylish designs we transformed the Indian watch market and have been the largest in terms of market share both by volume and value. Our CEO – Watches and Accessories, is part of the Horological Federation of India. We make representations to the government on excise duties, support raids that expose fake and smuggled watch dealers, and send a communication across this fraternity to minimize such approaches.

Titan works closely with the Gems and Jewellery Skills Development Corporation and the National Skills Development Corporation to develop professionally skilled artisans. We diligently follow compliance for the Know Your Customer (KYC) and compulsory PAN card requirement for jewellery above Rs. 5 Lakhs. We also advocate a reduction in tax levels to curb smuggling. We are part of the Optometrical Association of India. In most places where our plants are located , our plant heads either chair or are active members in the local Industry bodies , that help create strategies and make representations about the local communities where they are present.

Supply Chain Partners

Our business responsibility extends to our supply chain partners – the people that we source our products from as well as the people to whom we outsource key processes. We believe that our vendors are part of our family and our relationship with them reflects this. A key part of our engagement with them is developing their capacity so that as we grow, they grow along with us.

Each division of our company brings in its wake its own complex supply chain. In the Jewellery division, our plain gold and part of studded jewellery making is largely outsourced and our vendor base varies from large diamond providers to karigars. Our eyewear division sources frames from China and Europe. Our Precision Engineering Division outsources all chemical work to partners. While we may deal with complex supply chains and different types of vendors, the standards that apply to them are largely uniform.

To support sustainable sourcing we tie up with vendors and leverage their skills for specialized operations. These captive vendors are provided resource support such as machinery selection, training of personnel, and technical assistance during operations as well as quality enhancing activities. This in turn gives us flexibility in ramping up production as they function as an extended arm of manufacturing.

All purchase agreements have a reference to the Tata Code of Conduct and all the clauses in it apply to our vendors. While we may not have explicit environmental requirements while awarding a contract, in the Watches Division, we work with key vendors to provide energy and safety audits.

Karigar Park and Mr. Perfect

To make the jewellery business sustainable we need an assured source of skilled karigars (Artisans) in the future. However because of dismal working conditions there are few takers in the current generation.

The Jewellery Karigar Park and Mr. Perfect is our way of professionalising this sector by providing good working conditions and a focus on process quality that will in the long term make this profession an appealing prospect.

Historically, Karigars sat in dingy areas, squatting on the floor and working in non-ergonomic conditions. Karigar Parks provide artisans with good work stations with adequate lighting and ergonomic seating. Titan has gained with lower costs and better quality directly impacting productivity and the bottom-line, while karigars have benefitted from all round improvements. Taking this step further, there are currently plans to build Karigar Centres – a more evolved version of a Karigar Park. This is an example of bringing dignity back to a profession – one of the central tenets of respect for human rights.

Mr. Perfect aims to modernise our vendors' operations across 8 pillars encompassing Layout, Process, Equipment, Material, People, Safety, Environment and Systems. It is an operational strategy that, will provide a better layout, standardise the process and materials used while providing a safe and likeable working environment. We work closely with management and workers to help them understand the need for this change as well as provide training in new skills, behaviours and values to help them acclimatise to the change. The outcome of this is a far more organised set up with less waste, repeatable processes and more motivated employees.

Local Vendors

Helping local suppliers scale up and improve their operations is the key to building stronger and longer-term ties. In our jewellery businesses, we prefer working with potential local vendors in packaging space, who mainly employ women (mostly from rural areas), thus improving their livelihood. We further support the local vendors by:

- Providing them proper training on quality, safety and environmental aspects like energy conservation, usage of plastic materials and handling hazardous products etc.;
- Providing the necessary support on implementing safety, reducing rejections;
- We motivate them to get certified for the ISO standards – ISO 9001 and ISO 14001, to improve their processes; and
- Our Mr. Perfect initiative focuses on improving their quality and delivery including following all safety & statutory requirements.

Engagement with Vendors: We conduct regular Vendor Satisfaction Surveys and Vendor Meets with the aim of improving their business as well as gauging their feedback. We also involve our vendors in new product development whenever possible.

Caring for the Environment

At Titan Industries, we minimize the impact of our business on the environment through mitigation mechanisms, using efficient processes and innovative ideas to create sustainable products. We have pioneered environmentally sustainable processes in terms of raw material acquisition, vendor management, manufacturing, and recycling. Our care for the environment is also visible from the fact that we plant close to 5000 trees each year in the vicinity of our factories and offices.

We take a strategic approach to environment and environmental impact. For instance, all of our divisions have an environment policy, and for two of our divisions this policy extends beyond the factory to their suppliers and contractors too. Further, while all of our divisions have strategies to address global environmental issues, two of our divisions have a long-term strategy on climate control initiatives that are in line with the TATA Group Climate Change Control Policy. At a granular level even today, we identify and assess environmental risks across the company, and have Environmental Management Systems at factory level that helps in mitigating and preventing risks. Our lens manufacturing facility is currently in the early stages of implementing ISO14001. Finally, there are no significant negative environmental consequences of any of our business operations.

Energy

Though our products do not lead to environmental concerns, we are tracking the consumption of resources in order to evaluate our operating efficiency and effectiveness of energy conservation projects. The use of renewable energy is a large part of our environment risk mitigation. 52.46% of our overall electricity consumption is powered by wind energy. (Refer table:10)

In fact it is worth noting that while we have installed capacity of wind turbines for generation of 85 Lakh units per year, we can effectively utilize only 55 Lakh units (and the rest are put in banking) due to severe power cuts enforcement in Tamil Nadu (which are as high as 60%). In other words, we have the potential to generate an even larger percentage of our overall energy consumption from Wind. There is a further plan to establish a 3MW wind farm in southern Tamil Nadu. We have planned to install a roof top solar power plant with 0.5 MW which can generate around 7.5 lakh units / year and a 100 KW solar PV cells to augment our solar energy contribution.

Specific Energy consumption per watch has been reduced by more than 50% (from 4.88KWH to 2.00KWH per watch) over a period of time. In our factories, initiatives such as reuse of steam exchangers in our canteen have contributed to reducing our energy usage. Commissioning of solar steam concentrator to tap the solar energy for canteen cooking system has also helped. We have also introduced a Chappathy maker and Dosa maker to reduce LPG usage.

Table 10: Energy Consumed in 2012-13

Energy	Units	Watches & Accessories	Jewellery	Eyewear	PED
Diesel	Litres	20,49,000	8,17,600	48,000	2,70,100
LPG	Kgs	32,338	20,045	760	17,784
Electricity	KWH	15,70,000	30,70,000	9,00,000	29,56,709
Wind energy	KWH	54,88,200	14,26,000	NA	NA
Steam	Kg/hour	37,52,200	96,50,000	NA	5,62,000
Hydrogen	m3	1210 / 109	1,582	NA	NA
HydroFlouro					
Carbons (Freon gas)	Kg	419	NA	NA	NA

Water

Managing water usage is critically important to us as we operate in water-stressed areas. 44% of all water consumed is recycled. Specific water consumption per watch has been reduced by 22% (from 21.36 litre/ watch to 16.61) over a period of time. This has been achieved through a variety of initiatives including 100% recycling of trade effluent, using a Reverse Osmosis plant for the fresh water and effluents, a mechanical evaporation system, and reusing treated water in processes. Our plants do not discharge water out of our premises and all treated water is used for gardening, Air – conditioning, etc. In the Precision Engineering division, a Reverse Osmosis (RO) water system has been set up from process pump to ground pump. We have also commissioned a Thermal Energy storage system and an Industrial dishwasher to reduce fuel consumption & fresh water consumption.

Table 11: Water consumed and recycled in 2012-13 in KL

Division	Water Consumed	Water Recycled	%of Water Recycled
Watches & Accessories	86,184	25,839	65%
Jewellery	49,589	35,996	72.59%
Eyewear	5,200	4,000	76.92%
PED	25,839	18,924	73.24%

Air

The concerted use of renewable energy and other energy reduction mechanisms have enabled us to minimise the emission of greenhouse gases. At the store level too, there are initiatives to reduce Green House Gas emissions. These include LED lighting at all our stores as well as the purchase of star-rated laptops and air conditioners.

Table 12: Emissions in Tons of CO2 Equivalent (2012-13) (Only under Scope 1 & 2)

Source	Watches & Accessories	Jewellery	Eyewear	PED	Offices
Fuel (Diesel, LPG, Coal)	5883	2690	155	871	369
Purchased Electricity	3407	8015	2117	2218	2346
Employee Commute	145	53	NA	58	75
Total GHG Emissions (Tons)	9435	10758	2272	3147	2790

Waste and Recycling

Our waste generation is within the limits prescribed by the CPCB and applicable SPCBs across all our divisions. Recycling is taken very seriously at Titan and as far as possible waste from manufacturing is recycled. For example: Brass scrap and Gold recycling is done in our own plant. In the watches division we attempt to recycle as many input materials as we can. We recycle 99% of brass and 87% of water effluents. Silver is recovered from old batteries and wood packing items are reused. Gold which is one of our key raw materials is 100% recycled and we also recycle old jewellery obtained through exchange schemes. The bio-waste from our canteens and factories is run through a vermi-compost setup which yields manure. Any surplus manure is sold to local farmers at subsidized prices. Seven years ago we replaced Trichloroethylene that was used in all the cleaning processes of watch making and instead used an environmentally sustainable material–called Isopar-H.

We buy from branded and notified companies only and all the parts we use are from original and genuine sources. Even our stores when designed take the safety of the customer into account. We have also from a consumer perspective made a small but firm beginning, to educate the customer on the harmful effects of battery disposal. We collect them for safe disposal through a scientific method in our factory.

Biodiversity

While there could be situations where our operations could have a negative impact on biodiversity (letting out of plating chemicals, broken prescription glasses, improper use of cyanide and other chemicals), none of our divisions have reported any instances of negative impact, and have proactively taken steps to minimise such impact. From a product perspective, we do not produce jewellery made from coral. We have eliminated the use of cadmium from the soldering process and completely banned the usage of hazardous chemicals such as mercury & cyanide. In our boutiques, we do not use plastic bags choosing to use jute and cardboard bags instead. In our jewellery factory we have implemented oxo-biodegradable bags which are more environment friendly than normal plastic bags.

HTSE (High Tech Self Energized)

Design has remained a core competency with Titan since beginning. However, for the brand to grow it was essential to move from a regular to an explorer archetype. Along this journey, it also occurred that a stronger presence of the brand in the technology space would ensure sustained growth. It was at this time that Innovedge was formed with the mandate of "consumer focused, business driven, and product innovation" and the first task was to develop a platform that could compete with existing competitor products.

The HTSE (High Tech Self Energized) thus is a culmination of futuristic design and in-house technology bringing alive the concept of a watch being completely self sufficient. It is also 'Eco friendly and Green' and a step towards manufacturing 'greener' products.

Project Clean Hosur

Industrial city to Elegant City

The objective of this initiative was to provide a Sustainable Solution to the problem of Garbage Clearance and Management in Hosur in a spirit of employee and citizen volunteering and ensure a Clean Hosur which becomes a Model to other Urban Settlements.

The project was planned as a multi-stakeholder project, with Titan in the role of a facilitator. The role of Hosur industry and business, Citizens' Groups, NGOs, jointly with the Government Authorities in this ambitious exercise cannot be overemphasised. Co-ownership by all stakeholders alone can ensure long term sustainability.

There is a huge thrust on creating awareness about segregation and door to door collection using posters and banners, street plays etc. Besides the 'Three Rs – Reduce, Reuse and Recycle, the awareness campaign stressed the importance of source segregation of waste at households and other generation points. The success of the project will rest entirely on the participation of the citizens adhering to source segregation of waste.

In conclusion

This formal Business Responsibility Report is just the first step in what will hopefully be a long and inclusive journey to building a sustainable organisation. We hope that this report will bring to surface both our achievements as well as areas where we could improve. We are committed to building on those achievements and improving our performance.

Contact Details

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TITAN INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TITAN INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (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 it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

V. Srikumar
Partner
(Membership No. 84494)

Bangalore, 3 May 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/activities/results during the year, clauses (iii) (f), (iii) (g),(xii), (xiii), (xiv), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

i) In respect of fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii) In respect of its inventories:

(a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.

iii) (a) During the year, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. In respect of unsecured loans, granted to such a party in earlier years, the maximum amount involved at any time during the year and the year-end balance is ₹ 240.54 lakhs. The balance has been fully provided as no recoveries are expected and therefore clauses (iii) (b) to (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.

vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956.

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

viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix) According to the information and explanations given to us in respect of statutory dues:

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

(b) There were no undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2013, for a period of more than six months from the date they become payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (₹ in lakhs)
Income-tax Act, 1961	Income tax	High Court	1997-98	2.39
		Income Tax Appellate Tribunal	2002-03	25.21
		Commissioner of Income Tax (Appeals)	2011-12	14.58
Sales Tax Laws	Sales tax	High Court	2000-01	71.55
		Appellate & Revisional Board	2005-06	34.73
		Additional Commissioner of Sales Tax	2003-04, 2008-10	285.77
		Deputy Commissioner of Sales Tax	2000-01, 2002-06	210.80
		Deputy Commissioner (Appeals) of Sales Tax	2010-11, 2012-13	602.25
		Joint Commissioner (Appeals) of Sales Tax	2005-06	32.56
		Assistant Commissioner of Sales Tax	2004-05	5.99
		Commercial Tax Inspector of Sales Tax	2010-11	6.28
The Customs Act, 1962	Customs duty	Supreme Court	1989-94	316.94
The Central Excise Act, 1944	Excise duty	Supreme Court	May 2005 to March 2009	2,272.59
		High Court	July 2001 to July 2002	0.42
		Customs, Excise and Service Tax Appellate Tribunal	March 1987 to February 1990, 1996 to 2002, April 2006 to March 2012	11,752.42
		Commissioner of Central Excise (Appeals)	April 2001 to October 2003, September 2007 to March 2011	133.79
		Additional Commissioner of Central Excise	July 1999 to November 1999	9.54
		Assistant Commissioner of Central Excise	1996 - 97, 1998-2001, 2003-06, May 2008 to December 2010	397.49

x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the current financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and debenture holders. There are no dues to financial institutions.

xii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xiii) In our opinion and according to the information and explanations given to us, the term loan has been applied by the Company for the purpose for which it was obtained.

xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

V. Srikumar
Partner
(Membership No. 84494)

Bangalore, 3 May 2013

Balance Sheet as at 31 March 2013

₹ *lakhs*

Particulars	Note No	As at 31-03-2013	As at 31-03-2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2.1	8,877.86	8,877.86
(b) Reserves and surplus	2.2	187,609.17	136,111.82
		196,487.03	144,989.68
(2) Non-current liabilities			
(a) Long-term borrowings	3	-	588.89
(b) Long-term provisions	4	6,289.60	5,755.29
		6,289.60	6,344.18
(3) Current liabilities			
(a) Trade payables	5	209,726.37	188,822.73
(b) Other current liabilities	6	145,658.02	105,530.25
(c) Short-term provisions	7(a)	29,317.75	23,669.30
		384,702.14	318,022.28
Total		**587,478.77**	469,356.14
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8(a)	44,021.96	35,775.45
(ii) Intangible assets	8(b)	841.79	1,097.06
(iii) Capital work-in-progress		4,166.24	2,485.21
		49,029.99	39,357.72
(b) Non-current investments	9	1,850.90	1,604.90
(c) Deferred tax asset (Net)	10	803.78	377.49
(d) Long-term loans and advances			
(i) Capital advances (Unsecured and considered good)		1,173.42	577.30
(ii) Other advances	11	17,267.31	12,216.78
		18,440.73	12,794.08
		70,125.40	54,134.19
(2) Current assets			
(a) Inventories	12(a)	367,794.49	287,866.90
(b) Trade receivables	13	16,379.09	16,310.94
(c) Cash and bank balances	14	113,654.54	96,053.00
(d) Short-term loans and advances	15	18,573.04	11,727.81
(e) Other current assets	16	952.21	3,263.30
		517,353.37	415,221.95
Total		**587,478.77**	469,356.14

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bangalore, 3 May 2013

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Statement of Profit and Loss for the year ended 31 March 2013

₹ *lakhs*

Particulars		Note No.	Current Year	Previous Year
I.	Revenue from operations (gross)	17	1,020,635.82	897,085.87
	Less: Excise duty		9,368.74	13,248.03
	Revenue from operations (net)		1,011,267.08	883,837.84
II.	Other Income	18	10,077.09	9,411.40
III.	**Total Revenue (I +II)**		**1,021,344.17**	893,249.24
IV.	Expenses:			
	Cost of materials and components consumed	27(a)	677,291.83	614,508.16
	Purchase of traded goods	27(b)	155,509.54	115,088.28
	(Increase)/decrease in finished goods, work-in-progress and stock-in-trade	19	(81,288.42)	(75,185.13)
	Employee benefits expense	20	48,452.51	39,234.34
	Finance costs	33	5,064.00	4,371.53
	Depreciation and amortization expense		5,448.89	4,489.62
	Other expenses	21	110,239.01	106,898.55
	Total Expenses		**920,717.36**	809,405.35
V.	Profit before tax (III - IV)		**100,626.81**	83,843.89
VI.	Tax expense:			
	(1) Current tax		28,535.00	23,890.00
	(2) Deferred tax		(426.29)	(529.31)
	(3) Taxes of earlier years		-	467.61
	Total Tax		**28,108.71**	23,828.30
VII.	Profit after tax (V-VI)		**72,518.10**	60,015.59
VIII.	Earnings per equity share of ₹ 1:	41		
	(1) Basic		8.17	6.76
	(2) Diluted		8.17	6.76

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bangalore, 3 May 2013

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Cash Flow Statement for the year ended 31 March 2013

₹ lakhs

Particulars		Current Year	Previous Year
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	100,626.81	83,843.89
	Adjustments for :		
	- Depreciation/Amortization	5,448.89	4,489.62
	- Unrealised exchange difference (net)	(1,202.46)	2,918.16
	- Marked to Market loss	14.92	33.92
	- Loss on sale/ disposal/scrapping of fixed assets (net)	185.29	225.91
	- Bad debts written off	-	720.64
	- Provision for doubtful debts/advances (net)	155.46	(556.89)
	- Interest income	(9,986.94)	(9,305.26)
	- Dividend income	(0.08)	(0.44)
	- Interest expense	5,064.00	4,371.53
	Operating profit before working capital changes	**100,305.89**	86,741.08
	Adjustments for :		
	- (Increase)/ decrease in trade receivables	(198.67)	(5,103.52)
	- (Increase)/ decrease in inventories	(79,834.45)	(88,484.03)
	- (Increase)/ decrease in short-term loans and advances	(9,476.73)	(940.72)
	- (Increase)/ decrease in long-term loans and advances	(3,107.53)	(1,905.82)
	- Increase/ (decrease) in trade payables	22,363.27	19,838.31
	- Increase/ (decrease) in other liabilities	40,311.15	28,933.46
	- Increase/ (decrease) in short-term provisions	534.31	1,602.91
	- Increase/ (decrease) in long-term provisions	1,893.11	654.66
	Cash generated from operations	72,790.35	41,336.33
	- Direct taxes paid	(27,480.62)	(25,586.50)
	Net cash from operating activities	**45,309.73**	15,749.83
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to fixed assets (including capital work-in-progress and capital advances)	(16,642.81)	(13,667.82)
	Proceeds from sale of fixed assets	379.73	150.87
	Purchase of investments	(279.59)	(1,074.22)
	Dividends received	0.08	0.44
	Interest received	12,310.19	7,601.41
	Net cash used in investing activities	**(4,232.40)**	(6,989.32)

Cash Flow Statement (Contd.) for the year ended 31 March 2013

₹ lakhs

Particulars	Current Year	Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(542.22)	(5,807.24)
Dividends paid	(15,435.02)	(11,018.54)
Tax on dividends paid	(2,520.37)	(1,800.26)
Interest paid	(5,064.00)	(4,817.56)
Net cash used in financing activities	(23,561.61)	(23,443.60)
Net cash flows during the year (A+B+C)	**17,515.72**	(14,683.09)
Cash and bank balances (opening balance)	96,053.00	109,649.90
Add: Cash and bank balances acquired on amalgamation {Refer note 22}	448.26	832.18
Add/ (Less): Unrealised exchange (gain)/ loss	(318.37)	(64.36)
	96,182.89	110,417.72
Cash and bank balances (closing balance)	113,654.54	96,053.00
Add/ (Less): Unrealised exchange (gain)/ loss	44.07	(318.37)
	113,698.61	95,734.63
Increase/ (decrease) in cash and bank balances	17,515.72	(14,683.09)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bangalore, 3 May 2013

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 01 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis under the historical cost convention in accordance with the accounting principles generally accepted in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 (as amended), and by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act,1956.

i. Use of estimates: The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

ii. Revenue recognition: Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory/ stock points / or delivered to customers as per the terms of the contract. Service revenue is recognised on rendering services.

   Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

   Dividend income is recognised when the Company's right to receive the payment is established.

iii. Tangible fixed assets: All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

   Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.

iv Depreciation: Depreciation has been provided on the straight line method in accordance with the Companies Act, 1956, except for the following, which are based on the useful life of the assets estimated by the management:

Computers	-	@ 25% instead of 16.21%
Vehicles	-	@ 25% instead of 9.50%
Furniture & Fixtures	-	@ 20% instead of 6.33%

v. Intangible assets and amortisation: Trademarks are capitalised at acquisition cost including directly attributable cost and are amortised over a period of 120 months from the month of acquisition. The expected pattern of economic benefits from the use of trademarks is reviewed periodically and additional amortisation, if required, is provided.

vi. Foreign currency transactions: Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

   Foreign exchange rate fluctuations relating to monetary assets and liabilities are restated at year end rates or forward cover rates, as applicable. The net loss or gain arising on restatement/ settlement is adjusted to the statement of profit and loss.

   In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

vii. Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments and foreign currency and interest rate exposures relating to foreign currency loan. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions. All such derivative financial instruments are supported by an underlying transaction and are not for trading or speculative purposes.

   The use of derivative financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

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

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

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 01 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

viii. Investments: All long term investments are valued at cost. Provision for diminution in value is made to recognise any decline, other than temporary, in the value of investments.

ix. Inventories: Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed Gold)] are stated at the lower of cost and net realizable value. Cost is determined as follows:

a) Gold is valued on first-in-first-out basis.

b) Consumable stores, loose tools, raw materials and components are valued on a moving weighted average rate.

c) Work-in-progress and manufactured goods are valued on full absorption cost method based on the average cost of production.

d) Traded goods are valued on a moving weighted average rate/ cost of purchases.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition.

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

x. Product warranty expenses: Product warranty costs are determined based on past experience and provided for in the year of sale.

xi. Employee benefits:

Short term employee benefits

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

Defined contribution plan

Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner are debited to the statement of profit and loss on an accrual basis.

Contribution to the Company's Provident Fund Trust is made at predetermined rates and debited to the statement of profit and loss on an accrual basis.

Defined benefit plan

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

xii. Taxes on Income: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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

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

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

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

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

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

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 2.1 **SHARE CAPITAL**

	2013		2012	
	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a) Authorised				
Equity share of ₹ 1 each with voting rights	12,000.00	12,000.00	12,000.00	12,000.00
Redeemable cumulative preference shares of ₹ 100 each	40.00	4,000.00	40.00	4,000.00

	2013		2012	
	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
b) Issued, subscribed and fully paid up				
Equity share of ₹ 1 each with voting rights	8,877.86	8,877.86	8,877.86	8,877.86

c) Rights, preferences and restrictions attached to shares

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

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

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

	2013		2012	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,877.86	8,877.86	443.89	4,438.93
Add: Sub-division of shares	-	-	3,995.04	-
Add: Issue of bonus shares	-	-	4,438.93	4,438.93
At the end of the year	8,877.86	8,877.86	8,877.86	8,877.86

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

No. in lakhs

	2013		2012	
	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,474.77	27.88	2,474.77	27.88
Tata Group				
Tata Sons Limited	1,351.25	15.22	963.45	10.85
Kalimati Investment Company Limited	387.76	4.37	775.56	8.74
Tata Investment Corporation Limited	172.26	1.94	172.26	1.94
Tata Chemicals Limited	138.26	1.56	138.26	1.56
Tata Global Beverages Limited	92.48	1.04	92.48	1.04
Ewart Investments Limited	49.64	0.56	49.64	0.56
Tata International Limited	25.60	0.29	25.60	0.29
Piem Hotels Limited	18.06	0.20	18.06	0.20
Total - Tata Group	**2,235.31**	**25.18**	2,235.31	25.18
Jhunjhunwala Rakesh Radheshyam	601.26	6.77	666.29	7.51

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 2.1 SHARE CAPITAL (CONTD.)

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

No. in lakhs

	2013	2012
Equity shares with voting rights		
Fully paid up by way of bonus shares	4,438.93	4,438.93

NOTE 2.2 RESERVES AND SURPLUS

₹ lakhs

	2013	2012
Capital reserve	**13.28**	13.28
Capital redemption reserve		
As per last balance sheet	64.38	-
Add: On amalgamation	-	64.38
	64.38	64.38
Share premium account	**13,888.27**	13,888.27
Debenture redemption reserve		
As per last balance sheet	-	2,597.00
Add : Transfer from statement of profit and loss	-	-
Less: Transfer to general reserve	-	2,597.00
	-	-
Hedging reserve		
As per last balance sheet	0.57	1.62
Add : Effects of variation in commodity prices on hedging		
instruments outstanding at the end of the year	168.17	0.57
Less : Transferred to statement of profit and loss	0.57	1.62
	168.17	0.57
General reserve		
As per last balance sheet	58,526.00	38,337.34
Add : Transfer from debenture redemption reserve	-	2,597.00
Add : On amalgamation	-	399.59
Less : Utilised during the year for issuing bonus shares	-	4,438.93
Add : Transfer from surplus in statement of profit and loss	31,810.00	21,631.00
	90,336.00	58,526.00
Surplus in the statement of profit and loss		
Opening balance	63,619.32	43,261.52
Add: On amalgamation (Refer Note 22)	623.62	29.84
Add: Profit for the year	72,518.10	60,015.59
	136,761.04	103,306.95
Less:		
Proposed dividend on equity shares	18,643.51	15,536.26
Tax on dividends	3,168.46	2,520.37
Transfer to general reserve	31,810.00	21,631.00
Net surplus in statement of profit and loss	**83,139.07**	63,619.32
Reserves and surplus	**187,609.17**	136,111.82

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 03 LONG-TERM BORROWINGS

Terms loans from banks

Secured

₹ *lakhs*

	2013	2012
Foreign currency loan	-	588.89
Total	**-**	588.89

An amount of ₹ 603.44 lakhs (2012: ₹ 542.22 lakhs) of foreign currency loan which is repayable within 12 months has been grouped under other current liabilities {Refer note 6}.

The above foreign currency loan aggregating ₹ 603.44 lakhs (2012: ₹ 1,131.11 lakhs) is secured by a first charge over the Company's present and future fixed (movable and immovable) assets and is repayable in 9 semi-annual installments starting February 2010.

NOTE 04 LONG-TERM PROVISIONS

₹ *lakhs*

	2013	2012
Provision for compensated absences {Refer note 30(b)(ii)}	5,949.15	5,419.18
Provision for Pension {Refer note 30(b)(ii)}	340.45	336.11
	6,289.60	5,755.29

NOTE 05

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

₹ *lakhs*

		2013	2012
i)	Principal amounts unpaid	195.02	238.48
	Interest due on above	-	-
		195.02	238.48

ii) No interest payments have been made during the year.

iii) The above information regarding dues to Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

NOTE 06 OTHER CURRENT LIABILITIES

₹ *lakhs*

	2013	2012
Advance from customers {Refer note (a) below}	135,271.10	95,053.62
Unclaimed dividends {Refer note (b) below}	339.31	238.07
Unclaimed matured fixed deposits	4.35	4.55
Foreign currency loan repayable within 12 months {Refer note 3}	603.44	542.22
Other Liabilities - Statutory dues	3,324.12	4,084.77
Payables on purchase of fixed assets	474.66	835.17
Other Liabilities - Others {Refer note 22}	5,641.04	4,771.85
	145,658.02	105,530.25

a) Advances from customers includes amounts of ₹ 123,082.88 lakhs (2012: ₹ 85,663.80 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 1.61 lakhs (2012: ₹ 1.40 lakhs) and therefore amounts relating to the same could not be transferred.

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 07 a) SHORT-TERM PROVISIONS

₹ *lakhs*

	2013	2012
Proposed dividend on equity shares	18,643.51	15,536.26
Tax on dividends	3,168.46	2,520.37
Provision for Gratuity {Refer note 30(b)(i)}	1,444.73	892.02
Provision for compensated absences {Refer note 30(b)(ii)}	761.38	740.16
Others {Refer note (c) below}	5,299.67	3,980.49
Total	**29,317.75**	23,669.30

b) The Board of Directors, in their meeting on 3 May, 2013, proposed a dividend of ₹ 2.10 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 1 August, 2013, and if approved, would result in a cash outflow of approximately ₹ 21,811.97 lakhs inclusive of corporate dividend tax of ₹ 3,168.46 lakhs.

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2012 was ₹ 1.75 per share.

c) Others include

(i) Provision for warranty - ₹ 536.20 lakhs (2012: ₹ 373.95 lakhs).

The Company gives warranty on all products except jewellery, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 536.20 lakhs (2012: ₹ 373.95 lakhs) and ₹ 373.95 lakhs (2012: ₹ 264.88 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 4,763.47 lakhs (2012: ₹ 3,606.54 lakhs)

The Company has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience. Additional provision made and utilised/reversed during the year is ₹ 4,650.67 lakhs (2012: ₹ 3,787.51 lakhs) and ₹ 3,493.74 lakhs (2012: ₹ 2,511.14 lakhs) respectively.

NOTE 08 a) TANGIBLE ASSETS

Gross Block
(Previous year figures are in brackets)

₹ *lakhs*

Particulars	Gross Block			
	Cost as at April 1, 2012	Additions	Deductions	Cost as at March 31, 2013
Land - freehold	815.44	1,323.68	0.08	2,139.04
	(227.19)	(588.41)	(0.16)	(815.44)
Land - leasehold	1,475.88	204.62	-	1,680.50
	(526.60)	(949.28)	-	(1,475.88)
Buildings	7,276.04	793.94	64.44	8,005.54
	(6,763.39)	(543.13)	(30.48)	(7,276.04)
Plant, machinery and equipment	49,646.91	6,121.41	895.75	54,872.57
	(45,039.84)	(5,643.36)	(1,036.29)	(49,646.91)
Furniture, fixtures and equipment	11,119.00	4,501.20	673.46	14,946.74
	(6,600.33)	(4,942.40)	(423.73)	(11,119.00)
Office equipment	1,226.67	695.90	75.04	1,847.53
	(770.12)	(494.17)	(37.62)	(1,226.67)
Vehicles	1,146.42	364.40	204.49	1,306.33
	(959.97)	(271.31)	(84.86)	(1,146.42)
Total	72,706.36	14,005.15	1,913.26	**84,798.25**
	(60,887.44)	(13,432.06)	(1,613.14)	(72,706.36)

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 08 (Contd.)

Tangible assets - Depreciation and net block

₹ *lakhs*

Particulars	Depreciation				Net block	
	Upto March 31, 2012	For the year	On deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land - freehold	-	-	-	-	2,139.04	815.44
	(-)	(-)	(-)	(-)	(815.44)	(227.19)
Land - leasehold	-	-	-	-	1,680.50	1,475.88
	(-)	(-)	(-)	(-)	(1,475.88)	(526.60)
Buildings	2,287.26	219.55	11.37	2,495.44	5,510.10	4,988.78
	(2,099.01)	(194.29)	(6.04)	(2,287.26)	(4,988.78)	(4,664.38)
Plant, machinery and equipment	28,719.42	2,261.91	635.68	30,345.65	24,526.92	20,927.49
	(27,534.13)	(1,972.23)	(786.94)	(28,719.42)	(20,927.49)	(17,505.71)
Furniture, fixtures and equipment	5,138.67	2,337.68	495.02	6,981.33	7,965.41	5,980.33
	(3,713.63)	(1,774.93)	(349.89)	(5,138.67)	(5,980.33)	(2,886.70)
Office equipment	188.40	111.83	33.45	266.78	1,580.75	1,038.27
	(136.32)	(68.66)	(16.58)	(188.40)	(1,038.27)	(633.80)
Vehicles	597.16	264.75	174.82	687.09	619.24	549.26
	(447.73)	(226.34)	(76.91)	(597.16)	(549.26)	(512.24)
Total	**36,930.91**	**5,195.72**	**1,350.34**	**40,776.29**	**44,021.96**	**35,775.45**
	(33,930.82)	(4,236.45)	(1,236.36)	(36,930.91)	(35,775.45)	(26,956.62)

b) Intangible assets

₹ lakhs

Gross block	**2013**	**2012**
As at April 1, 2012	6,327.11	6,327.11
Additions during the year	-	-
Deductions during the year	6.00	-
As at March 31, 2013	**6,321.11**	6,327.11
Amortisation		
Upto March 31, 2012	5,230.05	4,976.88
Amortisation for the year	253.17	253.17
Deductions during the year	3.90	-
As at March 31, 2013	**5,479.32**	5,230.05
Net block	**841.79**	1,097.06

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 09 NON-CURRENT INVESTMENTS

₹ *lakhs*

	2013	2012
Investments (at cost) **Trade - unquoted** **Investments in equity instruments** **In subsidiary companies**		
19,00,000 (2012 : 19,00,000) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited	237.70	237.70
6,25,000 (2012 : Nil) partly paid equity shares of ₹ 10 each in Titan TimeProducts Limited	25.00	-
Nil (2012 : 3,35,020) fully paid equity shares of ₹ 10 each in Titan Properties Limited {Refer note (a) below}	-	33.59
91,257 (2012 : Nil) fully paid equity shares of Chf 10 each in Favre Leuba AG, Switzerland	1,076.05	-
Application money towards equity in Favre Lueba AG, Switzerland	-	1,074.22
In associate company		
15,00,000 (2012: 15,00,000) fully paid equity shares of ₹ 10 each in TVS Wind Power Limited {Refer note (b) below}	150.00	150.00
	1,488.75	1,495.51
Investments in bond		
In subsidiary company		
1 (2012: Nil) fully paid Zero Coupon Unsecured Optionally Convertible Bond of ₹ 250 lakhs in Titan TimeProducts Limited	250.00	-
	250.00	-
	1,738.75	1,495.51

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 09 (CONTD.)

₹ *lakhs*

	2013	2012
Other investments		
Investments in equity instruments - quoted		
100 (2012 : 100) fully paid equity shares of ₹ 10 each in Timex Watches Limited	0.01	0.01
1,000 (2012 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	0.10	0.10
2,025 (2012 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	4.62	4.62
6,000 (2012 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2.34	2.34
560 (2012 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1.40	1.40
300 (2012 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	0.92	0.92
Nil (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	0.02
Nil (2012: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	0.01
100 (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited	0.02	0.02
100 (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited	0.01	0.01
	9.42	9.45
Less : Provision for diminution	0.03	0.06
	9.39	9.39
Investments in equity instruments - unquoted		
1,14,663 (2012: 1,14,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (2012: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (2012: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (2012 : Nil) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	0.02	-
100 (2012: Nil) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	0.01	-
5,25,000 (2012: 5,25,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100.00	100.00
27,600 (2012: Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	2.76	-
	102.79	100.00
Less : Provision for diminution	0.03	-
	102.76	100.00
	1,850.90	1,604.90
Aggregate amount of quoted investments	9.39	9.39
Aggregate market value of listed and quoted investments	19.22	21.63
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	**1,841.51**	1,595.51

a) Shares cancelled on amalgamation

b) The Company has given an undertaking not to sell or encumber in any manner its investments in TVS Wind Power Limited in accordance with the Equity Participation agreement.

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 10 DEFERRED TAX ASSET

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

₹ *lakhs*

	2012	Tax effect for the year	2013
Deferred Tax (Liability)			
Fixed assets	(2,339.63)	(235.47)	(2,575.10)
Sub-total	(2,339.63)	(235.47)	(2,575.10)
Deferred Tax Asset			
Provision for doubtful debts	61.29	55.67	116.96
Employee benefits	1,928.99	339.10	2,268.09
Others	726.84	266.99	993.83
Sub-total	2,717.12	661.76	3,378.88
Net Deferred Tax Asset / (Liability)	377.49	426.29	**803.78**

NOTE 11 OTHER ADVANCES UNDER LONG-TERM LOANS AND ADVANCES

Unsecured and considered good ₹ *lakhs*

	2013	2012
Security deposits	9,365.50	7,012.49
Employee loans	961.31	1,032.11
Other deposits	1,349.19	523.87
Tax payments, net of provisions {Refer note 22}	5,591.31	3,648.31
	17,267.31	12,216.78

NOTE 12

a) Inventories ₹ *lakhs*

	2013	2012
Raw materials	46,540.66	49,774.24
Work-in-progress {Refer (b) below}	13,286.24	12,100.02
Finished goods	222,049.21	162,020.40
Stock in trade	83,090.64	62,924.11
Store and spares	2,242.23	533.78
Loose tools	585.51	514.35
	367,794.49	287,866.90
Include above, goods in transit		
Raw materials	233.48	174.16
Finished goods	153.53	67.36
	387.01	241.52
b) Details of inventory of work-in-progress		
Watches	9,144.31	7,627.75
Jewellery	2,264.65	2,929.07
Others	1,877.28	1,543.20
	13,286.24	12,100.02

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 13 TRADE RECEIVABLES (UNSECURED)

₹ *lakhs*

	2013	2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	795.75	364.68
Considered doubtful	344.11	188.65
	1,139.86	553.33
Less : Provision for doubtful debts	344.11	188.65
	795.75	364.68
Other trade receivables		
Considered good	15,583.34	15,946.26
	16,379.09	16,310.94

NOTE 14 CASH AND BANK BALANCES

₹ *lakhs*

	2013	2012
Cash and cash equivalents		
Balance with banks	12,637.70	7,977.73
Cheques, drafts on hand	2,778.01	881.36
Cash on hand	1,383.29	938.26
Short-term deposits with banks	11,500.00	11,900.00
	28,299.00	21,697.35
Other bank balances		
a) Earmarked balances with banks		
Unclaimed dividend	337.69	236.67
Unclaimed debenture interest	14.62	15.75
Share application money received for allotment of rights shares and due for refund	3.23	3.23
b) Fixed deposits held as margin money against bank guarantee	1,500.00	1,100.00
c) Short-term deposits with banks with more than three months maturity and less than twelve months	83,500.00	73,000.00
	85,355.54	74,355.65
Balance with banks includes funds in transit - ₹ 2,268.45 lakhs (2012: ₹ 2,058.14 lakhs)		
	113,654.54	96,053.00

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 15 SHORT-TERM LOANS AND ADVANCES (Unsecured and considered good, unless otherwise stated)

₹ *lakhs*

	2013	2012
Advances recoverable in cash or kind or for value to be received		
From a subsidiary	-	17.43
From others		
Inter-corporate deposits	10,000.00	-
Prepaid expenses	1,439.77	1,160.00
Security deposits	1,237.16	1,392.39
Employee loans	869.28	327.61
Other deposits	185.58	79.54
Advances to vendors	104.32	1,666.33
Others {Refer note 22}	1,715.53	1,406.99
	15,551.64	6,032.86
Considered doubtful	2,224.32	2,224.32
	17,775.96	8,257.18
Less : Provision for doubtful loans and advances	2,224.32	2,224.32
	15,551.64	6,032.86
Tax payments, net of provisions	-	2,799.33
Balance with revenue authorities	3,021.40	2,878.19
	18,573.04	11,727.81

NOTE 16 OTHER CURRENT ASSETS (Unsecured and considered good)

₹ *lakhs*

	2013	2012
Interest accrued on deposits {Refer note 22}	952.21	3,263.30
	952.21	3,263.30

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 17 REVENUE FROM OPERATIONS

₹ *lakhs*

	Current Year	Previous Year
Sale of products		
Manufactured goods		
Watches	120,435.64	110,791.53
Jewellery	660,705.95	583,715.87
Others	9,267.22	7,215.27
	790,408.81	701,722.67
Traded goods		
Watches	45,476.80	40,593.66
Jewellery	133,530.11	111,580.13
Others	38,864.67	32,330.89
	217,871.58	184,504.68
Total - Sale of products (a)	1,008,280.39	886,227.35
Sale of tools and components (b)	1,682.85	1,171.11
Income from services provided (c)	310.56	289.91
Other operating revenue		
Sale of precious / semi-precious stones	7,613.16	6,547.24
Sale of gold	2,110.19	2,170.73
Scrap sales	638.67	679.53
Total - Other operating revenue (d)	10,362.02	9,397.50
Revenue from operations (gross) (a+b+c+d)	1,020,635.82	897,085.87
Less : Excise duty	9,368.74	13,248.03
Revenue from operations (net)	**1,011,267.08**	883,837.84

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

NOTE 18 OTHER INCOME

₹ lakhs

	Current Year	Previous Year
Interest from staff loans, vendor advances and bank deposits	9,986.94	9,305.26
Dividends on long-term other investments	0.08	0.44
Miscellaneous income	90.07	105.70
	10,077.09	9,411.40

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 19 (INCREASE) / DECREASE IN FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ lakhs

	Current Year	Previous Year
Closing stock		
Finished goods	222,049.21	162,020.40
Work-in progress	13,286.24	12,100.02
Stock-in-trade	83,090.64	62,924.11
	318,426.09	237,044.53
Opening stock		
Finished goods	162,020.40	115,902.70
Work-in progress	12,100.02	8,694.11
Stock-in-trade *	63,017.25	37,262.59
	237,137.67	161,859.40
(Increase) / decrease in inventory	**(81,288.42)**	(75,185.13)

* includes the effect of amalgamation {Refer note no.22}

NOTE 20 EMPLOYEE BENEFITS EXPENSE

₹ *lakhs*

	Current Year	Previous Year
Salaries, wages and bonus	41,175.30	33,617.09
Company's contribution to provident and other funds {Refer Note 30(a)(i)}	1,838.00	1,484.43
Welfare expenses	3,994.48	3,240.80
Gratuity {Refer Note 30(b)(i)}	1,444.73	892.02
	48,452.51	39,234.34

NOTE 21 OTHER EXPENSES

₹ *lakhs*

	Current Year	Previous Year
Loose tools, stores and spare parts consumed	5,958.49	7,988.96
Agency labour	4,137.53	3,351.16
Power and fuel	3,347.28	2,519.89
Repairs to buildings	352.28	361.14
Repairs to plant and machinery	1,208.53	997.57
Advertising	37,709.41	38,142.33
Selling and distribution expenses	9,114.09	8,194.45
Insurance	511.13	485.37
Rent	14,273.96	11,584.47
Rates and taxes {Refer note 32}	9,233.52	11,826.19
Travel	2,393.25	2,129.17
Bad debts written off	-	720.64
Provision for doubtful debts / advances	155.46	163.75
Less : Provision for doubtful debts of earlier years written back	-	720.64
	155.46	(556.89)
Loss on sale / disposal / scrapping of fixed assets (net)	185.29	225.91
Gold price hedging costs (net)	110.81	305.90
General expenses *	21,294.70	18,587.23
Directors' fees	14.69	15.13
Commission to Non Whole-time Directors	350.00	290.00
Expenses capitalised	(111.41)	(270.07)
	110,239.01	106,898.55

* Includes exchange gain (net) of ₹ 619.95 lakhs (2012: ₹ 201.60 lakhs)

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 22

Pursuant to the Scheme of amalgamation of Titan Properties Limited (TPL) (wholly owned subsidiary of the Company) with the Company as sanctioned by the High Court of Madras, all assets and liabilities have been transferred to and vested in the Company retrospectively with effect from April 1, 2011.

The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS) 14 - Accounting for Amalgamations notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets, liabilities and reserves have been recorded at their respective book values in the accounts of the Company.

The assets and liabilities which have merged with the parent company are as under:

₹ lakhs

	Current Year
Inventory	93.14
Cash and bank balances	448.26
Long-term loans and advances	198.05
Short-term loans and advances	0.24
Other current assets	12.16
Trade payables	(79.97)
Other current liabilities	(14.67)
	657.21

The reserve and surplus which have been added to the parent company are as under:

₹ lakhs

	Current Year
Surplus in statement of profit and loss	623.62
	623.62

NOTE 23

Contingent liabilities not provided for - ₹ 21,409.30 lakhs (2012: ₹ 15,845.16 lakhs) comprising of the following:

Sales Tax - ₹ 1,702.54 lakhs (2012: ₹ 543.25 lakhs)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

Customs Duty - ₹ 316.94 lakhs (2012: ₹ 316.94 lakhs)
(relating to compliance with the terms of notification, export obligations)

Excise Duty - ₹ 14,942.39 lakhs (2012: ₹ 10,482.86 lakhs)
(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

Income Tax - ₹ 4,041.79 lakhs (2012: ₹ 4,027.21 lakhs)
(relating to disallowance of deductions claimed)

Others - ₹ 405.64 lakhs (2012: ₹ 474.90 lakhs)
(relating to miscellaneous claims)

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

NOTE 24

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 4,855.28 lakhs (2012: ₹ 3,271.38 lakhs).

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 25

The Company had received show cause notice from the Excise authorities for ₹ 14,699.99 lakhs without quantifying interest and penalty, relating to the disallowance of cenvat credit availed. The Company has been legally advised that the notice is not sustainable.

NOTE 26 OTHER COMMITMENTS

a) Non-fund based facilities availed of ₹ 25,121.10 lakhs (2012: ₹ 21,603.00 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.

b) Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ 28,516.66 lakhs (2012: ₹ 8,845.89 lakhs).

c) Uncalled liability on partly paid shares of subsidiary is ₹ 225.00 lakhs including premium (2012: Nil).

NOTE 27

a) Cost of materials and components consumed:

₹ lakhs

		Current Year	Previous Year
Precious metals	- Gold *	587,075.01	521,975.87
	- Others	1,425.39	1,531.94
Brass		1,220.22	1,671.38
Steel		1,292.85	1,118.92
Components		55,579.93	61,316.58
Precious and semi-precious stones **		28,005.59	24,410.20
Sundry charges		2,692.84	2,483.27
		677,291.83	614,508.16

* Includes gold sold costing ₹ 2,027.31 lakhs (2012: ₹ 2,106.12 lakhs)

** Includes precious and semi-precious stones sold costing ₹ 6,876.06 lakhs (2012: ₹ 5,700.57 lakhs)

b) Purchase of traded goods:

₹ lakhs

	Current Year	Previous Year
Watches	22,685.68	22,907.51
Jewellery	121,472.59	81,755.34
Others	11,351.27	10,425.43
	155,509.54	115,088.28

NOTE 28

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

	Current Year		Previous Year	
	₹ lakhs	%	₹ lakhs	%
Imported				
CIF Value	310,154.49	46	415,856.92	68
Customs duties	14,568.51	2	6,886.38	1
	324,723.00	48	422,743.30	69
Indigenous	352,568.83	52	191,764.86	31
	677,291.83	**100**	614,508.16	100

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 29 ANALYSIS OF IMPORTS ON CIF BASIS

₹ *lakhs*

	Current Year	Previous Year
Raw materials and components	286,957.42	394,966.42
Stores and spares	1,016.86	781.56
Capital goods	2,059.98	2,264.41
	290,034.26	398,012.39

NOTE 30 EMPLOYEE BENEFITS

a. Defined Contribution Plans

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

₹ *lakhs*

	Current Year	Previous Year
Defined Contribution Plan		
Provident Fund	1,038.57	823.62
Superannuation Fund	388.33	317.62
Employee Pension Fund (EPF)	411.10	343.19
Total	**1,838.00**	1,484.43

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

b. Defined Benefit Plans

(i) Funded

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

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

₹ *lakhs*

		Current Year	Previous Year
I	**Net asset / (liability) recognized in the balance sheet**		
1	Present value of funded obligations	10,749.46	8,518.30
2	Fair value of plan assets	(9,304.73)	(7,626.28)
3	(Deficit) / surplus	(1,444.73)	(892.02)
4	Net asset / liability		
	-Assets		
	-Liabilities - Current	1,444.73	892.02

Notes forming part of the Financial Statements for the year ended 31 March 2013

₹ *lakhs*

		Current Year	Previous Year
II	**Expense recognized in the statement of profit and loss**		
1	Current service cost	565.28	540.50
2	Interest cost	762.01	643.32
3	Expected return on plan assets	(589.13)	(419.80)
4	Actuarial losses/ (gains)	706.57	128.00
5	Past service cost	-	-
	Total expenses recognised under the head 'Gratuity' {Refer note 20}	1,444.73	892.02
III	**Change in present value of obligation**		
1	Present value of defined benefit obligation at the beginning of the year	8,518.30	7,292.47
2	Current service cost	565.28	540.50
3	Interest cost	762.01	643.32
4	Actuarial losses/ (gains)	1,149.89	156.22
5	Past service cost	-	-
6	Benefits paid	(246.02)	(114.21)
7	Present value of defined benefit obligation at the end of the year	10,749.46	8,518.30
IV	**Change in fair value of plan assets**		
1	Fair value of plan assets at the beginning of the year	7,626.28	5,425.93
2	Expected return on plan assets	589.13	419.80
3	Actuarial (losses)/ gains	443.32	28.22
4	Assets distributed on settlement	-	-
5	Contributions by employer	892.02	1,866.54
6	Benefits paid	(246.02)	(114.21)
7	Fair value of plan assets at the end of the year	9,304.73	7,626.28
	Actual return on plan assets	1,032.45	448.02
V	**The major categories of plan assets as a percentage of total plan assets**		
1	Government of India securities	53%	51%
2	Corporate bonds	42%	45%
3	Others	5%	4%

VI Experience adjustments

	2013	2012	2011	2010	2009
Defined benefit obligation	10,749.46	8,518.30	7,292.47	5,126.23	4,039.92
Plan assets	9,304.73	7,626.28	5,425.93	4,191.14	3,569.57
Surplus / (deficit)	(1,444.73)	(892.02)	(1,866.54)	(935.09)	(470.35)
Experience adjustments on plan liabilities	637.59	373.15	501.56	184.56	225.18
Experience adjustments on plan assets	443.32	28.22	28.20	9.78	82.95

Notes forming part of the Financial Statements for the year ended 31 March 2013

VII Principal actuarial assumptions

	Current Year	Previous Year
Discount rate	8.15% p.a	8.55% p.a
Expected rate of return on plan assets	7.50% p.a	7.50% p.a

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

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

Expected rate of return on plan assets is based on average yield on investments. The Company is expected to contribute ₹ 1,444.73 lakhs to the gratuity fund next year.

(ii) Unfunded

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

₹ lakhs

	Liability as on March 31, 2013	Liability as on March 31, 2012
Compensated absences		
Non-current	5,949.15	5,419.18
Current	761.38	740.16
	6,710.53	6,159.34
Pension - Non-current	340.45	336.11

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

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

NOTE 31

Auditors remuneration comprises of fees for audit of statutory accounts ₹ 102.00 lakhs (2012: ₹ 102.00 lakhs), taxation matters ₹ 27.80 lakhs (2012: ₹ 31.29 lakhs), audit of consolidated accounts ₹ 8.40 lakhs (2012: ₹ 8.40 lakhs), other services ₹ 28.36 lakhs (2012: ₹ 27.88 lakhs) and reimbursement of levies and expenses ₹ 32.36 lakhs (2012: ₹ 17.44 lakhs).

NOTE 32

Rates and taxes include the following :

i) ₹ (-)1,939.52 lakhs (2012: ₹ 1,909.72 lakhs) being the difference in excise duty included in closing stock and opening stock of finished goods.

ii) ₹ 5,390.99 lakhs (2012: ₹ 4,180.50 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

NOTE 33

Finance costs include gold on lease charges of ₹ 3,965.54 lakhs (2012 : ₹ 3,834.04 lakhs) and interest on income tax of ₹ Nil (2012: ₹ 117.95 lakhs).

NOTE 34

Expenditure in foreign currency on account of:

₹ lakhs

	Current Year	Previous Year
Royalty	31.79	79.77
Professional and consultancy services	983.08	838.33
Interest	71.53	122.99
Others	2,539.34	1,624.75

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 35

	Current Year	Previous Year
Amount remitted by the Company in foreign currency on account of dividends		
Number of Shareholders	3	4
Number of equity shares on which dividend was paid	347,000	347,120
Year to which the dividend related	2011-12	2010-11
Amount remitted (net of tax) (` lakhs)	6.07	4.34

NOTE 36

EARNINGS IN FOREIGN EXCHANGE:

₹ lakhs

	Current Year	Previous Year
Export of goods on FOB basis	19,731.49	16,047.57
Others	52.28	35.37

NOTE 37

Revenue expenditure directly attributable to research and development is estimated at ₹ 429.30 lakhs (2012: ₹ 330.26 lakhs)

NOTE 38

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

₹ lakhs

	2013	2012
For a period not later than one year	4,066.35	3,759.31
For a period later than one year but not later than five years	3,734.42	4,380.91
For a period later than five years	-	-
Total	7,800.77	8,140.22

b) The Company has taken the above operating leases for non-cancellable periods ranging from 1 year to 6 years. The leases are renewable by mutual consent.

c) Lease rentals recognised in the statement of profit and loss in respect of the above operating leases is ₹ 3,961.92 lakhs (2012: ₹ 3,542.66 lakhs).

NOTE 39

(a) Gold futures/forwards contracts outstanding as at the year end - 999 kgs, ₹ 30,193.84 lakhs (2012: 978 Kgs, ₹ 27,890.60 lakhs)

b) The Company has an outstanding swap to hedge its foreign currency and interest rate exposures relating to foreign currency loan of US Dollars 11.11 lakhs (2012: US Dollars 22.22 lakhs) equivalent to ₹ 603.44 lakhs (2012: ₹ 1,131.11 lakhs).

The Company has Nil forward exchange contracts for US Dollars Nil equivalent to ₹ Nil (2012: 3 forward exchange contracts for US Dollars 87 lakhs equivalent to ₹ 4,457.60 lakhs), Nil forward exchange contracts for HKD Nil equivalent to ₹ Nil (2012: 3 forward exchange contracts for HKD 600 lakhs equivalent to ₹ 3,969.50 lakhs) and Nil foreign exchange contracts for Japanese Yen Nil equivalent to ₹ Nil (2012: 6 foreign exchange contracts for Japanese Yen 1434 lakhs equivalent to ₹ 918.18 lakhs) for firm commitment of purchases.

Marked to Market loss of ₹ 14.92 lakhs (2012 : ₹ 33.92 lakhs) has been recognized in the statement of profit and loss on these outstanding contracts.

Notes forming part of the Financial Statements for the year ended 31 March 2013

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2013 are given below:

i) Amounts receivable in foreign currency as at March 31, 2013
(Previous year figures are in brackets)

(Amount in Lakhs)

	₹	Foreign Currency
USD	3,330.33	61.33
	(3,046.08)	(59.87)
GBP	636.37	7.75
	(15.86)	(0.19)
HKD	75.92	10.86
	(281.90)	(43.04)
EURO	25.90	0.37
	(56.17)	(0.83)
CHF	53.36	0.94
	(-)	(-)
SGD	10.76	0.25
	(-)	(-)

ii) Amounts payable in foreign currency as at March 31, 2013
(Previous year figures are in brackets)

(Amount in Lakhs)

	₹	Foreign Currency
USD	2,306.18	42.46
	(623.45)	(12.25)
EURO	492.22	7.08
	(60.72)	(0.99)
HKD	413.79	59.11
	(267.32)	(40.75)
CHF	(-)	(-)
	(23.90)	(0.42)
JPY	6.65	11.55
	(41.59)	(66.87)
GBP	78.52	0.95
	(318.80)	(3.91)
SEK	7.64	0.92
	(6.18)	(0.81)
SGD	(-)	(-)
	(5.19)	(0.13)

NOTE 40

Related party disclosures :

Names of related parties and description of relationship:

a) Promoters	Tamilnadu Industrial Development Corporation Limited
	Tata Sons Limited
b) Subsidiaries	Titan TimeProducts Limited
	Titan Properties Limited {amalgamated during the year (Refer note 22)}
	Favre Leuba AG
c) Associate	TVS Wind Power Limited
d) Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

Notes forming part of the Financial Statements for the year ended 31 March 2013

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

(Previous year figures are in brackets)

₹ lakhs

Sl. No.	Nature of transaction	Promoters	Subsidiaries	Associate	Key Management Personnel	Total
1	Purchase of components and raw materials	- (-)	1,716.03 (1,713.45)	- (-)	- (-)	1,716.03 (1,713.45)
2	Sale of components and finished goods	7.98 (0.02)	71.86 (46.45)	- (-)	- (-)	79.84 (46.47)
3	Reimbursement of expenses	0.37 (2.03)	- (-)	- (-)	- (-)	0.37 (2.03)
4	Interest expense	- (37.34)	- -	- (-)	- (-)	- (37.34)
5	Interest income	- (-)	- (2.81)	- (-)	- (-)	- (2.81)
6	Rent paid	50.56 (49.64)	- (-)	- (-)	- (-)	50.56 (49.64)
7	Purchase of power	- (-)	- (-)	420.91 (188.14)	- (-)	420.91 (188.14)
8	Dividend paid	6,016.89 (4,280.51)	- (-)	- (-)	- (-)	6,016.89 (4,280.51)
9	Commission and sitting fees to non whole-time directors	103.37 (80.64)	- (-)	- (-)	- (-)	103.37 (80.64)
10	Brand equity subscription	1,605.65 (1,379.08)	- (-)	- (-)	- (-)	1,605.65 (1,379.08)
11	Recovery of expenses	- (-)	24.37 (18.78)	- (-)	- (-)	24.37 (18.78)
12	Payment towards rendering of services	38.94 (63.31)	- (-)	- (-)	- (-)	38.94 (63.31)
13	Recovery towards rendering of services	- (-)	137.70 (98.46)	- (-)	- (-)	137.70 (98.46)
14	Sitting fees received	- (-)	0.51 (0.24)	- (-)	- (-)	0.51 (0.24)
15	Managerial remuneration	- (-)	- (-)	- (-)	389.15 (320.18)	389.15 (320.18)
16	Redemption of 6.75% Debentures	- (553.16)	- (-)	- (-)	- (-)	- (553.16)
17	Subscription to Share capital / Application money	- (-)	26.83 (1,074.22)	- (-)	- (-)	26.83 (1,074.22)
18	Subscription to Zero Coupon Unsecured Optionally Convertible Bond	- (-)	250.00 (-)	- (-)	- (-)	250.00 (-)

Notes forming part of the Financial Statements for the year ended 31 March 2013

₹ lakhs

Nature of Transaction	Promoters	Subsidiaries	Associate	Key Management Personnel	Total
Debit balance					
Titan TimeProducts Limited	-	-	-	-	-
	(-)	(21.04)	(-)	(-)	(21.04)
Total Debit balance	-	-	-	-	-
	(-)	(21.04)	(-)	(-)	(21.04)
Credit balance					
Tata Sons Ltd	1,161.56	-	-	-	1,161.56
	(948.10)	(-)	(-)	(-)	(948.10)
Tamilnadu Industrial Development Corporation Limited	100.10	-	-	-	100.10
	(77.18)	(-)	(-)	(-)	(77.18)
Titan TimeProducts Limited	-	0.86	-	-	0.86
	(-)	(-)	(-)	(-)	(-)
Titan Properties Limited	-	-	-	-	-
	(-)	(0.24)	(-)	(-)	(0.24)
TVS Wind Power Limited	-	-	5.11	-	5.11
	(-)	(-)	(3.94)	(-)	(3.94)
Mr.Bhaskar Bhat	-	-	-	236.96	236.96
	(-)	(-)	(-)	(195.82)	(195.82)
Total Credit balance	1,261.66	0.86	5.11	236.96	1,504.59
	(1,025.28)	(0.24)	(3.94)	(195.82)	(1,225.28)

The above includes the following material related party transactions

₹ lakhs

Nature of transaction	Category	Name	Amount
(a) Purchase of components and raw materials	Subsidiary	Titan TimeProducts Limited	1,525.65
			(1,713.45)
	Subsidiary	Favre Leuba A G	190.38
			(-)
(b) Dividend paid	Promoter	Tamilnadu Industrial	4,330.84
		Development Corporation Limited	(3,093.46)
	Promoter	Tata Sons Limited	1,686.05
			(1,187.05)
(c) Brand Equity Subscription	Promoter	Tata Sons Limited	1,605.65
			(1,379.08)
(d) Recovery towards rendering of services	Subsidiary	Titan TimeProducts Limited	137.70
			(98.46)
(e) Redemption of 6.75% Debentures	Promoter	Tata Sons Limited	-
			(553.16)
(f) Subscription to Share capital / Application Money	Subsidiary	Favre Leuba A G	1.83
			(1,074.22)
	Subsidiary	Titan TimeProducts Limited	25.00
			(-)
(g) Subscription to Zero Coupon Bonds	Subsidiary	Titan TimeProducts Limited	250.00
			(-)

Notes forming part of the Financial Statements for the year ended 31 March 2013

NOTE 41

Earnings per share:

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

₹ lakhs

			2013	2012
Net profit after tax			72,518.10	60,015.59
a)	Weighted average number of equity shares		887,786,160	887,786,160
b)	i)	Nominal value of shares (₹)	1	1
	ii)	Earnings per share - Basic and diluted (₹)	8.17	6.76

NOTE 42

Segment information for the year ended March 31, 2013

a) Primary Business Segments

(Previous year figures are in brackets)

₹ lakhs

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
Revenue					
Net sales/income	166,680.71	803,236.37	41,350.00	-	1,011,267.08
(There is no inter-segment revenue)	(152,007.71)	(698,981.71)	(32,848.42)	(-)	(883,837.84)
Segment result					
Before finance costs, other income and taxes.	19,278.98	81,521.74	(-) 366.07	(-) 4,820.93	95,613.72
	(20,708.36)	(62,321.31)	(-481.45)	(-3,744.20)	(78,804.02)
Add : Other Income	906.32	7,562.78	53.03	1,554.96	10,077.09
	(968.23)	(7,434.20)	(32.95)	(976.02)	(9,411.40)
Profit before finance costs and taxes	20,185.30	89,084.52	(-) 313.04	(-) 3,265.97	105,690.81
	(21,676.59)	(69,755.51)	(-448.50)	(-2,768.18)	(88,215.42)
Less : finance costs					5,064.00
					(4,371.53)
Profit before taxes					100,626.81
					(83,843.89)
Taxes					28,108.71
					(23,828.30)
Profit after taxes					72,518.10
					(60,015.59)

Notes forming part of the Financial Statements for the year ended 31 March 2013

₹ lakhs

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
Other Information					
Segment assets	99,508.49	422,497.32	26,077.99	38,591.19	586,674.99
	(81,269.95)	(329,918.98)	(24,144.36)	(33,645.36)	(468,978.65)
Segment liabilities	32,452.09	325,747.81	9,174.99	23,013.41	390,388.30
	(30,870.27)	(266,055.95)	(7,037.29)	(19,271.84)	(323,235.35)
Capital expenditure	5,193.64	7,460.72	2,221.88	809.94	15,686.18
	(4,368.18)	(7,535.64)	(1,837.26)	(511.91)	(14,252.99)
Depreciation/ amortisation	2,048.63	2,077.30	975.69	347.27	5,448.89
	(1,767.34)	(1,606.66)	(862.54)	(253.08)	(4,489.62)
Non cash expenses other than depreciation/ amortisation	454.89	-	17.43	15.29	487.61
	(174.26)	(2,820.57)	(84.33)	(36.67)	(3,115.83)

Total unallocable liabilities exclude

₹ lakhs

	2013	2012
Long-term borrowings	-	588.89
Foreign currency loan repayable within 12 months	603.44	542.22
Deferred tax liability / (asset) (Net)	(803.78)	(377.49)

b) Secondary geographical segments
(Previous year figures are in brackets)

₹ lakhs

	India	Others	Total
Revenue	991,290.93	19,976.15	1,011,267.08
	(867,616.00)	(16,221.84)	(883,837.84)

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment assets and capital expenditure by geographical segments.
Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

NOTE 43

The figures of the previous year have been regrouped/ recast, where necessary, to conform to the current year classification.

For and on behalf of the Board of Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Bangalore, 3 May 2013

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary companies

1	**Name of Subsidiary**	**Titan TimeProducts Ltd**	**Favre Leuba A.G.**
2	Financial year of the Subsidiary	31st March 2013	31st March 2013
3	Share of the Subsidiary held by Titan Industries Limited on the above date :		
	a) Number of shares and face value	1,900,000 equity shares of ₹ 10 each (fully paid up)	91,257 equity shares of CHF 10 each (fully paid up)
		625,000 equity shares of ₹ 10 each (partly paid up)	-
	b) Extent of Holding	100%	100%
4	Net aggregate amount of profit/(loss) of the Subsidiary 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 2013	Nil	Nil
	b) Not dealt with in the accounts of Titan Industries Limited for the year ended 31st March 2013	₹ 9,989,108	₹ (-) 3,424,704
5	Net aggregate amount of profit/(loss) for previous financial years of the Subsidiary since it became a subsidiary 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 2013	Nil	Nil
	b) Not dealt with in the accounts of Titan Industries Limited for the year ended 31st March 2013	₹ 52,765,265	₹ (-) 3,034,944

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

Bangalore, 25 June 2013

Statement pursuant to exemption granted under Section 212(8) of the Companies Act, 1956 relating to Subsidiary companies as at 31st March, 2013

₹ lakhs

Name of Subsidiary	Titan TimeProducts Ltd	Favre Leuba AG
(a) Share Capital	19,625,000	107,604,904
(b) Reserves	70,481,917	(6,459,648)
(c) Total Assets	161,142,748	103,797,208
(d) Total Liabilities	71,035,831	2,651,952
(e) Income	265,217,882	18,469,304
(f) Profit/ (loss) before tax	14,763,581	(3,424,704)
(g) Taxes	4,774,473	-
(h) Profit/ (loss) after tax	9,989,108	(3,424,704)
(i) Proposed Dividend	Nil	Nil

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

Bangalore, 25 June 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TITAN INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TITAN INDUSTRIES LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considersinternal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us,the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

V. Srikumar
Partner
(Membership No. 84494)

Bangalore, 3 May 2013

Consolidated Balance Sheet as at 31 March 2013

₹ lakhs

Particulars	Note No.	As at 31-3-2013	As at 31-3-2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4.1	8,877.86	8,877.86
(b) Reserves and surplus	4.2	188,107.37	137,214.04
		196,985.23	146,091.90
(2) Non-current liabilities			
(a) Long-term borrowings	5	-	588.89
(b) Long-term provisions	6	6,510.33	5,932.72
		6,510.33	6,521.61
(3) Current liabilities			
(a) Trade payables	7	209,799.28	189,100.92
(b) Other current liabilities	8	145,704.92	105,599.27
(c) Short-term provisions	9	29,327.76	23,677.54
		384,831.96	318,377.73
Total		**588,327.52**	470,991.24
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10(a)	44,662.43	36,304.90
(ii) Intangible assets	10(b)	1,727.98	2,087.13
(iii) Capital work-in-progress		4,176.11	2,485.21
		50,566.52	40,877.24
(b) Non-current investments	11	290.64	243.87
(c) Deferred tax asset (Net)	12(b)	781.46	349.77
(d) Long-term loans and advances	13	18,578.94	12,817.24
		19,651.04	13,410.88
		70,217.56	54,288.12
(2) Current assets			
(a) Inventories	14	368,032.96	288,201.95
(b) Trade receivables	15	16,583.35	16,519.44
(c) Cash and bank balances	16	113,904.24	96,709.48
(d) Short-term loans and advances	17	18,637.11	11,994.49
(e) Other current assets	18	952.30	3,277.76
		518,109.96	416,703.12
Total		**588,327.52**	470,991.24

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Bangalore, 3 May 2013

Statement of Consolidated Profit and Loss for the year ended 31 March 2013

₹ lakhs

Particulars		Note No.	Current year	Previous year
I.	Revenue from operations (gross)	19	1,021,798.96	898,314.55
	Less: Excise duty		9,469.57	13,471.78
	Revenue from operations (net)		**1,012,329.39**	884,842.77
II.	Other Income	20	10,088.52	9,447.46
	Total Revenue (I +II)		**1,022,417.91**	894,290.23
III.	Expenses:			
	Cost of materials and components consumed		677,157.40	614,008.68
	Purchase of traded goods		155,493.12	115,088.28
	(Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade	21	(81,315.24)	(75,075.15)
	Employee benefits expense	22	48,983.06	39,774.87
	Financial costs	31	5,064.54	4,373.14
	Depreciation and amortization expense		5,623.07	4,561.59
	Other expenses	23	110,761.81	107,510.51
	Total Expenses		**921,767.76**	810,241.92
IV.	Profit before tax		**100,650.15**	84,048.31
V.	Tax expense:			
	(1) Current tax		28,588.15	23,989.31
	(2) Deferred tax		(431.69)	(558.57)
	(3) Taxes of earlier years		-	467.61
	Total Tax		**28,156.46**	23,898.35
VI.	Profit before share of loss of associate (IV-V)		72,493.69	60,149.96
	Less/ (Add): Share of loss/(profit) of associate	37	(44.01)	14.37
VII.	Net profit		**72,537.70**	60,135.59
VIII.	Earnings per equity share of ₹ 1:	35		
	(1) Basic		8.17	6.77
	(2) Diluted		8.17	6.77

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bangalore, 3 May 2013

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
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Hema Ravichandar
Ireena Vittal
Directors

Consolidated Cash Flow Statement for the year ended 31 March 2013

₹ lakhs

		Current year	Previous year
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	100,650.15	84,048.31
	Adjustments for :		
	-Depreciation/ Amortisation	5,623.07	4,561.59
	-Unrealised exchange difference (net)	(1,201.23)	2,919.65
	-Marked to Market loss	14.92	33.92
	-Loss on sale/ disposal/ scrapping of fixed assets (net)	186.19	235.32
	-Bad debts written off	-	725.21
	-Provision for doubtful debts/ advances (net)	155.46	(554.37)
	-Interest income	(9,998.88)	(9,341.29)
	-Dividend income	(0.08)	(0.44)
	-Interest expense	5,064.54	4,373.14
	Operating profit before working capital changes	**100,494.14**	87,001.04
	Adjustments for :		
	-(Increase)/ decrease in trade receivables	(193.29)	(4,917.63)
	-(Increase)/ decrease in inventories	(79,831.01)	(88,390.27)
	-(Increase)/ decrease in short-term loans and advances	(9,509.91)	(1,020.44)
	-(Increase)/ decrease in long-term loans and advances	(3,107.24)	(1,901.40)
	-Increase/ (decrease) in trade payables	22,238.21	19,764.71
	-Increase/ (decrease) in other liabilities	40,302.28	28,780.82
	-Increase/ (decrease) in short-term provisions	577.61	1,655.58
	-Increase/ (decrease) in long-term provisions	1,894.88	654.66
	Cash generated from operations	**72,865.67**	41,627.07
	-Direct taxes paid	(27,569.22)	(25,681.71)
	Net cash from operating activities	**45,296.45**	15,945.36
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Additions to fixed assets (including capital work in progress and capital advances)	(16,883.61)	(14,777.56)
	Proceeds from sale of fixed assets	387.46	150.86
	Purchase of investments	(2.76)	-
	Dividends received	0.08	0.44
	Interest received	12,324.34	7,641.25
	Net cash used in investing activities	**(4,174.49)**	(6,985.01)

Consolidated Cash Flow Statement (Contd.) for the year ended 31 March 2013

₹ lakhs

		Current year	Previous year
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of borrowings	(542.22)	(5,857.01)
	Dividends paid	(15,435.02)	(11,018.54)
	Tax on dividends paid	(2,520.37)	(1,800.26)
	Interest paid	(5,064.54)	(4,817.98)
	Net cash used in financing activities	(23,562.15)	(23,493.79)
	Net cash flows during the year (A+B+C)	**17,559.81**	(14,533.44)
	Cash and bank balances (opening balance)	96,709.48	110,988.54
	Add/ (Less): Unrealised exchange (gain)/ loss	(318.77)	(64.39)
		96,390.71	110,924.15
	Cash and bank balances (closing balance)	113,904.24	96,709.48
	Add/ (Less): Unrealised exchange (gain)/ loss	46.28	(318.77)
		113,950.52	96,390.71
	Increase/ (decrease) in cash and bank balances	17,559.81	(14,533.44)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bangalore, 3 May 2013

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 01 BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relates to Titan Industries Limited (''the Company"), its subsidiary companies and an associate company. The Company and its subsidiaries constitute the "Group". The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard (AS) 21 – Consolidated Financial Statements notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on Consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on Consolidation.

Investment in associate company is accounted for using equity method as per AS 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest 31-03-2013	Ownership interest 31-03-2012
Titan TimeProducts Limited	India	100%	100%
Titan Properties Limited(*)	India	-	100%
Favre Leuba AG	Switzerland	100%	100%

(*) Amalgamated during the year (Refer note 24)

The Associate Company which is included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest 31-03-2013	Ownership interest 31-03-2012
TVS Wind Power Limited	India	26.79%	26.79%

The financial statements of the subsidiary companies and the associate company included in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2013. The financial statements of all subsidiaries included in consolidation are audited. The figures used in consolidation for equity accounting of the investment in the associate company is unaudited.

NOTE 02 THE PARTICULARS OF INVESTMENT MADE DURING THE YEAR IN A SUBSIDIARY COMPANY ARE AS FOLLOWS:

₹ lakhs

Name of the Subsidiary	Year ended	Original cost of Investment	Amount of Goodwill / (-) Capital Reserve in Original Cost
Favre Leuba AG	31st March 2013	1,076.05	-
	31st March 2012	1,074.22	-

NOTE 03 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on an accrual basis under the historical cost convention in accordance with the accounting principles generally accepted in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under The Companies (Accounting Standards) Rules, 2006 (as amended), and by the Institute of Chartered Accountants of India and with the relevant provisions of the Companies Act,1956.

i) Use of estimates: The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

ii) Revenue recognition: Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides when the goods are dispatched from the factory/ stock points/ or delivered to customers as per the terms of the contract. Service revenue is recognised on rendering services.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 03 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue from sale of property is recognised on percentage of completion method.

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

Dividend income is recognised when the Company's right to receive the payment is established.

iii) Tangible fixed assets: All fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the balance sheet date.

iv) Depreciation: Depreciation has been provided on the straight line method in accordance with the Companies Act, 1956, except for the following, which are based on the useful life of the assets estimated by the management:

Computers	- @ 25% instead of 16.21%
Vehicles	- @ 25% instead of 9.50%
Furniture & Fixtures	- @ 20% instead of 6.33%

v) Intangible assets and amortisation: Trademarks are capitalised at acquisition cost including directly attributable cost and are amortised over a period of 120 months from the month of acquisition. The expected pattern of economic benefits from the use of trademarks is reviewed periodically and additional amortisation, if required, is provided.

vi) Foreign currency transactions :

a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign exchange rate fluctuations relating to monetary assets and liabilities (including those relating to integral foreign operations) are restated at year end rates or forward cover rates, as applicable. The net loss or gain arising on restatement/ settlement is adjusted to the statement of profit and loss.

In respect of forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss of the reporting period in which the exchange rates change.

b) In case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at exchange rate prevailing on the date of transactions. Exchange difference arising out of these transactions are charged to the statement of profit and loss.

vii) Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments and foreign currency and interest rate exposures relating to foreign currency loan. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions. All such derivative financial instruments are supported by an underlying transaction and are not for trading or speculative purposes.

The use of derivative financial instruments is governed by the Company's policies approved by the board of directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

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

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

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

viii) Investments: All long term investments are valued at cost. Provision for diminution in value is made to recognise any decline, other than temporary, in the value of investments.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 03 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

ix) Inventories: Inventories [other than quantities of gold for which the price is yet to be determined with the suppliers (Unfixed gold)] are stated at the lower of cost and net realizable value. Cost is determined as follows:

a) Gold is valued on first-in-first-out basis.

b) Consumable stores, loose tools, raw materials and components are valued on a moving weighted average rate.

c) Work-in-progress and manufactured goods are valued on full absorption cost method based on the average cost of production.

d) Traded goods are valued on a moving weighted average rate/ cost of purchases.

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition.

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

x) Product warranty expenses: Product warranty costs are determined based on past experience and provided for in the year of sale.

xi) Employee benefits:

Short term employee benefits

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

Defined contribution plan

Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner are debited to the statement of profit and loss on an accrual basis.

Contribution to the Company's Provident Fund Trust is made at predetermined rates and debited to the statement of profit and loss on an accrual basis.

Contribution to Provident Fund and Pension Fund (of a subsidiary) are made at predetermined rates to the Regional Provident Fund Commissioner and debited to the statement of profit and loss account on an accrual basis.

Defined benefit plan:

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

xii) Taxes on Income: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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

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

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

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

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

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

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 4.1 SHARE CAPITAL

		2013		2012	
		No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a)	Authorised				
	Equity share of ₹ 1 each with voting rights	12,000.00	12,000.00	12,000.00	12,000.00
	Redeemable cumulative preference shares of ₹ 100 each	40.00	4,000.00	40.00	4,000.00
b)	Issued, subscribed and fully paid up				
	Equity share of ₹ 1 each with voting rights	8,877.86	8,877.86	8,877.86	8,877.86

c) Rights, preferences and restrictions attached to shares:

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

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

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

	2013		2012	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,877.86	8,877.86	443.89	4,438.93
Add: Sub-division of shares	-	-	3,995.04	-
Add : Issue of bonus shares	-	-	4,438.93	4,438.93
At the end of the year	8,877.86	8,877.86	8,877.86	8,877.86

e) Share holders holding more than 5% shares in the Company — No. in lakhs

Name	2013		2012	
	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,474.77	27.88	2,474.77	27.88
Tata Group				
Tata Sons Limited	1,351.25	15.22	963.45	10.85
Kalimati Investment Company Limited	387.76	4.37	775.56	8.74
Tata Investment Corporation Limited	172.26	1.94	172.26	1.94
Tata Chemicals Limited	138.26	1.56	138.26	1.56
Tata Global Beverages Limited	92.48	1.04	92.48	1.04
Ewart Investments Limited	49.64	0.56	49.64	0.56
Tata International Limited	25.60	0.29	25.60	0.29
Piem Hotels Limited	18.06	0.20	18.06	0.20
Total - Tata Group	**2,235.31**	**25.18**	2,235.31	25.18
Jhunjhunwala Rakesh Radheshyam	601.26	6.77	666.29	7.51

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 4.1 SHARE CAPITAL (Contd.)

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

No. in lakhs

	2013	2012
Equity shares with voting rights		
Fully paid up by way of bonus shares	4,438.93	4,438.93

NOTE 4.2 RESERVES AND SURPLUS

₹ lakhs

		2013	2012
a)	Capital reserve	**13.28**	13.28
b)	Capital reserve on consolidation		
	As per last balance sheet	35.42	65.48
	Add/ (Less) : On amalgamation	1.84	(30.06)
		37.26	35.42
c)	Capital redemption reserve		
	As per last balance sheet	74.38	10.00
	Add : On amalgamation	-	64.38
		74.38	74.38
d)	Share premium account	**13,888.27**	13,888.27
e)	Debenture redemption reserve		
	As per last balance sheet	-	2,597.00
	Less: Transfer to general reserve	-	2,597.00
		-	-
f)	Hedging Reserve		
	As per last balance sheet	0.57	1.62
	Add : Effects of variation in commodity prices on hedging instruments outstanding at the end of the year	168.17	0.57
	Less : Transferred to consolidated statement of profit and loss	0.57	1.62
		168.17	0.57
g)	General Reserve		
	As per last balance sheet	58,526.00	38,337.34
	Add : Transfer from debenture redemption reserve	-	2,597.00
	Add : On amalgamation	-	399.59
	Less : Utilised during the year for issuing bonus shares	-	4,438.93
	Add : Transfer from surplus in the consolidated statement of profit and loss	31,810.00	21,631.00
		90,336.00	58,526.00

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 4.2 RESERVES AND SURPLUS (Contd.)

₹ lakhs

		2013	2012
h)	Surplus in the consolidated statement of profit and loss		
	Opening balance	64,676.12	44,209.99
	Add : Profit for the year	72,537.70	60,135.59
	Add/ (Less): On amalgamation	(1.84)	18.17
		137,211.98	104,363.75
	Less:		
	Proposed dividend on equity shares	18,643.51	15,536.26
	Tax on dividends	3,168.46	2,520.37
	Transfer to general reserve	31,810.00	21,631.00
	Net surplus in consolidated statement of profit and loss	**83,590.01**	64,676.12
	Reserves and surplus	**188,107.37**	137,214.04

NOTE 05 LONG-TERM BORROWINGS

Term loans from banks

Secured

₹ lakhs

	2013	2012
Foreign currency loan	-	588.89
	-	588.89

An amount of ₹ 603.44 lakhs (2012: ₹ 542.22 lakhs) of foreign currency loan which is repayable within 12 months has been grouped under other current liabilities {Refer note 8}.

The above foreign currency loan aggregating ₹ 603.44 lakhs (2012: ₹ 1,131.11 lakhs) is secured by a first charge over the Company's present and future fixed (movable and immovable) assets and is repayable in 9 semi-annual installments starting February 2010.

NOTE 06 LONG-TERM PROVISIONS

₹ lakhs

	2013	2012
Provision for gratuity {Refer note 29(b)(i)}	137.77	115.01
Provision for compensated absences {Refer note 29(b)(ii)}	6,032.11	5,481.60
Provision for pension {Refer note 29(b)(ii)}	340.45	336.11
	6,510.33	5,932.72

NOTE 07 TRADE PAYABLES INCLUDE AMOUNTS DUE TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS UNDER

₹ lakhs

		2013	2012
i)	Principal amounts unpaid	196.41	238.48
	Interest due on above	-	-
		196.41	238.48

ii) No interest payments have been made during the year.

iii) The above information regarding dues to Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 08 OTHER CURRENT LIABILITIES

₹ lakhs

	2013	2012
Advance from customers {Refer note (a) below}	135,303.77	95,074.62
Unearned revenue	-	21.57
Unclaimed dividends {Refer note (b) below}	339.31	238.07
Unclaimed matured fixed deposits	4.35	4.55
Foreign currency loan repayable within 12 months {Refer note 5}	603.44	542.22
Other liabilities - Statutory dues	3,335.45	4,094.75
Other liabilities - others	5,641.43	4,787.22
Payables on purchase of fixed assets	477.17	836.27
	145,704.92	105,599.27

a) Advance from customers include amounts received of ₹ 123,082.88 lakhs (2012: ₹ 85,663.80 lakhs) towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 1.61 lakhs (2012: ₹ 1.40 lakhs) and therefore amounts relating to the same could not be transferred.

NOTE 09

₹ lakhs

		2013	2012
a)	Short-term provisions		
	Proposed dividend on equity shares	18,643.51	15,536.26
	Tax on dividends (net)	3,168.46	2,520.37
	Provision for gratuity {Refer Note 29(b)(i)}	1,448.74	895.58
	Provision for compensated absences {Refer Note 29(b)(ii)}	767.38	744.84
	Others {Refer note (c) below}	5,299.67	3,980.49
		29,327.76	23,677.54

b) The Board of Directors, in their meeting on 3 May, 2013, proposed a dividend of ₹ 2.10 per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 1 August, 2013, and if approved, would result in a cash outflow of approximately ₹ 21,811.97 lakhs inclusive of corporate dividend tax of ₹ 3,168.46 lakhs.

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2012 was ₹ 1.75 per share.

c) Other include

(i) Provision for warranty - ₹ 536.20 lakhs (2012: ₹ 373.95 lakhs).

The Company gives warranty on all products except jewellery, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 536.20 lakhs (2012: ₹ 373.95 lakhs) and ₹ 373.95 lakhs (2012: ₹ 264.88 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 4,763.47 lakhs (2012: ₹ 3,606.54 lakhs)

The Company has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience. Additional provision made and utilised/reversed during the year is ₹ 4,650.67 lakhs (2012: ₹ 3,787.51 lakhs) and ₹ 3,493.74 lakhs (2012: ₹ 2,511.14 lakhs) respectively.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 10 a) TANGIBLE ASSETS

Gross block

(Previous year figures are in brackets)

₹ lakhs

Particulars	Gross block			
	Cost as at 1 April 2012	Additions	Deductions	Cost as at 31 March 2013
Land - freehold	815.44	1,323.68	0.08	2,139.04
	(227.19)	(588.41)	(0.16)	(815.44)
Land - leasehold	1,491.24	204.62	-	1,695.86
	(541.96)	(949.28)	(-)	(1,491.24)
Buildings	7,496.67	805.51	64.44	8,237.74
	(6,979.71)	(547.44)	(30.48)	(7,496.67)
Plant, machinery and equipment	50,662.39	6,276.18	908.31	56,030.26
	(46,052.87)	(5,691.82)	(1,082.30)	(50,662.39)
Furniture, fixtures and equipment	11,154.86	4,513.93	673.46	14,995.33
	(6,631.05)	(4,947.99)	(424.18)	(11,154.86)
Office equipment	1,281.18	702.93	81.24	1,902.87
	(810.62)	(510.70)	(40.14)	(1,281.18)
Vehicles	1,164.31	368.25	204.49	1,328.07
	(980.27)	(271.83)	(87.79)	(1,164.31)
Total	**74,066.09**	**14,195.10**	**1,932.02**	**86,329.17**
	(62,223.67)	(13,507.47)	(1,665.05)	(74,066.09)

Tangible assets - Depreciation and net block

₹ lakhs

Particulars	Depreciation				Net block	
	Upto March 31, 2012	For the year	On deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Land - freehold	-	-	-	-	2,139.04	815.44
	(-)	(-)	(-)	(-)	(815.44)	(227.19)
Land - leasehold	10.19	0.51	-	10.70	1,685.16	1,481.05
	(9.68)	(0.51)	(-)	(10.19)	(1,481.05)	(532.28)
Buildings	2,401.64	227.20	11.37	2,617.47	5,620.27	5,095.03
	(2,206.09)	(201.59)	(6.04)	(2,401.64)	(5,095.03)	(4,773.62)
Plant, machinery and equipment	29,379.10	2,322.94	647.14	31,054.90	24,975.36	21,283.29
	(28,175.44)	(2,029.98)	(826.32)	(29,379.10)	(21,283.29)	(17,877.43)
Furniture, fixtures and equipment	5,164.21	2,339.79	495.02	7,008.98	7,986.35	5,990.65
	(3,737.53)	(1,776.99)	(350.31)	(5,164.21)	(5,990.65)	(2,893.52)
Office equipment	203.72	114.49	37.54	280.67	1,622.20	1,077.46
	(150.03)	(71.05)	(17.36)	(203.72)	(1,077.46)	(660.59)
Vehicles	602.33	266.51	174.82	694.02	634.05	561.98
	(452.87)	(228.30)	(78.84)	(602.33)	(561.98)	(527.40)
Total	**37,761.19**	**5,271.44**	**1,365.89**	**41,666.74**	**44,662.43**	**36,304.90**
	(34,731.64)	(4,308.42)	(1,278.87)	(37,761.19)	(36,304.90)	(27,492.03)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

b) Intangible assets

₹ lakhs

Gross block	2013	2012
As at April 1, 2012	7,317.18	6,327.11
Additions during the year	-	990.07
Deductions during the year	11.42	-
As at March 31, 2013	**7,305.76**	7,317.18
Amortisation		
Upto March 31, 2012	5,230.05	4,976.88
Amortisation for the year	351.63	253.17
Deductions during the year	3.90	-
As at March 31, 2013	**5,577.78**	5,230.05
Net block	**1,727.98**	2,087.13

NOTE 11 NON-CURRENT INVESTMENTS

₹ lakhs

	2013	2012
Investments (at cost) **Trade - unquoted** **Investments in equity instruments - in associate company**		
Carrying amount of investment in TVS Wind Power Limited {Refer Note (a) below and note 37}	178.49	134.48
	178.49	134.48
Other investments		
Investments in equity instruments - quoted		
100 (2012:100) fully paid equity shares of ₹ 10 each in Timex Watches Limited	0.01	0.01
1,000 (2012 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	0.10	0.10
2,025 (2012 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	4.62	4.62
6,000 (2012 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2.34	2.34
560 (2012 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1.40	1.40
300 (2012 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	0.92	0.92
Nil (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	0.02
Nil (2012: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	0.01
100 (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited	0.02	0.02
100 (2012 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited	0.01	0.01
	9.42	9.45
Less : Provision for diminution	0.03	0.06
	9.39	9.39
Investments in equity instruments - unquoted		
100 (2012: Nil) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	**0.02**	-
100 (2012: Nil) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	0.01	-
525,000 (2012: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100.00	100.00
27,600 (2012: Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	2.76	-
	102.79	100.00
Less : Provision for diminution	0.03	-
	102.76	100.00
	290.64	243.87

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 11 NON-CURRENT INVESTMENTS (Contd.)

₹ lakhs

	2013	2012
Aggregate amount of quoted investments	9.39	9.39
Market value of quoted investments	19.22	21.63
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	281.25	234.48

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

NOTE 12 a) DEFERRED TAX ASSET

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

₹ lakhs

	2012	Tax effect for the year	2013
Deferred tax liability			
Depreciation and amortisation	(2,429.17)	(243.11)	(2,672.28)
Sub total	(2,429.17)	(243.11)	(2,672.28)
Deferred tax asset			
Provision for doubtful debts/advances	62.87	54.09	116.96
Employee benefits	1,986.98	353.72	2,340.70
Others	729.09	266.99	996.08
Sub total	2,778.94	674.80	3,453.74
Net Deferred Tax Asset / (Liability)	349.77	431.69	**781.46**

b) Classified on company wise basis:

₹ lakhs

	2013	2012
i) Deferred tax asset	803.78	377.49
ii) Deferred tax liability	(22.32)	(27.72)
Net Deferred Tax Asset / (Liability)	**781.46**	349.77

NOTE 13 LONG-TERM LOANS AND ADVANCES

Unsecured and considered good

₹ lakhs

	2013	2012
Capital advances	1,237.34	600.90
Less: Provision for doubtful advances	-	2.07
	1,237.34	598.83
Other advances:		
- Security deposits	9,366.41	7,013.40
- Employee loans	961.74	1,032.83
- Other deposits	1,349.19	523.87
- Tax payments, net of provisions	5,664.26	3,648.31
	18,578.94	12,817.24

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 14 INVENTORIES

₹ lakhs

	2013	2012
Raw materials	46,724.67	49,987.09
Work-in-progress	13,297.21	12,118.14
Finished goods	222,074.98	162,105.34
Stock in trade	83,090.64	62,924.11
Store and spares	2,259.95	552.92
Loose tools	585.51	514.35
	368,032.96	288,201.95

Included above, goods in transit

₹ lakhs

	2013	2012
Raw materials	264.07	210.47
Finished goods	153.53	57.70

NOTE 15 TRADE RECEIVABLES (UNSECURED)

₹ lakhs

	2013	2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	800.42	367.70
Considered doubtful	344.11	189.23
	1,144.53	556.93
Less : Provision for doubtful debts	344.11	189.23
	800.42	367.70
Other trade receivables		
Considered good	15,782.93	16,151.74
	16,583.35	16,519.44

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 16 CASH AND BANK BALANCES

₹ lakhs

	2013	2012
Cash and cash equivalents		
Balance with banks*	12,832.26	8,119.05
Cheques, drafts on hand	2,778.01	881.36
Cash on hand	1,383.43	938.42
Short-term deposits with banks	11,555.00	12,320.00
	28,548.70	22,258.83
Other bank balances		
a) Earmarked balances with banks		
Unclaimed dividend	337.69	236.67
Unclaimed debenture	14.62	15.75
Share application money received for allotment of rights shares and due for refund	3.23	3.23
b) Fixed deposits held as margin money against bank guarantee	1,500.00	1,100.00
c) Short-term deposits with banks with more than three months maturity and less than twelve months	83,500.00	73,095.00
	85,355.54	74,450.65
* Includes funds in transit - ₹ 2,268.45 lakhs (2012: ₹ 2,058.14 lakhs)		
	113,904.24	96,709.48

NOTE 17 SHORT-TERM LOANS AND ADVANCES (Unsecured and considered good)

₹ lakhs

	2013	2012
Advances recoverable in cash or kind or for value to be received		
Inter-corporate deposits	10,000.00	-
Prepaid expenses	1,461.09	1,174.72
Security deposits	1,237.16	1,392.39
Employee loans	873.02	330.16
Other deposits	185.58	79.54
Advance to vendors	113.68	1,670.74
Others	1,715.53	1,424.42
	15,586.06	6,071.97
Considered doubtful	2,224.32	2,226.54
	17,810.38	8,298.51
Less : Provision for doubtful loans and advances	2,224.32	2,226.54
	15,586.06	6,071.97
Tax payments, net of provisions	-	3,034.88
Balance with revenue authorities	3,051.05	2,887.64
	18,637.11	11,994.49

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 18 OTHER CURRENT ASSETS (Unsecured and considered good)

₹ lakhs

	2013	2012
Interest accrued on deposits	952.30	3,277.76
	952.30	3,277.76

NOTE 19 REVENUE FROM OPERATIONS

₹ lakhs

	Current Year	Previous Year
Sale of products		
Manufactured goods		
Watches	121,566.73	111,798.78
Jewellery	660,705.95	583,715.87
Others	9,267.22	7,215.27
	791,539.90	702,729.92
Traded goods		
Watches	45,476.80	40,593.66
Jewellery	133,530.11	111,580.13
Others	38,864.67	32,330.89
	217,871.58	184,504.68
Total - Sale of products (a)	1,009,411.48	887,234.60
Sale of tools and components (b)	1,682.85	1,171.11
Income from services provided (c)	310.56	289.91
Other operating revenue		
Sale of precious / semi-precious stones	7,613.16	6,547.24
Sale of gold	2,110.19	2,170.73
Scrap sales	670.72	724.09
Others	-	176.87
Total - Other operating revenue (d)	10,394.07	9,618.93
Revenue from operations (gross) (a+b+c+d)	1,021,798.96	898,314.55
Less : Excise duty	9,469.57	13,471.78
Revenue from operations (net)	**1,012,329.39**	884,842.77

NOTE 20 OTHER INCOME

₹ lakhs

	Current Year	Previous Year
Interest from staff loans, vendor advances and bank deposits	9,998.88	9,341.29
Dividends on long-term other investments	0.08	0.44
Miscellaneous income	89.56	105.73
	10,088.52	9,447.46

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 21 (INCREASE) / DECREASE IN FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ lakhs

	Current Year	Previous Year
Closing stock		
Finished goods	222,074.98	162,012.20
Work-in progress	13,297.21	12,118.14
Stock-in-trade	83,090.64	63,017.25
	318,462.83	237,147.59
Opening stock		
Finished goods	162,012.20	115,990.57
Work-in progress	12,118.14	8,716.83
Stock-in-trade	63,017.25	37,365.04
	237,147.59	162,072.44
(Increase) / decrease in inventory	**(81,315.24)**	(75,075.15)

NOTE 22 EMPLOYEE BENEFITS EXPENSE

₹ lakhs

	Current Year	Previous Year
Salaries, wages and bonus	41,602.39	34,078.84
Company's contribution to provident and other funds {Refer Note 29(a)(i)}	1,862.70	1,503.83
Welfare expenses	4,048.79	3,269.26
Gratuity {Refer Note 29(b)(i)}	1,469.18	922.94
	48,983.06	39,774.87

NOTE 23 OTHER EXPENSES

₹ lakhs

	Current Year	Previous Year
Loose tools, stores and spare parts consumed	6,050.99	8,097.60
Agency labour	4,137.53	3,351.16
Power and fuel	3,383.59	2,551.74
Repairs to buildings	362.87	373.00
Repairs to plant and machinery	1,250.37	1,044.54
Advertising	37,709.41	38,142.33
Selling and distribution expenses	9,157.01	8,194.45
Insurance	514.45	488.33
Rent	14,280.15	11,584.80
Rates and taxes	9,239.17	11,831.07
Travel	2,393.25	2,150.67
Bad debts/deposits/advances written off	4.87	725.21
Less: Provision for loans and advances created earlier years	4.87	-
	-	725.21
Provision for doubtful debts / advances	155.46	166.26
Less: Provision for doubtful debts of earlier years written back	-	720.63
	155.46	(554.37)
Loss on sale / disposal / scrapping of fixed assets (net)	186.19	235.32
Gold price hedging costs (net)	110.81	305.90
General expenses*	21,577.07	18,953.01
Directors fees	14.90	15.82
Commission to Non Whole-time Directors	350.00	290.00
Expenses capitalised	(111.41)	(270.07)
	110,761.81	107,510.51

* Includes exchange gain (net) of ₹ 618.41 lakhs (2012: ₹ 196.16 lakhs)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 24

Pursuant to the Scheme of amalgamation of Titan Properties Limited (TPL) (wholly owned subsidiary of the Company) with the Company as sanctioned by the High Court of Madras, all assets and liabilities have been transferred to and vested in the Company retrospectively with effect from April 1, 2011.

The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS) 14 - Accounting for Amalgamations notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets, liabilities and reserves have been recorded at their respective book values in the accounts of the Company.

The assets and liabilities which have merged with the parent company are as under:

₹ lakhs

	Current Year
Inventory	93.14
Cash and bank balances	448.26
Long-term loans and advances	198.05
Short-term loans and advances	0.24
Other current assets	12.16
Trade payables	(79.97)
Other current liabilities	(14.67)
	657.21

The reserve and surplus which have been added to the parent company are as under:

₹ lakhs

	Current Year
Surplus in statement of profit and loss	623.62
	623.62

NOTE 25

Contingent liabilities not provided for - ₹ 21,409.30 lakhs (2012: ₹ 15,845.16 lakhs) comprising of the following:

Sales Tax - ₹ 1,702.54 lakhs (2012: ₹ 543.25 lakhs)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

Customs Duty - ₹ 316.94 lakhs (2012: ₹ 316.94 lakhs)
(relating to compliance with the terms of notification, export obligations)

Excise Duty - ₹ 14,942.39 lakhs (2012: ₹ 10,482.86 lakhs)
(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

Income Tax - ₹ 4,041.79 lakhs (2012: ₹ 4,027.21 lakhs)
(relating to disallowance of deductions claimed)

Others - ₹ 405.64 lakhs (2012: ₹ 474.90 lakhs)
(relating to miscellaneous claims)

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

NOTE 26

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 5,137.89 lakhs (2012: ₹ 3,355.21 lakhs).

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 27

The Company had received show cause notice from the Excise authorities for ₹ 14,699.99 lakhs without quantifying interest and penalty, relating to the disallowance of cenvat credit availed. The Company has been legally advised that the notice is not sustainable.

NOTE 28 OTHER COMMITMENTS

a) Non-fund based facilities availed of ₹ 25,127.19 lakhs (2012: ₹ 21,609.09 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.

b) Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ 28,686.50 lakhs (2012: ₹ 9,136.79 lakhs).

NOTE 29 EMPLOYEE BENEFITS

a) Defined Contribution Plans:

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

₹ lakhs

	Current Year	Previous Year
Superannuation fund	388.33	317.62
Employee Pension Fund (EPF)	411.10	343.19
Provident Fund	1,063.27	843.02
Total	**1,862.70**	1,503.83

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

b) Defined Benefit Plans:

i) Funded

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

The gratuity benefit of the subsidiary is not funded.

The following table sets out the funded status and amounts recognised in the Titan Group's financial statements as at 31 March 2013 for Gratuity:

₹ lakhs

		Current Year		Previous Year	
		Funded	Unfunded	Funded	Unfunded
I	**Net asset / (liability) recognized in the balance sheet**				
1	Present value of funded obligations	10,749.46	141.78	8,518.30	118.57
2	Fair value of plan assets	(9,304.73)	-	(7,626.28)	-
3	(Deficit) / surplus	(1,444.73)	(141.78)	(892.02)	(118.57)
4	Net asset / liability				
	- Assets				
	- Liabilities (Current)	1,444.73	4.01	892.02	3.56
	- Liabilities (Non-Current)	-	137.77	-	115.01
II	**Expense recognized in the statement of profit and loss**				
1	Current service cost	565.28	6.83	540.50	5.31
2	Interest cost	762.01	10.38	643.32	7.63

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

₹ lakhs

		Current Year		Previous Year	
		Funded	Unfunded	Funded	Unfunded
3	Expected return on plan assets	(589.13)	-	(419.80)	-
4	Actuarial losses/ (gains)	706.57	7.24	128.00	17.98
5	Past service cost	-	-	-	-
	Total expenses recognised under the head "Gratuity' (Refer note 22)	1,444.73	24.45	892.02	30.92
III	**Change in present value of obligation**				
1	Present value of defined benefit obligation at the beginning of the year	8,518.30	118.57	7,292.47	87.65
2	Current service cost	565.28	6.83	540.50	5.31
3	Interest cost	762.01	10.38	643.32	7.63
4	Actuarial losses/ (gains)	1,149.89	7.24	156.22	17.98
5	Past service cost	-	-	-	-
6	Benefits paid	(246.02)	(1.24)	(114.21)	-
7	Present value of defined benefit obligation at the end of the year	10,749.46	141.78	8,518.30	118.57
IV	**Change in fair value of plan assets**				
1	Fair value of plan assets at the beginning of the year	7,626.28	-	5425.93	-
2	Expected return on plan assets	589.13	-	419.80	-
3	Actuarial (losses)/ gains	443.32	-	28.22	-
4	Assets distributed on settlement	-	-	-	-
5	Contributions by employer	892.02	-	1866.54	-
6	Benefits paid	(246.02)	-	(114.21)	-
7	Fair value of plan assets at the end of the year	9,304.73	-	7626.28	-
	Actual return on plan assets	1,032.45	-	448.02	-
V	**The major categories of plan assets as a percentage of total plan assets**				
1	Government of India securities		53%		51%
2	Corporate bonds		42%		45%
3	Others		5%		4%

VI Experience adjustments

	2013	2012	2011	2010	2009
Defined benefit obligation	10,891.24	8,636.86	7,380.12	5,195.01	4,105.61
Plan assets	9,304.73	7,626.28	5,425.93	4,191.14	3,569.57
Surplus / (deficit)	(1,586.51)	(1,010.58)	(1,954.19)	(1,003.87)	(536.04)
Experience adjustments on plan liabilities	638.78	390.24	504.82	182.86	232.18
Experience adjustments on plan assets	443.32	28.22	28.20	9.78	82.95

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

VII Principal actuarial assumptions

	Current Year	Previous Year
Discount rate	8.15% p.a	8.55% p.a
Expected rate of return on plan assets	7.50% p.a	7.50% p.a

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

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

Expected rate of return on plan assets is based on average yield on investments. The Company is expected to contribute ₹ 1,444.73 lakhs to the gratuity fund next year.

(ii) Unfunded

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

₹ lakhs

	Liability as on March 31, 2013	Liability as on March 31, 2012
Compensated absences		
Non-current	6,032.11	5481.60
Current	767.38	744.84
	6,799.49	6226.44
Pension - Non-current	340.45	336.11

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

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

NOTE 30

Auditors remuneration comprises of fees for audit of statutory accounts ₹ 111.00 lakhs (2012: ₹ 111.25 lakhs), taxation matters ₹ 30.05 lakhs (2012: ₹ 33.84 lakhs), audit of consolidated accounts ₹ 8.40 lakhs (2012: ₹ 8.40 lakhs), other services ₹ 28.36 lakhs (2012: ₹ 27.88 lakhs) and reimbursement of levies and expenses ₹ 33.15 lakhs (2012: ₹ 17.53 lakhs).

NOTE 31

Finance costs include gold on lease charges of ₹ 3,965.54 lakhs (2012 : ₹ 3,834.04 lakhs) and interest on income tax of ₹ Nil (2012: ₹ 117.95 lakhs).

NOTE 32

(a) Gold futures/forwards contracts outstanding as at the year end - 999 kgs, ₹ 30,193.84 lakhs (2012: 978 Kgs, ₹ 27,890.60 lakhs)

b) The Company has an outstanding swap to hedge its foreign currency and interest rate exposures relating to foreign currency loan of US Dollars 11.11 lakhs (2012: US Dollars 22.22 lakhs) equivalent to ₹ 603.44 lakhs (2012: ₹ 1,131.11 lakhs).

The Company has Nil forward exchange contracts for US Dollars Nil equivalent to ₹ Nil (2012: 3 forward exchange contracts for US Dollars 87 lakhs equivalent to ₹ 4,457.60 lakhs), Nil forward exchange contracts for HKD Nil equivalent to ₹ Nil (2012: 3 forward exchange contracts for HKD 600 lakhs equivalent to ₹ 3,969.50 lakhs) and Nil foreign exchange contracts for Japanese Yen Nil equivalent to ₹ Nil (2012: 6 foreign exchange contracts for Japanese Yen 1,434 lakhs equivalent to ₹ 918.18 lakhs) for firm commitment of purchases.

Marked to Market loss of ₹ 14.92 lakhs (2012 : ₹ 33.92 lakhs) has been recognized in the statement of profit and loss on these outstanding contracts.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2013 are given below:

i) Amounts receivable in foreign currency as at March 31, 2013
(Previous year figures are in brackets)

₹ lakhs

	₹	Foreign Currency
USD	3,373.35	62.12
	(3,101.99)	(60.97)
GBP	636.37	7.75
	(15.86)	(0.19)
HKD	75.92	10.86
	(281.90)	(43.04)
EURO	28.18	0.40
	(77.65)	(1.14)
CHF	53.36	0.94
	(-)	(-)
SGD	10.76	0.25
	(0.05)	(0.001)

ii) Amounts payable in foreign currency as at March 31, 2013
(Previous year figures are in brackets)

₹ lakhs

	₹	Foreign Currency
USD	2,321.62	42.74
	(672.42)	(13.21)
EURO	492.22	7.08
	(65.90)	(0.97)
HKD	413.79	59.11
	(267.32)	(40.75)
CHF	2.17	0.04
	(23.90)	(0.42)
JPY	10.11	17.55
	(51.39)	(82.62)
GBP	78.52	0.95
	(318.80)	(3.91)
SEK	7.64	0.92
	(6.18)	(0.81)
SGD	-	-
	(5.19)	(0.13)

NOTE 33

Related party disclosures :

Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited
		Tata Sons Limited
b)	Associate	TVS Wind Power Limited
c)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

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

(Previous year figures are in brackets)

₹ lakhs

Sl. No.	Nature of transaction	Promoters	Associate	Key Management Personnel	Total
1	Sale of components and finished goods and fixed assets	7.98 (0.02)	- (-)	- (-)	7.98 (0.02)
2	Reimbursement of expenses	0.37 (2.03)	- (-)	- (-)	0.37 (2.03)
3	Interest expense	- (37.34)	- (-)	- (-)	- (37.34)
4	Rent paid	50.56 (49.64)	- (-)	- (-)	50.56 (49.64)
5	Purchase of power	- (-)	420.91 (188.14)	- (-)	420.91 (188.14)
6	Dividend paid	6,016.89 (4,280.51)	- (-)	- (-)	6,016.89 (4,280.51)
7	Commission and sitting fees to non whole-time directors	103.37 (80.64)	- (-)	- (-)	103.37 (80.64)
8	Brand equity subscription	1,605.65 (1,379.08)	- (-)	- (-)	1,605.65 (1,379.08)
9	Payment towards rendering of services	38.94 (63.31)	- (-)	- (-)	38.94 (63.31)
10	Managerial remuneration	- (-)	- (-)	389.15 (320.18)	389.15 (320.18)
11	Redemption of 6.75% Debentures	- (553.16)	- (-)	- (-)	- (553.16)

₹ lakhs

Balance as on balance sheet date	Promoters	Associate	Key Management Personnel	Total
Credit balance				
Tata Sons Ltd	1,161.56 (948.10)	- (-)	- (-)	1,161.56 (948.10)
Tamilnadu Industrial Development Corporation Limited	100.10 (77.18)	- (-)	- (-)	100.10 (77.18)
TVS Wind Power Limited	- (-)	5.11 (3.94)	- (-)	5.11 (3.94)
Mr.Bhaskar Bhat	- (-)	- (-)	236.96 (195.82)	236.96 (195.82)
Total Credit balance	1,261.66 (1,025.28)	5.11 (3.94)	236.96 (195.82)	1,503.73 (1,225.04)

₹ lakhs

Nature of transaction	Category	Name	Amount
(a) Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	4,330.84 (3,093.46)
	Promoter	Tata Sons Limited	1,686.05 (1,187.05)
(b) Brand Equity Subscription	Promoter	Tata Sons Limited	1,605.65 (1,379.08)
(c) Redemption of 6.75% Debentures	Promoter	Tata Sons Limited	- (553.16)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 34

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

₹ lakhs

	2013	2012
For a period not later than one year	4,066.35	3,759.31
For a period later than one year but not later than five years	3,734.42	4,380.91
For a period later than five years	-	-
	7,800.77	8,140.22

b) The Company has taken the above operating leases for non-cancellable periods ranging from 1 year to 6 years. The leases are renewable by mutual consent.

c) Lease rentals recognised in the statement of profit and loss in respect of the above operating leases is ₹ 3,961.92 lakhs (2012: ₹ 3,542.66 lakhs).

NOTE 35

Earnings per share: ₹ lakhs

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

	2013	2012
Net profit after tax (₹ lakhs)	72,537.70	60,135.59
a) Weighted average number of equity shares	887,786,160	887,786,160
b) i) Nominal value of shares (₹)	1	1
ii) Earnings per share - Basic and diluted (₹)	8.17	6.77

NOTE 36

Segment information for the year ended March 31, 2013

a) Primary Business Segments

(Previous year figures are in brackets)

₹ lakhs

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
Revenue					
Net sales/income	167,742.93	803,236.46	41,350.00	-	1,012,329.39
(There is no inter-segment revenue)	(152,835.76)	(698,981.71)	(32,848.42)	(176.88)	(884,842.77)
Segment result					
Before finance costs, other income and taxes.	19,291.43	81,521.74	(-) 366.07	(-) 4,820.93	95,626.17
	(20,821.82)	(62,321.31)	(-481.45)	(-3,687.69)	(78,973.99)
Add : Other Income	917.75	7,562.78	53.03	1,554.96	10,088.52
	(971.56)	(7,434.20)	(32.95)	(1,008.75)	(9,447.46)
Share of loss/(profit) of associate	-	-	-	(-) 44.01	(-) 44.01
	(-)	(-)	(-)	(14.37)	(14.37)
Profit before finance costs and taxes	20,209.18	89,084.52	(-) 313.04	(-) 3,221.96	105,758.70
	(21,793.38)	(69,755.51)	(-448.50)	(-2,693.31)	(88,407.08)
Less : finance costs					5,064.54
					(4,373.14)
Profit before taxes					100,694.16
					(84,033.94)
Taxes					28,156.46
					(23,898.35)
Profit after taxes					72,537.70
					(60,135.59)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

₹ lakhs

	Watches	Jewellery	Others	Corporate (Unallocated)	Total
Other Information					
Segment assets	101,939.82	422,497.32	26,077.99	37,030.93	587,546.06
	(83,542.15)	(329,918.98)	(24,144.36)	(33,035.98)	(470,641.47)
Segment liabilities	32,802.64	325,747.81	9,174.99	23,013.41	390,738.85
	(31,308.72)	(266,055.95)	(7,037.29)	(19,366.27)	(323,768.23)
Capital expenditure	5,393.46	7,460.72	2,221.88	809.94	15,886.00
	(5,433.66)	(7,535.64)	(1,837.26)	(511.91)	(15,318.47)
Depreciation/ amortisation	2,222.81	2,077.30	975.69	347.27	5,623.07
	(1,839.31)	(1,606.66)	(862.54)	(253.08)	(4,561.59)
Non cash expenses other than depreciation/ amortisation	452.52	-	17.43	15.29	485.24
	(180.62)	(2,820.57)	(84.33)	(38.89)	(3,124.41)

Total unallocable liabilities exclude

₹ lakhs

	2013	2012
Long-term borrowings	-	588.89
Foreign currency loan repayable within 12 months	603.44	542.22
Deferred tax liability / (asset) (Net)	(781.46)	(349.77)

b) Secondary geographical segments

(Previous year figures are in brackets)

₹ lakhs

	India	Others	Total
Revenue	992,104.58	20,224.81	1,012,329.39
	(868,438.89)	(16,403.88)	(884,842.77)

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment assets and capital expenditure by geographical segments.

Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

NOTE 37

The particulars of investments made in the associate company are as below:

(Previous year figures are in brackets)

₹ lakhs

Name of the associate	Original cost of investment	Amount of Goodwill/ Capital Reserve in original cost	Cumulative share of post acquisition profits	Carrying cost of investments
TVS Wind Power Limited	150.00	-	28.49	178.49
	(150.00)	-	(-15.52)	(134.48)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2013

NOTE 38

Statement pursuant to exemption granted under section 212(8) of the Companies Act, 1956, relating to subsidiary companies as at March 31, 2013.

₹ lakhs

Name of Subsidiary	Titan TimeProducts Ltd	Favre Leuba AG
(a) Share Capital	196.25	1076.05
(b) Reserves	704.82	(64.60)
(c) Total Assets	1611.43	1,037.97
(d) Total Liabilities	710.36	26.52
(e) Income	2652.18	184.69
(f) Profit/ (loss) before tax	147.63	(34.25)
(g) Taxes	47.74	-
(h) Profit/ (loss) after tax	99.89	(34.25)
(i) Proposed Dividend	-	-

NOTE 39

(a) The figures pertaining to subsidiary companies have been reclassified, where necessary, to bring them in line with the parent Company's financial statements.

b) The figures of the previous year have been regrouped/recast, where necessary, to conform to the current year classification.

For and on behalf of the Board of Directors

Hans Raj Verma *Chairman*

Ishaat Hussain
C.G. Krishnadas Nair
N.N. Tata
T.K. Arun
Hema Ravichandar
Ireena Vittal
Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A.R. Rajaram
Head-Legal & Company Secretary

Bangalore, 3 May 2013

Financial Statistics - Balance Sheet

BALANCE SHEET	1987-88	1990-91	1992-93	1994-95	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Share Capital - Equity	23.95	26.84	42.28	42.28	42.28	42.28	42.28	42.28	42.28	42.28	42.28	44.39	44.39	44.39	44.39
Share Capital - Preference	-	-	-	7.50	40.00	40.00	40.00	40.00	40.00	40.00	40.00	-	-	-	-
Reserves and Surplus	0.21	6.42	77.82	98.74	118.56	125.09	82.42	80.19	82.85	94.97	150.30	283.06	391.78	506.85	679.99
Deferred tax liability	-	-	-	-	-	-	44.58	41.59	35.14	29.32	23.75	17.44	24.71	18.18	4.75
Loans	37.76	66.52	114.43	191.63	409.92	422.01	443.28	467.05	406.71	318.02	267.92	247.01	257.89	175.41	72.79
SOURCES OF FUNDS - Total	**61.92**	**99.78**	**234.53**	**340.15**	**610.76**	**629.38**	**652.56**	**671.11**	**606.98**	**524.59**	**524.25**	**591.89**	**718.77**	**744.83**	**801.93**
Net fixed assets	53.76	86.09	131.37	205.91	223.80	211.16	200.90	191.75	177.36	174.91	196.02	267.12	282.45	294.00	274.92
Investments	0.03	0.06	0.06	21.82	25.12	23.09	24.62	37.09	27.58	27.02	27.02	27.02	47.39	7.66	7.63
Defered tax asset															
Inventories	8.17	62.65	86.39	112.07	183.44	146.23	124.82	141.92	164.12	271.62	374.39	677.48	1,021.09	1,202.69	1,340.33
Debtors	0.24	4.03	14.06	33.58	121.05	159.04	207.75	186.38	148.16	77.09	90.12	92.06	96.45	106.22	93.61
Cash and bank balances	3.34	2.22	8.50	9.63	17.53	27.51	17.33	23.99	26.85	44.01	38.29	50.73	51.91	54.69	186.72
Loans and Advances	5.16	10.38	30.19	18.93	115.48	150.67	197.40	217.08	193.69	172.14	143.96	65.54	99.17	114.13	183.06
Total Current Assets	16.91	79.28	139.14	174.21	437.50	483.45	547.30	569.37	532.82	564.86	646.76	885.81	1,268.62	1,477.73	1,803.71
Less: Current Liabilites & Provisions	8.78	65.65	36.04	61.79	79.93	91.52	126.45	173.27	164.09	266.60	359.86	592.26	879.70	1,034.57	1,284.33
Net Current Assets	8.13	13.63	103.10	112.42	357.57	391.93	420.86	396.10	368.73	298.26	286.91	293.55	388.93	443.16	519.38
Deferred revenue expenditure	-	-	-	-	4.27	3.20	6.18	46.17	33.31	24.40	14.31	4.21	-	-	-
APPLICATION OF FUNDS - Total	**61.92**	**99.78**	**234.53**	**340.15**	**610.76**	**629.38**	**652.56**	**671.11**	**606.98**	**524.59**	**524.25**	**591.89**	**718.77**	**744.83**	**801.93**

₹ crores

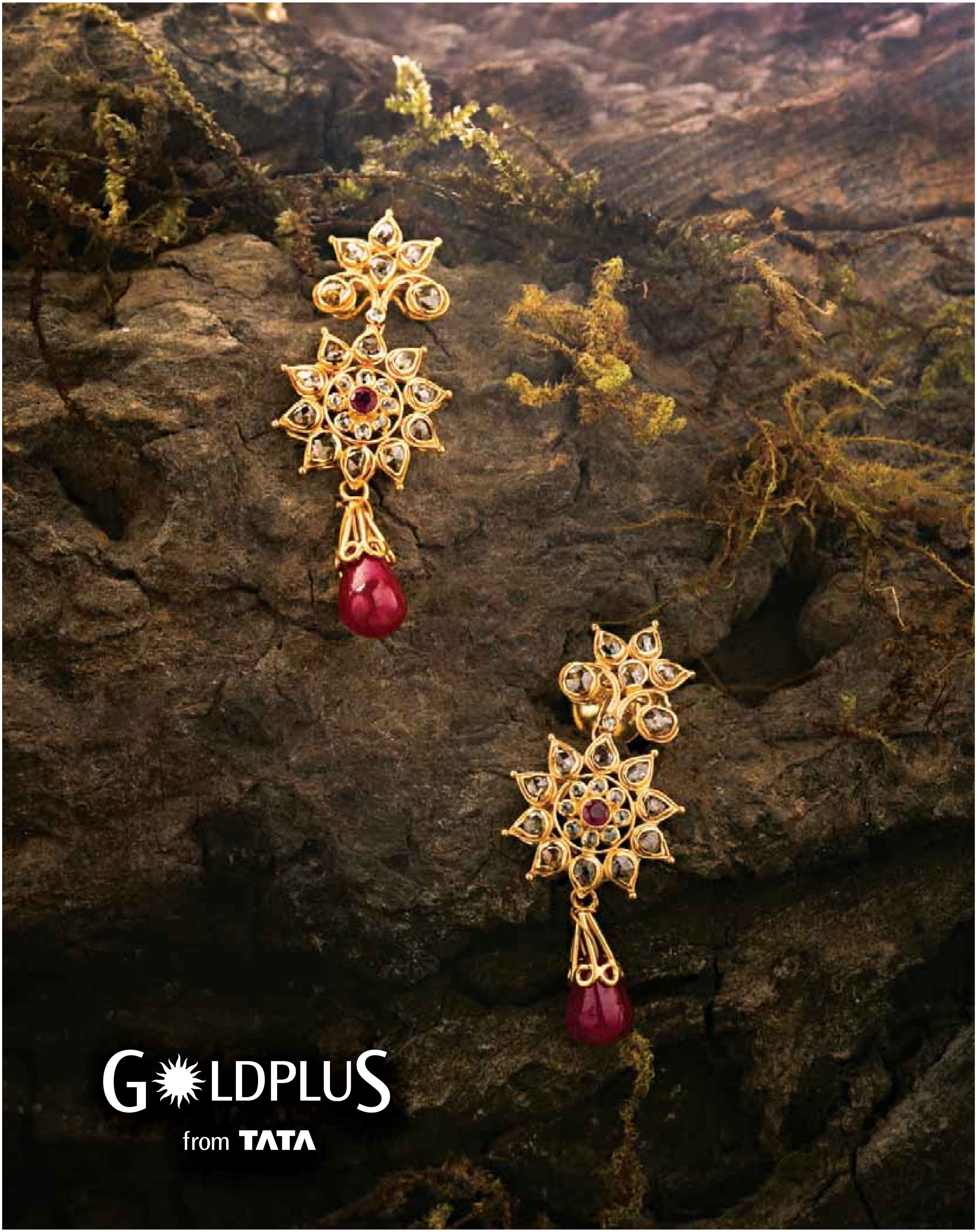
BALANCE SHEET	2010-11	2011-12	2012-13
Share Capital - Equity	44.39	88.78	88.78
Reserves and Surplus	980.99	1,361.12	1,876.09
Deferred tax liability	1.52	-	-
Non-current liabilities	53.50	63.44	62.90
Current liabilities	2,655.16	3,180.22	3,847.02
EQUITY AND LIABILITIES	**3,735.56**	**4,693.56**	**5,874.79**
Non-current assets			
Net fixed assets	299.71	393.58	490.30
Investments	9.13	16.05	18.51
Defered tax asset	-	3.77	8.04
Long term loans & advances	121.53	127.94	184.41
Current assets			
Inventories	1,993.83	2,878.67	3,677.94
Debtors	113.68	163.11	163.79
Cash and bank balances	1,096.50	960.53	1,136.55
Short-term loans and advances	85.59	117.28	185.73
Other current assets	15.59	32.63	9.52
ASSETS	**3,735.56**	**4,693.56**	**5,874.79**

Financial Statistics - Profit and Loss Account

PROFIT& LOSS ACCOUNT	1987-88	1990-91	1992-93	1994-95	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales volumes (nos in lakhs)															
Watches	3.44	18.33	25.75	32.58	58.54	66.76	61.77	60.02	68.38	73.19	83.36	89.64	102.86	96.93	110.36
Jewellery	-	-	-	0.09	3.00	7.21	6.05	13.72	8.70	4.32	5.70	7.20	11.39	13.65	14.22
Clocks, sunglasses, etc.	-	-	-	-	3.29	1.62	0.51	0.41	2.39	4.84	5.05	5.29	6.97	9.29	15.20
Sales Income	16.80	106.26	191.21	282.49	630.33	696.90	724.78	797.90	958.52	1,134.66	1,481.37	2,136.46	3,041.09	3,847.72	4,703.12
Expenditure	16.40	79.29	156.25	223.93	550.62	614.19	639.32	726.03	862.49	1,019.50	1,327.42	1,938.01	2,790.70	3,551.23	4,308.17
Interest	1.36	11.82	18.46	21.80	50.88	47.84	46.27	41.35	37.62	30.92	24.84	20.42	20.14	29.43	25.42
Depreciation/Amortisation	0.85	6.57	7.23	13.11	20.40	20.93	23.28	21.14	21.47	19.61	19.66	25.59	29.73	41.76	60.08
Operating Profit	(1.81)	8.58	9.27	23.65	8.43	13.94	15.91	9.38	36.94	64.63	109.45	152.44	200.53	225.30	309.46
Add: Other Income	2.11	0.52	1.60	1.44	13.01	11.63	2.24	10.40	2.09	2.73	2.43	3.22	1.77	5.26	11.86
Less: Exceptional Item	-	-	-	-	-	-	-	(10.00)	(25.00)	(35.00)	(25.00)	(24.00)	-	-	-
Profit Before Taxes	0.30	9.10	10.87	25.09	21.44	25.57	18.16	9.78	14.03	32.36	86.88	131.65	202.30	230.56	321.32
Taxes	0.04	-	-	-	2.16	2.09	5.06	3.57	2.84	7.41	13.26	37.52	52.04	71.59	70.99
Profit After Taxes	0.26	9.10	10.87	25.09	19.28	23.48	13.09	6.21	11.19	24.95	73.62	94.13	150.27	158.96	250.32
Equity Dividend (%)	-	18%	22%	30%	26%	26%	15%	10%	10%	20%	30%	50%	80%	100%	150%
Equity Dividend (Rs.)	-	4.83	6.89	12.69	10.99	10.99	6.34	4.23	4.23	8.46	13.32	22.19	35.51	44.39	66.58
Employee costs (excluding VRS)	1.03	6.24	12.84	22.62	72.17	74.07	76.32	71.57	84.98	95.73	109.13	157.04	189.16	233.40	274.49
% to Sales Income	6.1%	5.9%	6.7%	8.0%	11.4%	10.6%	10.5%	9.0%	8.9%	8.4%	7.4%	7.4%	6.2%	6.1%	5.8%
Advertising	1.85	8.38	13.16	20.22	41.69	40.10	36.55	47.44	59.82	76.89	101.31	133.82	151.55	181.36	211.15
% to Sales Income	11.0%	7.9%	6.9%	7.2%	6.6%	5.8%	5.0%	5.9%	6.2%	6.8%	6.8%	6.3%	5.0%	4.7%	4.5%

₹ crores

STATEMENT OF PROFIT & LOSS	2010-11	2011-12	2012-13
Sales volumes (nos in lakhs)			
Watches	135.98	156.94	154.64
Jewellery	15.52	17.09	18.54
Clocks, sunglasses, etc.	26.89	33.12	41.30
Revenue from operations	6,570.86	8,970.86	10,206.36
Expenditure	5,958.94	8,137.92	9,195.73
Interest	34.52	43.72	50.64
Depreciation/Amortisation	34.48	44.90	54.49
Operating Profit	542.93	744.32	905.49
Add: Other Income	56.08	94.11	100.77
Less: Exceptional Item	-	-	-
Profit Before Taxes	599.00	838.44	1,006.27
Taxes	168.58	238.28	281.09
Profit After Taxes	430.42	600.16	725.18
Equity Dividend (%)	250%	175%	210%
Equity Dividend (Rs.)	110.97	155.36	186.44
Employee costs (excluding VRS)	365.13	392.34	484.53
% to Sales Income	5.6%	4.4%	4.7%
Advertising	303.27	381.42	377.09
% to Sales Income	4.6%	4.3%	3.7%


GOLDPLUS
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"We are the future..."

TITAN INDUSTRIES LIMITED
Audit for the year ended March 31, 2013
FORM A (Separate financial statements)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company:	TITAN INDUSTRIES LIMITED
2	Annual separate financial statements for the year ended	March 31, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by- • CEO/Managing Director • CFO • Audit Committee Chairman Place: Bangalore Date: 15 July 2013 Refer our Audit Report dated May 3, 2013 on the separate financial statements of the Company **For Deloitte Haskins & Sells** Chartered Accountants (Firm Registration No. 008072S) **V. Srikumar** Partner (Membership No. 84494) Place : Bangalore Date : 18 July 2013	BHASKAR BHAT S SUBRAMANIAM C G KRISHNADAS NAIR

TITAN INDUSTRIES LIMITED
Audit for the year ended March 31, 2013
FORM A (Consolidated financial statements)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company:	TITAN INDUSTRIES LIMITED
2	Annual consolidated financial statements for the year ended	March 31, 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by- • CEO/Managing Director • CFO • Audit Committee Chairman Place: Bangalore Date: 15 July 2013 Refer our Audit Report dated May 3, 2013 on the consolidated financial statements of the Company **For Deloitte Haskins & Sells** Chartered Accountants (Firm Registration No. 008072S) **V. Srikumar** Partner (Membership No. 84494) Place : Bangalore Date : 18 July 2013	BHASKAR BHAT S SUBRAMANIAM C G KRISHNADAS NAIR