



EXPLORATION.  
EXPERTISE.  
EXCELLENCE.

**TITAN COMPANY LIMITED**  
35<sup>th</sup> ANNUAL REPORT 2018-19

# Contents

## Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Company has sourced the industry information from the publicly available resources and has not verified those information independently.



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**We continue our growth momentum across businesses, demonstrating the inherent strength of our multi-brand portfolio and the strong connect with our consumers.**



### **Exploration**

We are constantly exploring new categories and nurturing them to emulate the success created in watches, jewellery and eyewear. It is this quality that enabled us to do quartz over mechanical and develop a network of branded jewellery stores against traditional family jewellers.



### **Expertise**

Each of our curation has a story to tell. The story of our expertise and experience. It is this expertise that is enabling us to grow our portfolio of strong brands. Expertise of design, manufacturing and branding is what Titan is known for and customers admire it for.



### **Excellence**

Excellence comes from our superlative quality. It is about striving to achieve industry and world leading practices in manufacturing, quality, designing and retailing. Our excellence also comes from stringent quality control processes and manufacturing and operations, which have enabled us to set new standards for style, quality, design and elegance.

# Financial Highlights for FY 2018-19



## Revenue

₹ **19,070** Cr.

₹ **15,656** Cr.  
FY 2017-18

## EBITDA

₹ **2,111** Cr.

₹ **1,728** Cr.  
FY 2017-18

## ROCE

**35.90%**

**35.98%**  
FY 2017-18

## EPS

₹ **15.48**

₹ **13.10**  
FY 2017-18

## ROE

**24.16%**

**24.47%**  
FY 2017-18

## Dividend

₹ **444** Cr.

₹ **333** Cr.  
FY 2017-18



## CSR Spend

₹ **31.61** Cr.

## Employee Volunteering

**21,355** Hours

## PBT

₹ **1,927** Cr.

₹ **1,571** Cr.  
FY 2017-18

## PAT

₹ **1,374** Cr.

₹ **1,163** Cr.  
FY 2017-18

## Net Worth

₹ **6,182** Cr.

As on 31<sup>st</sup> March 2019

₹ **5,194** Cr.

As on 31<sup>st</sup> March 2018

## Market Capitalisation

₹ **101,372** Cr.

As on 31<sup>st</sup> March 2019

₹ **83,656** Cr.

As on 31<sup>st</sup> March 2018



# Operating Context

India will be the world's fastest growing large economy and a favourable demography through 2050. India's diverse and large consumer segments are driving purchases across categories. Rising affluence is the biggest driver of increasing consumption. India's economic growth is driven by domestic demand. The implementation of GST created more flexibility within the country, making it easier to trade between states. India's nominal year-over-year expenditure growth of 12% is more than double the global rate of 5%, making it the third-largest consumer market by 2025.

India adds 7,300 millionaires in a year, with the dollar millionaire club having gone up to 3,43,000. The number of dollar-millionaire Indians is expected to go past 5.26 lakh by 2023. India's consumer market is expected to triple to ₹ 335 lakh crore by 2028, accounting for 62% of GDP, and driven by GDP growth, rising affluence and urbanisation.

**For Titan, the operating context has been very encouraging with all the key verticals delivering good growth. The jewellery business reported healthy growth and gained market share. The watches division registered double-digit revenue growth powered by volume growth across all brands and a healthy contribution from smart watches and wearables. For eyewear, our strategy to increase assortment at more affordable points has worked well. For our new verticals of Fragrances and Sarees too, we have been meaningfully engaging with customers and strengthening our core proposition.**

₹ 335 Lakh Cr.

India's Projected Consumer Market by 2028

62%

Projected Contribution to India's GDP





# Corporate Overview

## The Titan Journey

**Titan was established in 1984 as a joint venture between the Tata Group and Tamilnadu Industrial Development Corporation (TIDCO). Its primary aim was to create world-class watches for every Indian. In three decades, the Company has built an impressive watch business to become India's largest manufacturer and one of the largest integrated watch manufacturers in the world. Titan's strategy of establishing excellence in every part of the value chain makes it a leader in every industry that it operates in.**

Titan entered the jewellery business in 1995. Jewellery is sold in India through an exclusive company-controlled retail chain, comprising owned and franchised outlets. Titan forayed into optical retail in 2007 with a range of frames, prescription eyewear, contact lenses and sunglasses.

The Company has set up its corporate office in Bengaluru (Karnataka) and has manufacturing facilities in Tamil Nadu, Karnataka, Uttarakhand and Sikkim. Globally, Titan has a presence in over thirty countries through its marketing.



## Our Vision

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



## Our Mission

We will do this through a pioneering spirit and a caring, value-driven culture that fosters innovation, drives performance and ensures the highest global standards in everything we do.



## Our Values and Standards

### Total Customer Orientation

Customers take precedence over everything else, always.

### Employee Appreciation

We value and respect Titanians and endeavour to fulfil their needs and aspirations.

### Performance Culture and Teamwork

At Titan, high performance is a way of life and is nurtured by teamwork.

### Creativity and Innovation

We continue to grow and set new standards for innovation and quality with each new offering.

### Passion for Excellence

In all our pursuits, we ceaselessly strive for excellence.

### Corporate Citizenship

Titan believes in being a responsible corporate citizen and pro-actively engages in issues concerning community it operates in and the environment in general.

# Titan Today



## Key Strengths and Differentiators

### Design and Development

- 800+ New time products every year
- Reddot Award to 2 Edge watches
- Differentiated Jewellery Collections
- Customised lenses with 3D visual mapping

### Manufacturing

- State-of-the-art Karigar Centres for Jewellery
- Components exported to Swiss watch makers
- 3,600+ employees engaged in factories

### Brand Building














- Tanishq: India's leading Jewellery brand
- Titan: Our flagship watch brand
- Raga: Exclusive women's watch brand
- Fastrack: India's largest youth brand
- Sonata: India's largest selling watch brand
- Caratlane: India's largest online jewellery brand
- Titan EyePlus: India's largest optical retail chain

### Retail and Customer Service

- Exceptional Customer Experience
- Merchandising Effectiveness
- Impactful Retail Identities
- Engagement of Store Staff
- Extensive After Sales Service Network



## Our Brands

	Luxury	Premium	Mid Market	Mass Market
				
				
				
				

## Associated Brands

Joint Venture	Montblanc
Licensed Brands	Tommy Hilfiger   Police   Annie Klein   Kenneth Cole   Coach   Lee Cooper

India is a US\$ 2.6 trillion economy with a sustained growth environment which supports consumption and higher spending. Titan is catering to this demand with over 15 lifestyle & aspirational brands, a Pan India reach and 12,000+ customer touchpoints. New stores, new brand launches and robust e-commerce performance has resulted in industry-leading growth.

Source: International Monetary Fund's World Economic Outlook, April 2018

# Business Review



Titan’s flagship jewellery brand Tanishq is among the leaders in the market. The jewellery business recorded its best-ever performance during the year with growth in revenue and same-store sales. Product design and quality continues to be a key differentiator.

## Brands



Flagship Brand



Luxury Brand



Sub-brand of Tanishq for young women



Tanishq partnership, e-commerce brand

## Design

- Includes highly differentiated designs
- Tanishq Design Studio spread across Kolkata, Mumbai, Delhi and Bengaluru

## Manufacturing

- Studded jewellery manufactured inhouse
- Plain gold jewellery, outsourced
- 4 state-of-the-art Karigar Centres with artisans and craftsmen

## Highpoints

- Added 34 Tanishq stores
- Added 15 Mia stores
- Launched 7 new collections
- Added 20 Caratlane stores

**Being the Largest Jewellery Retailer in India****Tanishq****290**

showrooms (including 3 Zoya stores)

**178**

Towns and Cities

**Mia****30**

Stores

**26**

Towns and Cities

**Three Pillars of Tanishq****1**

Exceptional collections and new products that continued to be industry-leading

**2**

Brand-building efforts that are cutting-edge not just in jewellery industry, but in the entire advertising world

**3**

Superlative customer experience in stores

**PERFORMANCE OF FY 2018-19****Total Revenue****₹ 16,030 Cr.**

₹ 13,036 Cr.

FY 2017-18

**EBITDA****₹ 1,948 Cr.**

₹ 1,543 Cr.

FY 2017-18

**ROCE****66%**

67%

FY 2017-18

**Key Highlights**

The jewellery division performed well with all the 3 brands – Tanishq, Zoya and Mia – performing as per expectations and building a foundation. Investments in Digital (Websites, E-commerce, Analytics and Customer Relationship Management) are expected to reap the benefits in FY2020 and beyond. During the year, the division added the highest number of Tanishq stores in a single year.

**Our Engines of Growth in Jewellery Business**

- The wedding segment continued to grow, aided by deeper reaches into ethnic communities and a sustained national brand-building effort
- The high value diamond jewellery segment performed well, with substantial gains in the > ₹ 10 lakh price category, aided by exciting product collections
- The “low-market share cities” continued to pay dividends as we broadened and deepened our local connect through multiple initiatives
- The “Middle India” programme was at its visible best, with more than 35 new stores added in one year, nearly double the earlier best

- The Golden Harvest Programme continued to enable share of wallet gains and through that helped the overall business growth
- The Gold Exchange Programme got more traction as more and more customers started realising the exceptional value that it offers, on top of the total transparency of the process

**Manufacturing and Supply Chain Processes**

Several initiatives were taken up on Integrated Supply Chain. Considerable investments were made in plant and machinery and international expertise with the aim of increasing our capability and in-house share of total output. A focussed quality programme intended to lift product quality to the “best in the world” levels. Multiple programmes were launched to upgrade all the vendor units to the “Standard” level (Cottage, Basic, Standard and World Class, being the 4 increasing levels of evolution) across People, Process, Place and Planet parameters. An integrated 3-year programme was also started for the diamond pipeline to extract maximum value, totally eliminate mixing up of synthetics and be sure about the right labour practices and conditions in the entire supply chain.

**Carat Lane**

Carat Lane designs, manufactures, trades and retails gems and jewellery online as well as through physical stores in India. Titan first picked up a majority stake in Carat Lane back in 2016 in a bid to expand its presence online. Currently, Carat Lane has 55 showrooms in 23 towns and cities across India apart from selling jewellery online. For the year ended 31<sup>st</sup> March 2019, Carat Lane's total revenue stood at ₹ 416.39 cr.

# Business Review



We continue to strengthen our brands with several impactful launches and a slew of exciting products, which led us to gain the 2<sup>nd</sup> position in the wearables market in India. We refreshed our collection across brands and enhanced our presence. We continue to invest in tech-enabled wearables to stay relevant and drive the category for the younger audience.

## Brands



## Reach and Presence

### Exclusive Brand Outlets

- 486 World of Titan in 223 towns
- 172 Fastrack Centres in 83 towns

### Premium Multi-Brand Outlets

- 76 Helios in 37 towns

### Other Multi-Brand Outlets

- 11,000+ dealers
- Present in over 30 countries

## PERFORMANCE FOR FY 2018-19

### Total Revenue

₹ **2,441** Cr.  
₹ 2,126 Cr.  
FY 2017-18

### ROCE

**29.5%**  
**35%**  
FY 2017-18

### EBITDA

₹ **316** Cr.  
₹ 258 Cr.  
FY 2017-18

## Our Manufacturing

6 state-of-the-art watch and component manufacturing/assembly plants

## Overview

We are one of the largest watchmaker globally and retail through more than 11,000 multi-brand outlets and 1,600 exclusive stores, covering 561,000 sq. ft. The division sells more than 16 million watches. The division made good progress in strengthening the smart products portfolio with the launch of the world's slimmest gesture control band. New-age and modern channels like Large Format Stores (LFS) and E-Commerce continued to drive growth. Our portfolio of brands, channels and markets provided us with a significant competitive advantage in maintaining and enhancing leadership in the industry. Our brands led the efforts to drive consumer interest by embedding technology in products.

## Our Popular Collections



### Titan Grandmaster

A uniquely crafted collection with use of authentic wood which is inspired by chess



### Raga "I Am"

A collection celebrating imperfections



### The Kolkata Collection

An ode to the City of Joy



### Purple Stellar

A fashion collection for women inspired by cosmic elements



### Fastrack

The successful collections include EDM, Loopholes and Denim

## New Launches

- Fastrack launched Reflex 2.0, an upgrade of the first activity tracker which was well accepted in the market and helped us become the #2 Smart Band brand in India. The brand continued to innovate in terms of technology by launching Reflex Wav, the world's slimmest gesture control band which allows consumers to take pictures, control music and phone calls through wrist gestures.
- SF Rush smart band was launched under the Sonata brand at an affordable price point to bring smart products to consumers beyond tech enthusiasts. It made fitness bands accessible to youngsters across the country.
- Titan Radar, India's first 'Smart' wallet helps consumers find their wallets. It is an interesting product introduced during the year. Also launched Grandmaster for men and Raga "I Am" for women.





## Business Review



### Favre Leuba

We acquired the second oldest Swiss brand, Favre Leuba and launched the brand in October 2016. The much-awaited diver's watch Bathy 120 Memodepth was received enthusiastically by the consumers. Smaller case options of Sea King and Deep Blue collections too were launched.

## Key Highlights

- The Denim Collection uses actual denim fabric on straps and extends the inspiration of denim on all elements of watch design including the case, hands and the dials
- In terms of communication, Fastrack watches did a campaign around its "All Nighters" collection which helped the watches sell out from all channels, and also made quirky ad films for both Fastrack Reflex 2.0 and Reflex Wav. The brand also pushed boundaries by breaking a Guinness World Record for the 'Longest Chain of Watches'
- Sonata brought out contemporary designs with Sleek - slim workwear watches, Blush - fashionable rose gold watches, and Volt+ and Splash - trendy, bold watches for youth. The brand also undertook initiatives for a regional connect in its priority markets - Sharodia Guide App for Durga Puja in West Bengal, celebrating Ganeshotsav



on-ground and with a dedicated app in Maharashtra, and making Special Edition watches, exclusively for the Chennai Super Kings IPL team

- Excellent designs in bags, belts and wallets have led to impressive growth in accessories

## Licensed Brands

The licensed brands portfolio achieved a strong 37% growth in the year helped by the rejuvenation of Tommy Hilfiger and continuing strong roles played by each of the licensed brands - Police, Anne Klein and Kenneth Cole. A new entrant in the portfolio, Olivia Burton, targeted at millennials, also saw a good response. The continued investment in creating a portfolio of licensed brands which complement own brands will continue to be a focus area in order to influence and shape the market with evolving and new customer segments.



# Business Review



The Eyewear division continued to benefit from recrafting of the strategy of increasing the assortment at more affordable price points in-line with our core brand proposition of expertise and styles at great value. Frame distribution business is also making good progress after the commencement of Frame manufacturing, which will enable us to offer market-relevant products and to reach much deeper into the markets.

The Eyewear division scaled up its operations with an integrated state-of-the-art lens and frame manufacturing facility near Bengaluru. It also has satellite lens manufacturing facilities in Calcutta, Mumbai, Bengaluru and Delhi. The manufacturing of frames commenced its operations during the year. Optometry continues to be a key focus area with continuous training and re-training of optometrists to deliver zero-error eye testing and error-free spectacle dispensing. The division undertook extensive brand building exercise which has resulted in a marginal loss in the division's bottom line.

<b>537</b> Retail Stores	<b>3,700</b> Sunglass Dealers	<b>5</b> Online Platforms
<b>3.8</b> Lakh Sq. Ft. Retail Space	<b>1,550</b> Frame Dealers	<b>3.5</b> Million Customers Per Year

## PERFORMANCE FOR FY 2018-19

## Total Revenue

₹ **511** Cr.₹ **415** Cr.

FY 2017-18

## EBITDA

₹ **(2)** Cr.₹ **2** Cr.

FY 2017-18

## ROCE

**(0.9)**%

2%

FY 2017-18

## Brands

- Titan: In-house for frames and lenses
- Fastrack and Glares: for sunglasses

## Presence

- 537 Titan EyePlus Stores in 223 towns
- Sunglasses are also sold through multi-brand outlets and departmental stores (Shop-in-shop and Kiosks)

## Key Highlights

## • Customers

Our number of customers grew from 2.4 million customers in FY2018 to 3.5 million customers in FY2019. Vast improvements have been made in quality and delivery and efforts have been taken to focus on 'value' to customers. Investments made in marketing also paid off handsomely with brand metric scores touching an all-time high

## • Frame Distribution

With frame distribution having been ramped up, we are present in 1,550 outlets across India. After commencing commercial production, about 1,60,000 frames were produced at the new plant, with plans to ramp up capacity

## • Omni Channel

Omni channel has been effective in driving large number of customers to the stores. Real-time Net Promoter Score (NPS) is used to improve customer experience at EyePlus stores, which look modern and contemporary with the new retail identity

## • Customer Experience

The division is reputed for its customer experience programme and has earned recognition in India and internationally. Training for all store

staff has been enhanced to enable a consistent and high-level of expertise delivery across stores. The "correct selling" initiative has been implemented across the chain. This ensures there is no upselling and a customer gets the correct eyewear solution

## Manufacturing

The Company has four satellite lens laboratories which were opened at Kolkata, Delhi, Mumbai and Bengaluru while two more were opened in Chennai and Patna in the current financial year. The satellite lens laboratories have improved logistics considerably and enabled lens delivery in a shorter time frame.





# Business Review



**SKINN** has redefined the Indian fragrance industry for long-lasting perfumes, with a combination of world-class fine fragrances. Today, it has become one of the leading fine fragrance brands in India across most chains. The brand establishes the French connect of **SKINN** fragrances crafted by master perfumers, which is a testament to the products' quality.

Titan widened its play in the lifestyle space by launching a range of perfumes for men and women. **SKINN** is already the biggest perfume brand, in volume and value terms, across the departmental stores in India. It vies to dominate not only the niche high-end perfume market, but the massified deo segment as well. Titan is leveraging the fact that perfumery as a category is well accepted among the young, contemporary and well-travelled audience.

**SKINN** remained the best seller in its category in departmental chain stores. The brand is meaningfully engaging with the customers through ground events and digital media, apart from the mass media advertisements.

## Product Portfolio

- **SKINN's** range of Eau de Parfums crafted by award-winning master perfumers
- Range of distinct fragrances, with each fragrance available in multiple formats and packs
- 2 new perfumes were launched in July 2018
- Use of best quality ingredients

## Highpoints

- With **SKINN**, Titan is making fine French fragrances accessible to men and women at a sweet price point
- **SKINN** appeals to a category of modern consumers confident in their own skin and celebrating the nuances of life

## Distribution

The fragrances are available in over 3,000 outlets in the country, across World of Titan, multi-brand lifestyle and accessories stores, online partners and authorised dealers. It is also available at exclusive **SKINN** Kiosks in malls and airports with an entire range of products. It is one of the most widely distributed fine fragrance brands in India.

## Differentiators

- **SKINN** brand of perfumes are made in France by top French fragrance houses such as Firmenich and Givaudan
- Perfumes are crafted by master perfumers
- Exceptional quality with best of expertise and ingredients





Taneira Sarees is the youngest brand of Titan. It is targeted at the rooted, yet modern, Indian woman with its heart-warming proposition – sarees, handmade with love. The latest retailing adventure at Titan is principally about blending culture and craft and leans on Titan's strengths in the arena of design and self-expression.

As a concept, Taneira is a celebration of the diverse textiles and workmanship available in India. The word 'Taneira' is derived from 'Tan' meaning body (also derived from Titan) and the Sanskrit name 'Eira' for Goddess Saraswati, the patron God of knowledge, art, and craft.

### Product Portfolio

- With sarees made only from pure and natural fabrics, the brand offers close to 5000 sarees including related products in each store from over 50 regions in India
- Since designs are painstakingly handpicked, the curation at Taneira promises exclusivity and a refined sense of style

### Market Differentiators

- Taneira enables its customers to create an entire saree ensemble (blouse, petticoat, fall & finishing) through its Style Studio, where custom blouses and ready-to-wear blouses are available
- With merchandise beginning at ₹1,500, Taneira currently has 4 stores across Bengaluru, Delhi, Hyderabad

### Highpoints

- The retail experience of Taneira has been designed to allow for intimate yet relaxed browsing, with a key focus on product storytelling and education of the customer on the heritage and authenticity of every product



# Our Approach to Reporting

## Content and scope of the report

This is our second Integrated Report and is aimed at providing our stakeholders with an enhanced understanding of our non-financial objectives and progress made in pursuit of these objectives.

Integrated Reporting essentially highlights an organisation's perspectives and performance across identified material topics such as Manufacturing, Financial, Human, Intellectual, Social & Relationship and Natural capitals to all stakeholders in a transparent manner. The Integrated Reporting aims to comprehensively capture the efforts put in by the organisation to measure its performance and its commitment towards achieving its objectives.

The Integrated Report of Titan Company Limited has been prepared in accordance with IIRC's Integrated Reporting framework <IR>. In terms of the IIRC's recommended reference to the six capitals which are material to our business, this report addresses the outlook, challenges & associated risks in achieving our long-term goals and objectives. Through our Integrated Report, we have managed to identify our capitals, with specific reference

to the inputs, activities and outcomes relevant to them as well as a brief review of how we have performed in achieving Key Performance Indicators (KPI) which measure our financial and non-financial performance in respect of these various capitals.

This report has been structured to provide stakeholders with financial and non-financial information that is relevant. It aims to provide stakeholders with a holistic view of how Titan creates value across stakeholder groups. Every stakeholder plays an important role and contributes to the success of the organisation. The scope of this report is limited to Titan Company Limited as a standalone entity.

## Performance highlights through six capitals

With a combination of people assets, resources, skills and competencies as well as long-term relationships built over a period of time with business associates, vendors and partners, we are able to deliver value-based growth through six capitals which are described below:



### Intellectual Capital

As a company manufacturing and marketing branded lifestyle products, design, innovation and our brands constitute the core of our Intellectual capital. Our Design Centres are instrumental in creating innovative designs that delight customers. Our brands in watches, jewellery, eyewear and other businesses are amongst the top brands in respective markets and have become synonymous with quality, trust, values as well as style and fashion. Our design and innovative capabilities and our brand equity forms our most important intangible capital as well as our key differentiator. Our brands lead the efforts to drive consumer interest in all category.

Read more **pg 26**



### Social and Relationship Capital

As manufacturers, brand-owners and retailers, relationships are paramount to value creation. Our lasting relationships with our direct stakeholders: our customers, vendors partners, business associates, dealers and distributors as well as others involved in supply chain and the employees working with them form our relationship capital. Our enduring partnerships with external stakeholders like state and central government authorities, societies and communities, trade bodies and industry associations form our Social capital.

Read more **pg 30**



### Human Capital

Our motivated and committed employees are the catalysts who drive our businesses and create value for all our stakeholders. They contribute significantly through their experience, skills, knowledge and expertise as well as their efforts and integrity across all functions, divisions and geographies. This way our Human capital is one of our most valuable assets.

Read more **pg 28**



### Manufactured Capital

Manufacturing is a key part of all our business. Our manufactured capital consists of our various plants and factories, machinery and equipment, warehouses and facilities as well as all physical assets that are used to produce watches and accessories, jewellery, sarees, fragrances and eyewear.

Read more **pg 31**



### Financial Capital

This represents funds that we deploy in our activities and operations. Financial capital include Shareholders' funds as well as other borrowings and debts required from time to time in line with business operations and capacity enhancement, including procuring other capitals like manufactured capital (plant and equipment) or human capital (expanding teams).

Read more **pg 29**



### Natural Capital

Both renewable and non-renewable natural resources that we use make up our Natural capital. These include land, water and air that we use both at our plants as well as our various office locations.

Read more **pg 32**

# Creating Value for our Stakeholders

The Company has chosen to work in sectors that are largely unorganised or characterised by poor business practices and ethics. Be it in watches, jewellery or eyewear or even the saree business, it strives to work in these sectors to create a business model that transforms the existing business practices into a more organised one that is characterised by value-based practices across the entire value chain, the manner in which our products are produced, procured and sold.

We recognise the benefit of fostering and maintaining strong relationships with our stakeholders through transparent and effective communication and we strive to sustain the established credibility and relationship with them.

We have identified our stakeholders as those persons, groups or organisations who are directly or indirectly impacted by our activities. Over a period of 3 decades, the Company has built strong relationships with different stakeholder groups and a structured system of engagement exists to ensure effective communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.

After a thorough consideration of the Company's various stakeholders, we have categorised our key stakeholders as follows:

## Our Stakeholders



### People

- Employees including employee unions
- Community and Society



### Operations

- Customers
- Vendors, Third-Party Contractors and Suppliers & Partners
- Government and Regulatory Bodies
- Business Associates, Dealers
- Collaborators










### Corporate

- Promoters
- Shareholders & Investors
- Bankers
- JV Partners
- Consultants

The Company takes overall responsibility for ensuring a stakeholder-inclusive governance approach. The Company works towards maintaining a robust and consistent system of communication with the identified stakeholder groups. A wide range of regular and structured engagements take place at various levels in the organisation. Through extensive engagement, the Company manages to respond to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

Included below are the most material stakeholder engagements for the Company undertaken since the publication of the previous year's Integrated Report:

Subject of Engagement	Nature of engagement and outcomes
 <b>Employees</b> Employee Engagement	<p>We engage with our employees through various forums like Heartbeat, the Employee Engagement survey to understand their concerns and needs. Further customised employee connect programmes were deployed across locations to enable employee to voice their issues or concerns. An Employee Satisfaction survey (Great place to work) was run during the year. Results from this group-wide employee engagement indicated a high level of participation and positive overall employee engagement. Through a variety of reward and recognition mechanisms, employee engagement is constantly enhanced.</p>
 <b>Customers</b> Customer Satisfaction	<p>We undertake various activities and initiatives to engage with our customers across geographies, demographics and segments. We use both traditional engagement channels like surveys and research as well as digital media to understand the needs and expectations of customers and serve them. We use the Net Promoter Score (NPS) to track customer satisfaction. Creating forums and communities on the digital media helps us to incorporate their feedback on a real-time basis, which also enables us to continuously upgrade and improve customer service with better proposition. Our encircle programme enhances both relationships with customers and also ensures they are constantly updated on Company's offerings that drive them to greater level of engagement and satisfaction.</p>
 <b>Vendors, Contractors and Suppliers</b> Continuous engagement through vendor meets, workshops and conferences	<p>We work with numerous vendors, suppliers and other service providers – each of whom play an important role ranging from procurement to manufacture and from branding to logistics. We regularly conduct vendor meets, workshops and conferences as part of our continuous engagement to realize collective ambition as well as understand their issues towards ease of doing business, maintaining quality, etc. These initiatives are held across our manufacturing units, regional offices as well as our corporate office. Across all our businesses, we work closely with the supply chain partners to ensure that they are in line with the Titan and Tata ethos. An excellent example of this engagement is the manner in which we have transformed the jewellery industry in the country, working with the karigars by enhancing their quality of life. To know more, scan the QR code.</p> 
 <b>Business Associates</b>	<p>As a consumer company, we have a wide network of Business Associates comprising franchisees, multiple business outlets, retails chains, dealers etc. Our business associates play a key role in connecting us to our final customers apart from delivering products and services. We engage with our business associates through franchisee meets, forums, and conferences as well as one-to-one meetings to understand their issues and concerns, as well as share our growth plans &amp; insights about consumers, behaviour and trends. Their feedback is incorporated by various teams to further improve our product and value proposition for our customers as well as our business associates.</p>
 <b>CSR Partners and NGOs</b>	<p>We have always been a responsible corporate citizen with a firm belief in making a difference to the lives of people in the communities and societies we live and work in. We engage with communities and societies through direct CSR interventions as well as through partner NGOs and governmental agencies to deploy several programmes aimed at different sections of society. Through our bi-annual partner meets, we engage with NGO partners to co-create programmes that add immense value to the community.</p>
 <b>Government Bodies and Industry Associations</b>	<p>We engage with various government departments and regulatory bodies from time to time to further address issues and concerns on behalf of the industry. Issues like ease of doing business, industry regulations, compliance and regulatory framework are some of the areas we regularly take up on behalf of the industry at various industry and government forums, ensuring the views of the industry and the government are aligned and attuned. Ex: Indian Horological Federation, World Gold Council etc.</p>



# Materiality Approach

**Materiality analysis is an exercise to ascertain Material Issues. An issue is material if it substantively affects the organisation's ability to create value in the short, medium or long term. A clear understanding of materiality aspects promotes a closer alignment between business strategy, performance management, and reporting.**

The process of determining materiality is entity specific and based on industry and other factors, as well as multi-stakeholder perspectives. Robust materiality processes support reliable and useful information flows, and drive organisational performance. Material matters improves internal and external decision-making by limiting extraneous information and focussing disclosures on the core issues managed by the organisation. This exercise improves the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital.

We conducted the materiality analysis in FY 2018-19 across stakeholder groups

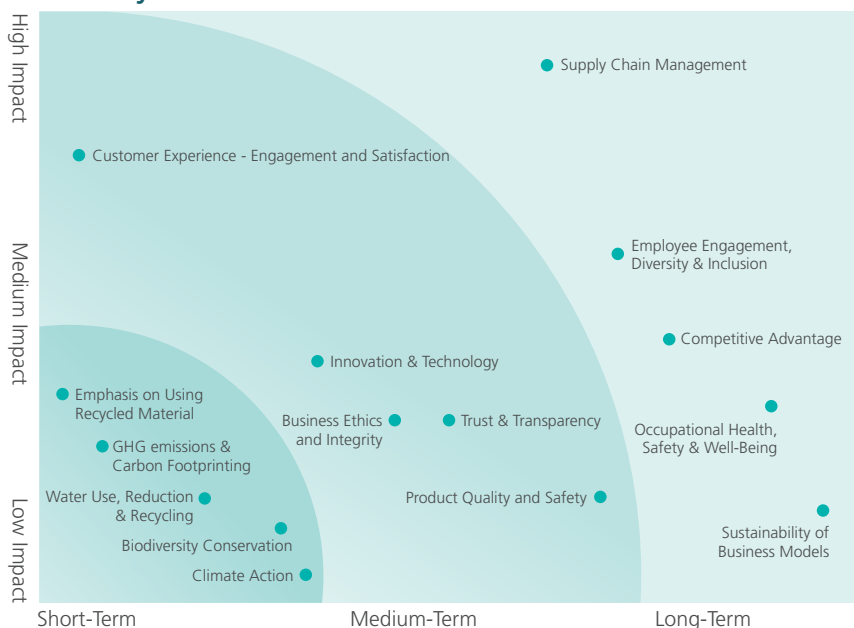
as per integrated reporting framework's materiality assessment process. The analysis resulted in six material topics, which were formalised and implemented in our management approach in FY 2018-19. Materiality assessment survey was conducted through a third-party study.

The purpose of the analysis was to identify topics with a direct or indirect impact on our organisation's ability to create, preserve or erode economic, environmental and social value – not only for ourselves, but also for our stakeholders and society at large. It revealed what our internal and external stakeholders consider to be the most material, relevant aspects.

The material issues were identified by mapping stakeholder views and the business priorities. These material issues were then shortlisted and clustered. Defining these topics was an important exercise which was conducted with the Company's working group of representatives from different departments and fields of expertise.

After receiving the inputs from all the stakeholders, we analysed their responses and then asked the senior management to prioritise the material topics. Last step was to validate the outcome of the survey through discussions about the relevance and completeness of the material topics.

## Materiality Matrix



## Materiality Aspects

The identified material issues have been largely addressed in this report. Moreover, in keeping with the developments in the external environment and changing stakeholder expectations, we have identified some additional areas which are material to us. Our prioritised material aspects are:

1. Customer Experience
2. Supply Chain Management
3. Employee Engagement, Diversity and Inclusion
4. Competitive Advantage
5. Product Innovation and Technology
6. Product Manufacturing, Quality and Safety
7. Occupational Health, Safety and Well-Being

**Customer Experience**

Customer Experience is ingrained in the values of the Company, guiding the organisation towards attaining the vision of Creating Elevating Experiences for the people we touch and significantly impact the world we work in. Whereas we listen to customer voice, their needs and expectations through several mechanisms, there exists several programme to engage and nurture relationship and continued engagement to earn their trust and loyalty. Several consumer research studies are carried out to understand the stated and unstated need and incorporate them into product and services. Programmes such as Make Heart Beat, SMILE etc. are customised across divisions to enhance customer experience.

**Supply Chain Management**

In order to achieve strategic advantage through our integrated supply chain, we have an effective supply chain model supported by strong distribution network. This ensures reliable supply of our products and services to customers in expanding geographies. With robust processes in place across the supply chain, we are able to maintain and grow customer confidence. Our primary focus is to build a sustainable and agile integrated supply chain ecosystem in India. The Company treats vendors, sub contractors, etc. as partners in supply chain. We ensure responsible business and supply chain practices are in place in order to move towards supply chain sustainability.

**Employee Engagement, Diversity and Inclusion**

As an employer, we provide a safe, productive workplace & conducive environment where employees can learn, and develop their skills and talent. Apart from serving our customers, employees innovate and develop products and services in an increasingly competitive world. Attracting and retaining talent is a challenge and we have put in place right measures to address this. We empower employees to perform their jobs. In order to enhance employee satisfaction & engagement, we conduct employee engagement surveys, the results of which are analysed & new measures to increase employee

engagement are implemented. There are number of ways in which employees are engaged in the Company. They are constantly measures and monitored. The Company truly believes and practices diversity and inclusion. We have 26.2% of employees who are women, 6.17% of employees from affirmative action category and 125 belonging to differentially-abled. It won't be out of place to mention that Titan has won many recognitions including being recognised by the President of India for its best practices towards differentially-abled.

**Competitive Advantage**

We strive to retain our competitive advantage in the domestic and international markets. Being a dominant player across categories in which we are present coupled with state-of-the-art manufacturing facilities as well as possessing an extensive Pan India network provides us sustainable competitive advantage. Through the attraction and retention of high calibre individuals, who not only have the required technical qualifications and experience, but who also demonstrate the desired behavioural traits which fit our entrepreneurial and dynamic culture, we have enhanced our competitive edge over our peers. We believe that our capability to respond to our customers' demands with agility will enable us to deliver better customer service, thereby strengthening our competitive advantage.

**Innovation and Technology**

New technologies and innovations are transforming the industry as it enables simplifying the way customers approach our products and services and also the way they are sold. This transformation provides opportunities for distribution, more personalised experiences and meaningful engagement with stakeholders thereby building strong relationships. Titan continues to invest in new technologies processes, products and services. In many parts of our business, we are able to lower costs, reach closer to our customers and build long-lasting customer loyalty. A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and effective services and products to our customers as well

as benefit our own businesses. Digital transformation is a crucial enabler for achieving the chalked out goals to provide seamless experience to all stakeholders. A significant investment in capital and people resources has been put in place in this regard.

**Product Manufacturing, Quality and Safety**

In order to build a stronger relationship with all our stakeholders, especially customers, we strive to work together in a constructive and transparent manner. Since customer needs and demand for superior products and services are of primary importance, we strive to deliver high quality products and services through modern manufacturing processes and technologies. By owning our strategically important manufacturing capital, we are able to better manage our product quality, production efficiencies and cost competitiveness to ensure responsive management across the value chain.

**Occupational Health, Safety and Well-Being**

Titan aims to make a positive contribution to safeguarding human rights, health, safety and well-being of all employees and all other stakeholders. Efforts to improve occupational health, safety and well-being conditions at all of our operations are ongoing. The prevention of work-related injuries is a key focus area for our business operations, particularly at the manufacturing facilities where the inherent risks of health and safety incidents are high. Over the past many years, we have invested heavily in achieving stability and sustainability in our operations by giving priority to address health and safety expectations of all our employees and all other stakeholders. The entire Company's operations (including Company-owned retail stores etc.) are certified under OHSAS standards, the first of its kind in the industry to cover all its operations.

# Our Business Model

Our business model leverages our unique value drivers to provide high quality products and services and create value for all of our stakeholders in a responsible and sustainable way.

## Input

Financial Capital	UoM	2018-19
Equity	₹ Cr.	6,182
Reserves	₹ Cr.	6,093
Total Capital Employed	₹ Cr.	6,182
Capital Expenditure	₹ Cr.	1,095
Human Capital		2018-19
<b>On Roll Employees</b>		
Senior Management	Nos.	147
Middle & Junior Management	Nos.	1,404
Executives	Nos.	3,993
Non-Executives	Nos.	1,669
<b>Off Roll Employees</b>		
At Manufacturing and Offices	Nos.	6,000
At Retail Stores	Nos.	2,800
<b>Diversity Aspect</b>		
Male	Nos.	5,322
Female	Nos.	1,891
Differentially-Abled (Within the Above)	Nos.	125
<b>Training, Learning &amp; Development - Staff</b>		
Investments Per Person	₹	18,000
Training	Man-days	4.5
<b>Unionised Employees</b>		
Investments Per Person	₹	4,500
Training	Man-days	1.5
<b>Training for Senior/Top Management/ Professional Courses</b>		
Investments Per Person	₹	501,100
Training	Man-days	6.7
Social and Relationship Capital		2018-19
Number of showrooms across all formats	Nos.	1,595
Retail footprint	Sq.Ft.	2,055,171
Number of Touchpoints (apart from showrooms)	Nos.	12,000+
Campaigns and Initiatives	Nos.	27
<b>Jewellery Division</b>		
• Pan India Number of Showrooms	Nos.	320
• Key Vendor Base	Nos.	83
<b>Watches Division</b>		
• Pan India Number of Showrooms	Nos.	734
• Key Vendor Base	Nos.	69
(Indigenous - 44, Overseas - 25)		
CSR Budget	₹ Cr.	24.14
Vendors/Suppliers/Distributors Training programmes	Nos.	4
Natural Capital	UoM	2018-19
<b>Jewellery Division</b>		
Gold and Silver Recycled	Tonnes	18.87 Tonnes Gold 0.57 Tonnes Silver
Energy Consumption	Kwh	4,565,532
Water Consumption	KL	40,869
Investments in Environmental Conservation/Biodiversity	₹ Cr.	0.25
<b>Watches Division</b>		
Precious Raw Material Gold Consumed	Kgs	65.2
Total Recycled Material Gold	Kgs	35.7
Energy Consumption	Kwh	123.25
Water Consumption	KL	65,249
Investments in Environmental Conservation/Biodiversity	₹ Cr.	0.12
Manufactured Capital	UoM	2018-19
<b>Jewellery Division</b>		
• Tonnes of Gold Processed	Tonnes	34.7
• Tonnes of Silver Processed	Tonnes	2.8
• Investment in Quality	₹ Cr.	2.85
<b>Watches Division</b>		
• Quantity of Watches produced	Lakhs	171.6
• Tonnes of Brass Used	Tonnes	924
• Cost of Quality Per Watch Produced	₹	25.62
<b>Eyewear Division</b>		
Lenses Production	Lakhs	9.33
Cost of Quality	₹ Cr.	37.32
Intellectual Capital		2018-19
<b>Eyewear Division</b>		
• New Variants Launched	Nos.	933
<b>Jewellery Division</b>		
• New Collections Launched	Nos.	7
• Collaboration Investment (IITs)	₹ Cr.	0.2845
<b>Watches Division</b>		
• New Materials Introduced - Aluminium Products	K	21.00
• New Technologies Introduced - Variety	K	57.8
• Collaboration Investment (IITs)	₹ Cr.	0.25
• Number of Patents Filed	Nos.	4
Research and Development Capex	₹ Cr.	3.16

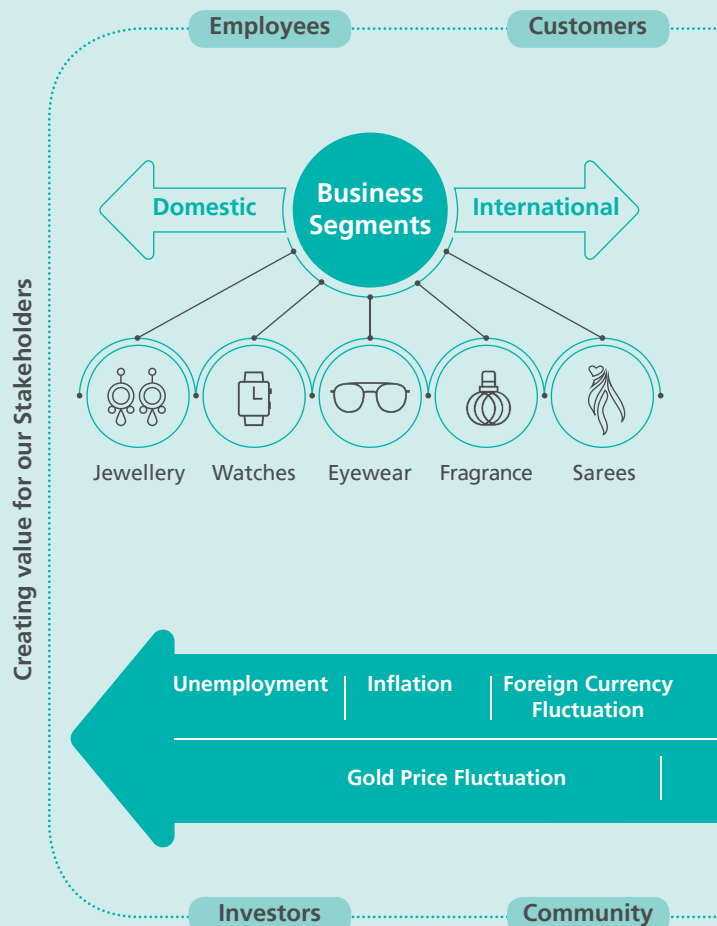
## Value creation using six capitals

### Our Vision

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

### Our Mission

We will do this through a pioneering spirit and a caring, value-driven culture that fosters innovation, drives performance and ensures the highest global standards in everything we do.



## Outcome

## Product &amp; Retail Brands

## Watch Brands

- TITAN
- SONATA
- FASTRACK
- FAVRE LEUBA
- XYLYS
- NEBULA
- RAGA
- SF
- WORLD OF TITAN
- HELIOS

## Jewellery Brands

- TANISHQ
- MIA
- ZOYA
- CARATLANE

## Eyewear Brands

- FASTRACK
- TITAN EYEPLUS
- GLARES

## New Business

- SKINN
- TANEIRA

## Output

Financial Capital	UoM	2018-19
PBT Margin - PBT Margin after exceptional items	%	10.1
Sales to Net Fixed Assets	Ratio	18.48
Sales to Debtors	Ratio	53.23
Sales to Inventory	Ratio	2.84
Retained Earnings	₹ Cr.	2,876
Return on Capital Employed (EBIT)	%	35.90
Return on Net worth	%	24.16
Market Capitalisation as of 31 <sup>st</sup> March 2019	₹ Cr.	101,372
<b>Human Capital</b>		
No. of candidates identified as Emerging Leaders	Nos.	134
No. of candidates identified as Young Leaders	Nos.	12
Total Spends on Training, Learning and Development	₹ Cr.	5.11
Investment per person on training / development	₹ Lakh	3.5
Attrition-Overall	%	4.9
Employee satisfaction Index/Survey output	Index	75
<b>Social and Relationship Capital</b>		
CSR Spend	₹ Cr.	31.61
Social Intervention areas / Causes supported	Nos.	32
Number of beneficiaries Impacted	Lakh	3.6
<b>Jewellery Division</b>		
C-Sat Scores-TRIMM	Score	114
Brand Track Scores (Spontaneous)	%	77
Complaints per thousand	Nos.	1.57
Number of Buyers-Tanishq	Lakh	20.12
New Products Sale	₹ Cr.	2961
Net Promoter Score	Score	48
<b>Watches Division</b>		
Brand Track Scores (Spontaneous)	Nos.	97
Market Returns	%	1.83
Number of Followers on Social Media	Mn.	3.00
Net Promoter Score-World of Titan	Score	91
Net Promoter Score-Fastrack	Score	88
<b>Eyewear Division</b>		
Network Growth-Dealers and Franchisee	Nos.	3,747
Damage returns from stores	%	1.56
Brand Track Scores (Spontaneous)	Nos.	74
Net Promoter Score	Score	72
<b>Natural Capital</b>		
<b>Jewellery Division</b>		
Specific Consumption of Energy Per Product	KW per unit	6.77
Specific Consumption of Water Per Product	Litres per unit	0.061
Water Recycled	%	74
<b>Watches Division</b>		
Specific Consumption of Energy Per Product	KW per unit	2.28
Specific Consumption of Water Per Product	KL per unit	12.07
Wind Energy Contribution	%	72.4
Solar Energy Contribution	%	2.02
Total CO <sub>2</sub> Emissions Tonnes	Tonnes	3257
CO <sub>2</sub> Emissions Reduced	Kgs/Watch	0.77
Silver Recycled	Kgs	10.5
Water Recycled	%	90
<b>Eyewear Division</b>		
Specific Consumption of Energy Per Product	Kgs/unit	1.41
Specific Consumption of Water Per Product	KL per unit	0.0035
Water Recycled	%	100%
<b>Manufactured Capital</b>		
<b>Jewellery Division</b>		
Percentage of Outsourced Parts-Value	%	75
Value of Goods Produced	₹ Cr.	18,467
<b>Watches Division</b>		
Outsourced Parts-Value	₹ Cr.	906
Cost of Quality	₹ Cr.	47.61
Value of Goods Produced	₹ Cr.	1,131
Import Substitution	₹ Cr.	1.42
<b>Eyewear Division</b>		
Overall quality of product usage (complaints on sale)	%	1.56
Production Numbers	Nos.	1,060,000
Production capacity increase in percentage	%	50
Capital Expenditure	₹ Cr.	27
<b>Intellectual Capital</b>		
<b>Jewellery Division</b>		
Number of Patents Granted	Nos.	2
New Innovations	List / Nos.	7
Contribution of New Products	%	Plain-28% Studded-32%
<b>Watches Division</b>		
R & D expenditure	₹ Cr.	3.16
Revenue from New Products / Technologies	₹ Cr.	148.87

## Distributors

Research & Development

Risk Management

Total Customer Orientation

Employee Appreciation

Performance Culture and Teamwork

Creativity and Innovation

Passion for Excellence

Corporate Citizenship

Information Technology

Product Development

## Business Partners

Domestic Regulatory Policies

Economic Outlook

## Shareholders



## Intellectual Capital



Passion for service excellence & delivery value through innovation & technology

Our intellectual capital supports our focussed basket of high quality, affordable products. Driven by innovation and creativity, we thrive on questioning the status quo and investing in concurrent technologies. As a company manufacturing and marketing branded lifestyle products, design, innovation and our brands constitute the core of our intellectual capital. Our Design Centres are instrumental

in creating innovative designs that delight our customers. Whereas our brands in watches, jewellery and eyewear are amongst the top brands in their respective categories, our newer products such as Fragrances and Sarees have been accepted well by customers. Our brands continue to symbolise quality, trust, value as well as style and fashion. Our design and innovative capabilities and our brand equity forms

our most important intangible capital as well as our key differentiator. Our digital strategy is to create a seamless Omni-channel platform that allows customers the flexibility to discover and buy both offline as well as online, and the freedom to use any channel and any device. Analytics leading to insights that offer high personalisation is where our mid-term focus is. Our customer loyalty programme 'Encircle' membership is an integral part of this.

### Intellectual Capital – Design and Innovation

Business	Design and Innovation Centres/Hubs	Products	Areas worked upon (material, functionality, design, technology-smart/connected)
	Hosur	Watches	Laser cutting, wire cutting, torch brazing, texturing finish, new colour laser, investment casting, fine numerals by forming, aluminium case by cold forming, stone set drilling on 5 axis etc.
	Hosur	Jewellery	Automatic diamond bagging, hollow ball making, 22kt hard alloy, low temperature melting gold alloy, stone detection, investment mixing operation, investment powder removal etc.
	Chikkaballapur	Lenses and Frames	Designing of lenses and various types of coatings on lenses and manufacturing types of materials for frames
	Bengaluru	Fragrances	Fragrance development and directing the creativity of our international perfumers, bottling and packaging development
	Design Excellence Centre, Bengaluru	Watches, Jewellery, Eyewear	Designing of watches, jewellery, eyewear and other products catering to various divisions

 Watches
  Jewellery
  Eyewear
  Fragrances
  Common for Businesses



Titan's value proposition comes through leveraging its strengths and competencies across capitals to provide variety of products and services across many customer segments. The Company has focussed on developing technology through in-house efforts as well as through collaborative research. Key organisational intangibles also include know-how and management systems. Titan also uses a combination of technologies, internal and external, and incorporates in development of product and services so as to derive a strategic advantage. Hence, the Company continues to invest significantly in development of technologies.

Knowledge Management and Innovation have played a key role in preserving our organisation's knowledge and enhancing our digital quotient through multimedia portals, virtual walk-through and simulation technologies, and active connect with academic institutions, large technology providers and start-up ecosystems. We continue to drive Innovation in our Company (Titan Innovation Engine) with our established enterprise process, continuously updated tools, and of course our dedicated Innovation Champions.

Some of the innovations worth highlighting are Reflex WAV (slimmest gesture control band), SF RUSH (a smart band), Titan "Radar" (Smart Wallet) etc. The Watch Division's Tool Design & Manufacturing team has developed an alternate to metal elements through polymer-based 3D printing targeting to reduce the lead time and cost by simplifying the manufacturing process.

Engagement of technical experts as well as working with established institutions have led to creation of new designs, capabilities and simplification of processes.

Design has emerged as a core competence which has been nurtured through elaborate consumer research, creating product differentiation portfolio suiting to various consumer segments of our businesses. Hence, pursuit of design excellence has given rise to several spectacular products. Launch of several exciting products have indeed led to increased consumer interest and growth in businesses. Technology and smart products have been a significant contributor to growth in watches business. Some of the innovative collection launched are: FastTrack launched Reflex 2.0, Reflex Wav, Titan Radar, Titan Grandmaster, EDM, Loopholes, Denim, Sleek, Splash etc. In Jewellery, all the 3 brands-of-

the-future, Zoya, Mia and CaratLane, also did very well in the year and built a foundation from for the future.

Taneira (our saree brand) opened its first pilot store in Bengaluru. As a concept, Taneira is a celebration of the diverse textiles and workmanship available in India. With sarees made only from pure and natural fabrics, the brand offers close to 5,000 sarees in each store from over 50 regions in India. Apart from sarees, Taneira offers bridal wear, lehengas, stoles and dupattas as well. Since designs are painstakingly handpicked, the curation at Taneira promises exclusivity and a refined sense of style. Leaning on Titan's strengths in the arena of design and self-expression, Taneira is targeted at the rooted yet progressive Indian woman with its heart-warming proposition – sarees, handmade with love. The stores are also specifically designed to reflect and celebrate the rich tradition of handicrafts and textiles of India.

Titan also offers SKINN - a range of perfumes for both men and women. These are designed with support from strategic partners and also the bottling and packaging has added to our competitive advantage amongst other things.



### Interlinkage of intellectual capital with other capitals

The Company boosts investments in intellectual capital through technologies interventions and collaborative approaches. This will play a key role in bringing in cutting-edge technology, design and innovation to drive growth for the Company. Consequentially, financial capital, as well as manufactured capital, natural capital, human and social & relationship capital are likely to be enhanced.



## Human Capital

**Building talent to drive performance excellence into the next growth horizon**

Built on the foundation of our values and a commitment to the Tata Code of Conduct, we strive to provide a safe, challenging and rewarding environment for each of our employees. Our motivated and committed employees are the catalysts who drive our business and create value for all our stakeholders. We are committed to empower our people and build an organisation on strong business and cultural values. The skills, experience, diversity and productivity of our employees enable us to operate facilities safely, reliably and sustainably, and deliver on its growth objectives.

Titan has an ideal mix of youthful energy guided by mature leadership. Guided by core values and glued by a dynamic culture, we value diversity and respect excellence. As a learning organisation, we invest in upgrading and upskilling

our people. We endeavour to become a preferred employer offering not just a job, but a lasting and rewarding career.

Titan is an equal opportunity provider and is proud of its 125 differently-abled employees. The management's relationship with employee union continues to be cordial resulting in motivation efficiency and productivity. The Company continues to provide crucial support for employee children's education at Titan schools that open up brighter future. In 2015, the Company had started the leadership development journey with a four-tiered approach – young leaders, emerging leaders or mid-management, senior management and top leadership team. Three of the four programmes were launched in 2016. This is now an established process.

Titan has well-defined policies to promote the well-being of all its employees that not only support employee welfare but also enable his / her enhanced engagement with the Company. All the locations of the Company are certified under Occupational Health and Safety Assessment Series (OSHAS) standards. Most divisions are also certified under Quality Management System (QMS) and Environmental Management System (EMS) standards. Policies on compensation, sexual harassment, training and retraining of employees are well entrenched. The Company has formal grievance redressal mechanisms for its employees.



### Interlinkage of human capital with other capitals

The Company's human capital stock is positively impacted when it invests in skill development initiatives to improve the technical know-how for R&D purposes. This also benefits the individuals for career enhancements, and increasing growth prospects, thereby increasing social and relationship capital stock and intellectual capital stock.



## Financial Capital

We aim to create value for all of our stakeholders by managing our financial capital in a commercially astute and diligent manner thereby harnessing opportunities for long-term sustainable economic growth. While the provision of high quality and affordable products and services directly benefits our consumers, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups. Titan's effective management of the balance sheet and cash flows by use of advanced technologies, well-defined processes, competent people and resource management is important to sustain and grow its businesses and

thereby deliver a significant positive contribution to financial capital. The Company's investment decision are always evaluated against targeted return on capital, which has to be higher than the cost of capital. Apart from creating value through its business activities, the resulting financial capital is also reinvested in each of the other capitals in a carefully balanced and calibrated manner to further achieve financial goals and objectives.

Funding mechanism such as equity, debt and operating cash are the main sources of our financial capital.

While we have a Risk Management framework and prudent capital allocation strategy, we have identified our risks and enablers to creating value for stakeholders. While we understand that the risks and positive operating environment have both positive and negative impact on our business, we seek to manage these risks by adopting strict management practices and principles.

We continuously work on needed changes to policies and processes to minimise risks.



### Interlinkage of Financial capital with other capitals

The Company boosts investments across value chain be it technologies, infrastructure, manufacturing set-ups, marketing, working capital, induction, development and retention of talent. A combination of these would play a key role in providing quality products and service to customers across markets. This will drive growth for the Company. Consequentially financial capital would be impacted positively as also other capitals.



## Social & Relationship Capital

Partnering for creating, sustaining and delivering value

As a lifestyle products company, the success of our endeavour is largely attributed to how we maintain our relationships with key stakeholders in our value chain. Anchored by TATA ethos and values, we create long-lasting pleasant experiences for everyone - from karigars through vendors to business partners and customers. It is these networks of partnerships and social capital that are cornerstone to the brand value of Titan.

Core to the business is the customer connect that happen through country-wide retail network comprising of stores, kiosks. A focussed channel strategy as well as modernising retail stores and sales channels has driven customers to stores leading to volume and value growth. Further brands engaging with customers through campaigns, commercials, social issues, festivals, runs & walkathons and occasions have helped in reinforcing the values and philosophy that the brands stands. Further schemes like the Gold Exchange Programme that enable customers to exchange their old jewellery with new fashionable and carefully curated designs has led to increased sales growth. Our jewellery brand CaratLane has transformed the customer experience of virtual try-on and option of buying jewellery at the comfort of home. This feature of bringing the brand closer to

customer, has translated to significant growth in 2019. The Omni-channel experience given to customers has been very effective in driving many customers to buy products. Supplementing to the overall experience our customers have, we have set up an interface team that ensures supply chain related issues are immediately sorted. This has led to customer satisfaction scores on quality and delivery going up significantly. To enhance the customer experience at the stores, we have implemented measures such as enhanced staff training, creating new identity, correct selling etc.

On the social front, Titan has engaged with different sections of the society through various programmes and initiatives. Our CSR policy focusses on working with the underprivileged girl child through education, skill development for the under privileged youth and working with arts and crafts and Indian heritage. We have multitude of programmes that are being run with the help of NGO's across the four priority states - Tamil Nadu, Uttarakhand, Karnataka and Sikkim. In addition, we have initiated a unique recognition and engagement programme (Design Impact Awards for Social Change) that seeks to recognise design thinking in product design that enables social change.

### Trade and Dealer Development

We constantly engage with business associates and dealers through several forums to spearhead growth and to reach out to customers. Recharging and rejuvenation of channels has given us significant results with sustained brand and product investments. The relationships with key retailers and different categories of dealers have been strengthened with sound processes leading to mutual benefits and growth. Visual merchandising, enhanced presence, systematic launch of new products, training, introduction of wearables, deeper penetration of premium products, induction of technology enablers, management of stock have been key drivers of growth in this important channel. Expansion of the footprint into new non-traditional high traffic outlets has helped in acquiring new customers.

### E-Commerce

Our e-commerce play has been transformed significantly and Titan Company Limited has emerged as the largest partner group for the key players like Flipkart, Amazon and Myntra. It has been the highest growing channel and will continue the high double digit growth in the coming year.



### Interlinkage of social & relationship capital with other capitals

Whereas the Company continues to engage with different sections of society by investing in social programmes and initiatives, on the relationship capital, the Company invests significantly on media campaigns, customer connect programmes, service enablers, business associate / dealer development programmes etc. These play an important role in enhancing brand reputation, customer relationship which collectively drive higher growth as well as brand loyalty. Consequently financial, manufactured, human capitals are also positively impacted.



## Manufactured Capital

### Manufacturing with Excellence

Our state-of-the-art manufacturing facilities as well as our collaborative approach with suppliers and partners are crucial in creating sustainable value. We continuously invest in upgrading technology and processes to improve the efficiency and effectiveness of our manufacturing competence. With an aim to leverage opportunities and provide employment. Apart from setting up of manufacturing plants, assembly units, lens labs and karigar centres, we have developed a spectrum of suppliers and partners. This effective synchronisation enables us to deliver high quality products to customers across markets.

Our manufacturing competence provides us with a significant competitive edge. Along with vendors, they swiftly respond to dynamic market requirements. Flexibility to align to the required product mix helped address the opportunities in the market, enabling growth. The focus remains to build a sustainable and agile integrated supply chain ecosystem in India.

From transforming unorganised craftsmanship to organised set-up, our Karigar centres have played a huge role in preserving art as well as stabilising issues of quality, timeliness and efficiency. They create surreal intricate

designs with efficiency while enabling an ecosystem of fairness and respect. This empowerment of our karigars has ensured that they live a dignified life inside and outside of Titan.

Intense focus on Innovation continued with increasing collaboration between internal stakeholders and engagement with Technology Partners and External Consultants as well as the SME's, Institutes. Application of Various Innovation Tools & Techniques- Design Thinking Approach helped implementation of a slew of innovation across the value chain.

Business	Plant / Location	Products	Key Equipment and Processes
	Hosur & Coimbatore	Production of Watches	Design & manufacturing of cases (Brass & Gold at Hosur, Stainless Steel (SS) case plant at Coimbatore, movement tools, surface finishing & allied activities, Pro-E, CaD/CAM for design, laser marking, electroplating, polishing, forging machines. Assembly line with multi point monitoring systems. Retail Stores-Laser Engraving
	Pantnagar & Roorkee & Sikkim	Assembly (casing and strapping) of Watches	
	Hosur, Pantnagar & Sikkim	Manufacturing and assembly of Jewellery Sorting office	Manufacturing Technology & Equipment - Waxing, casting, melting, rolling, refining, alloying, assaying, automated component bagging, robotic kit material, butterfly manufacturing and investment powder loading, 5 Axis - CNC Machine, Rapid Proto typing
	Chikkaballapur	Production of lenses	Lens labs – lens manufacturing, glass cutting, testing and special coating systems
	Delhi, Mumbai, Kolkata, Patna, Kochi, Bengaluru	Lens Labs	Serving customer orders on customised lenses
	Chikkaballapur	Manufacturing of Frames	Frame Manufacturing – Metal line and Acetate testing

Watches Jewellery Eyewear

In our eyewear business, the satellite lens labs located at strategic locations, work closely with the stores to reduce turnaround times and enable them to deliver spectacles on the same day. The initiative has been extremely successful and has become a differentiator at many of the stores. This has also led to increase in sales of our frames and lens.



### Interlinkage of manufactured capital with other capitals

The Company boosts investments in manufactured capital through technological upgradation and opening new manufacturing setups and stores. This will play a key role in providing quality products to the customers with low downtime thereby enhancing reputation that will drive growth for the Company. Consequentially, financial capital, as well as, human, social and relationship capital are likely to be enhanced and natural capital to be impacted negatively.





## Natural Capital

Being a manufacturer, we use natural resources to create high value products. We are dedicated to minimising the negative environmental impact of our operations including from our manufacturing units, Karigar centres and office spaces. We have established internal controls to mitigate the compliance risks associated with increasingly stringent obligations regarding air quality management & effluent management. Our key focussed efforts include investments in renewable energy, recycling of water and reduced waste.

We are implementing several initiatives to reduce specific energy and water consumption across our manufacturing locations. We have also set targets for improvement on environmental aspects, including achieving carbon neutrality.

Our watches and accessories division implemented various energy and fuel conservation projects which

has resulted in significant reduction in energy translating directly into improving efficiency and cost savings. The Divisions' manufacturing plant at Hosur has been awarded with CII Green Co Rating under "Silver" category in recognition of the initiatives taken like energy efficiency, green energy substitution, reduction in greenhouse gas emissions and environmental impacts through systematic environmental / energy management systems.

We are investing in changing our energy mix and moving towards increasing our dependence on Renewable energy. For instance, our partnership with wind farms enables us to reduce our dependence on captive energy by almost 83%. Also, our in-house investments in solar systems help us in recovering 7.92 Lakh units of energy. Similarly, our jewellery business manages 38% of its energy requirements through renewable sources.

Being aware that the environment would be negatively impacted due to use of non-renewable resources with corresponding emissions, consumption of water for process and other activities as well as wastes generated due to processes, we have been continuously working to minimise these through investments and initiatives and involvement of human, social and relationship capitals. Our new corporate office is certified to Platinum LEED and 5 Star GRIHA rating.

### Sourcing

Further in manufacturing and supply chain, we have been recycling gold and brass that are used for making products. The jewellery exchange scheme provides us customer's gold for processing. These measures reduce the pressure on gold / brass procurement as well as reduce, albeit indirectly the mining of ore to that extent.



### Interlinkage of Natural capital with other capitals

We impact negatively on natural capital by using non-renewable resources, and through our emissions and wastes. We work to minimise these. In some instances, we also impact adversely on human and social and relationship capital through competition for resources such as water and impacting environment. However, by converting natural capital into value-added products, we positively impact other capitals viz. human, social & relationship, manufactured and financial capitals.

### Looking Ahead

Titan would continue to focus on providing high quality of wide ranging products in the sectors in which it operates with emphasis on enhancing the economic and social well-being of all stakeholders. Titan is in the forefront of leveraging opportunities to drive growth that create higher value to stakeholders in an innovative and agile manner in the fast-changing digital world.

# Awards



Titan wins in Pitch Top 50 Brands, 2018, in the 'Evergreens Category'.

Fastrack wins at the Afaqs Foxglove Awards 2018 for 'Shut the Fake up' campaign.

Sonata wins the 'Best Brand Launch of the Year' at the 'Brand Equity Marketing Awards'.

Tanishq received the "Reddot: Best of the Best" award for innovative laser cut tube jewellery. Reddot is the most prestigious and coveted award in the world in the field of Product Design and the "Reddot: Best of the Best" is the highest award in the competition and is awarded for groundbreaking Design Innovation.

Tanishq received the 'World Branding Award' in London at Kensington Palace. Tanishq was the only brand selected from India.

Tanishq won 'Excellence in customer service and sales process initiative' at the 'Retail Jewellers Guild Awards'.

Tanishq won the "Images Excellence Awards for Jewellery Retail" at IMAGES Fashion Awards 2019.

Titan EyePlus felicitated by NASSCOM in the Special Category – 'Best use of technology by an enterprise for Excellent Customer Service'.

Titan EyePlus wins Bronze in the prestigious ACEF Asian Leadership Awards.

Titan EyePlus won at the 'International Customer Experience Awards' in 'Best Customer Experience Strategy' category, hosted by CXInternational in Amsterdam and judged by 84 CEOs and global customer experience specialists. Jury was impressed with the brand's transforming NPS.

Titan accredited 'Best Employer Award' by Tamil Nadu Government under the category of 'Employing most number of differently-abled personnel.'

Titan manufacturing units won multiple Health & Safety awards from 'National Safety Council'.

Tanishq wins at the IREC 2019 summit for Jewellery category

Tanishq Lean Retailing wins at the ET Now Global award for Retail Excellence

Tanishq Lean Retailing & Customer Service awarded the CMO Asia award for Retail Excellence

Titan Raga wins the Effies award (bronze) for the Titan Raga X Masaba campaign

Fastrack wins bronze at WOW Asia awards for Fastrack Music Run

Fastrack wins the 'India's Buzziest Brands' award

Fastrack wins silver at Sammie Awards for Best Social Media brand in the Fashion category

Fastrack enters the Guinness Book of World records for the longest chain of watches

Sharodia App from Sonata wins at Maddies 2018, the Big Bang awards and Delhi Advertising Club SAARC awards

SF wins at the Global Marketing Excellence awards

Marketing Services Group wins at the PRCI awards for Project ECHO

Titan Company Limited honored as one of the top GST payers in Salem Commissionerate

Titan T Factor wins bronze at the WOW awards

Titan Company wins at the CFO Executive Leadership Summit

Titan Company wins at the CII- ITC Sustainability awards

Titan receives LEED Platinum Certification for the New Campus 'Integrity'

Integrity campus awarded with GRIHA five star rating

# Outlook

India is set to become a truly middle-class economy, fuelled by growth in income. Consumer spending in India is likely to grow from US\$ 1.5 trillion at present to US\$ 6 trillion by 2030, making it the third-largest consumer market in the world after US and China. Upper middle-class and high-income segments are expected to grow from being one-in-four to one-in-two households by 2030. Domestic private consumption contributes to 60% of India's GDP.

By 2030, India will add 140 million middle-income and 21 million high-income households. While India's top 40 cities will form a US\$ 1.5 trillion opportunity by 2030, many small towns will also drive an equally large spend in aggregate.

## Key Emerging Consumer Themes



Rising income levels and reforms



Better education and employment opportunities



Broad-based consumption growth



Improvement in infrastructure



Access to organised and online retail



Burgeoning millennial and Generation Z consumers

## Titan – Gearing up for another spell of growth

Titan is India's most successful consumer brand. It has successfully built great products and brands in the Indian market and categories which are largely under-served, under-penetrated

and under-organised. We have lined up expansion plans over the next five years across existing and new segments. With excellence in design, customer experience and manufacturing capability, we are ready to fashion another spell of growth.

## Future Strategies for Growth

- Strengthening brands
- Impactful launches of smart and market-relevant products
- Affordable price point at great value
- Enhancing penetration and presence

Source: A Report by World Economic Forum

# Opportunities

At Titan, we have displayed our ability to gain market share amidst a challenging industry scenario. Our asset-light distribution model, enriched jewellery portfolio with launch of new collection and sustained investment in brand building is enabling us record better than industry growth. We are looking to touch 50 million customers by 2023, generating revenue of over ₹ 50,000 crore in uniform consumer price.

## Jewellery

Jewellery is the leading vertical at Titan. Brands like Tanishq, Mia and Zoya together contribute more than 80% to the total revenues. With jewellery, particularly gold, in India, still seen as an investment instrument, we are working towards changing the perception to ensure it is bought and worn for adornment.

The jewellery business has been on a high-growth trajectory. We are banking on the ₹ 3,00,000 crore opportunity in the jewellery market by leveraging our design and manufacturing excellence and smart brands, (we clocked sales of ₹18,112 crore at consumer price for 2019). We expect the run rate of our aggressive store addition to sustain in 2020 and 2021. Our new collection will be in line with our strategy to scale up the share of high value-added jewellery segment. We will also continue to strengthen our omni-channel strategy and capitalise on the growing potential.

We continue to leverage the secular trend of discretionary spending categories in India's economy.

A brand like Tanishq is right up there at the top of that list. Also, multiple environmental factors are pushing the industry into consolidation, which is further benefiting the organised jewellery segment. Our engines of growth in jewellery have considerable space to grow.

## Watches

Titan is one of the largest watchmaker globally, clocking upwards of ₹ 4,128 crore at consumer price for 2019. It is currently retailing through more than 11,000 multi-brand outlets and nearly 1,600 own stores, covering 2 million sq. ft. We sell more than 16 million watches under Titan, Raga, Fastrack and Sonata brands, capitalising on the growth potential in the ₹ 8,000 crore watch market (by Uniform Consumer Price) in India.

We strengthened our smart watches product portfolio with a number of new launches. We are aiming towards staying relevant and cater to Generation X, Y and Z consumers. We are also increasing our R&D spends

to launch smart and tech-enabled wearables. We will continue our strategy to increase our assortment at more affordable price point.

## Eyewear

We are the largest player in India's ₹ 6,500 crore eyewear market, with nearly ₹ 900 crore in total revenue. We service 3.5 million customers a year, up from 2.4 million in the previous year. Titan EyePlus has a retail footprint of 537 stores across the country. It is also engaged in distribution of sunglasses and frames through its 3,700 sunglass dealers and 1,550 frame dealers (optical stores) and a total retail area of 3.8 lakh sq. ft.

By 2024, the eyewear division is aiming to service 10 million customers, generating over ₹ 2,000-2,500 crore in revenue. Besides, the division plans to offer innovations in lens and further strengthen its after-sales service. Moving ahead, our aim is to sensitise millions of Indians to take care of their eyesight by regularly testing their eyes and getting them to replace their lens and frames.

## People and Culture

At Titan, we believe that satisfied, highly motivated and loyal employees are the base of any competitive and growing organisation. Hence, our mission is to attract and nurture talent to succeed. We strive to build a highly-skilled and qualified workforce, supported by a safe and healthy work atmosphere.



### A Culture-Driven Organisation



#### Foresee

Anticipate, Adapt, Improve, Overcome



#### Own

Take charge, accept responsibility



#### Dream

Innovate to create the future



#### Act

Faster decisions, execution and problem resolution



# 7,213

Total Employees on Roll



# 5,322

Males



# 1,891

Females



# 125

Employees facing Disability

We have taken several initiatives to strengthen the organisational culture, build talent capabilities, enhance connect with employees and potential talent and implement new governance standards.

We have built a work culture which is based on sincerity, hard work and a pursuit for perfection. We hold regular training sessions to upgrade the skills and the knowledge base of the employees. We ensure that we recognise and reward exceptional performance of our employees year after year.

At Titan, we constantly strive to inculcate ethical values amongst our employees and make them aware of ethical practices through various means. Our aim is to also create a safe workplace for our employees. We ensure that our employees are at all times aware of the right procedures and processes about making appropriate cases and complaints, in case if a similar situation arises.

Scan the QR code to learn more





# Leadership Development

Titan's Leadership Development journey has been strengthened over the years, and is now an established process. Our ability to attract, develop and retain the best people is key to our continuing success. Our human capital strategy, which is closely intertwined with the business strategy, is founded upon three principles – to be an employer of choice, to continuously develop the individual and the organisation and to foster a performance culture.

At Titan, we are firmly committed to creating a working environment which facilitates organisational learning. Fostering a performance culture is at the heart of our people strategy. We are developing systematic approaches to learn from the external environment and from our own experiences. Our values and insights provide us with the necessary steering to operationalise our human resources strategy. The Company had 7,213 employees on rolls of which 1,891 were women as on 31<sup>st</sup> March 2019 and recruited 768 new employees during the year.

## a. Emerging Leaders Program

The Emerging Leaders Program (ELP) is aimed at developing top talent identified in the middle management tier. It follows processes to ensure leadership talent is in place. There is also focus on enhancing leadership capabilities. The duration of the development journey is 18 months and follows a blended approach.

## b. Young Leaders Program (YLP)

YLP 3.0 was launched with a focus on building a holistic business understanding through exposure to different aspects of a business. Succession planning process for all L8 and above positions and critical roles deeper in the organisation was rolled out in 2018.



## c. Management Development

Group/Individual development programmes have progressed as planned. The 2<sup>nd</sup> phase of diagnostics was conducted for continuing leaders. Talent reviews and succession conversations were completed to identify successors for key roles. Customised development initiatives based on Individual Development plan were also rolled out for the Senior Management.

## d. Employee Relations

The Management enjoys cordial industrial relations with the Titan Employees Union, resulting in motivation, efficiency and productivity.

## Board of Directors



**Mr. N Muruganandam**  
Chairman

He is a 1991 batch IAS Officer who has held many key positions in various departments in the Government of Tamil Nadu and Government of India. Presently, Mr. N Muruganandam is the Principal Secretary, Industries Department. During his career spanning more than 25 years, he has held key positions as Collector, Coimbatore, Karur and Chennai, Managing Director of Poompuhar Shipping Corporation. He has worked in Government of India as Joint Secretary looking after Ports & as Joint Secretary in Rural Development. He was also the Project Director of World Bank-funded poverty alleviation programme Pudhu Vaazhvu. He was the Principal Resident Commissioner of Tamil Nadu House at New Delhi before taking up the current assignment.



**Mr. Harish Bhat**

He is the Brand Custodian of Tata Sons. He joined the Board of Directors of the Company on 20<sup>th</sup> April 2015. He has been with the Tata Group since 1987 and has completed over 30 years of service with the Group. He has a Post Graduate Diploma in Management (PGDM) from the Indian Institute of Management, Ahmedabad and also a B.E. (Hons.) degree in Electrical and Electronics from Birla Institute of Technology and Science, Pilani.



**Mr. N N Tata**  
Vice Chairman

He joined the Board of Directors of the Company on 7<sup>th</sup> August 2003. Mr. Tata graduated from Sussex University (UK) and has completed the International Executive Programme (IEP) from INSEAD. He took over as the Managing Director of Tata International Limited in August 2010 which is a global trading and distribution company with presence in leather products, metals trading, minerals trading and agri trading and employing over 10,000 personnel spanning 39 countries across Africa, Asia, Europe, Latin America and Middle East. He is currently the Chairman of Trent Limited.



**Mr. Ramesh Chand Meena**

An IAS Officer, he has held critical and important positions in the Government of Tamil Nadu. He has experience of over two and a half decades in the public administration and is the Chairman and Managing Director of Tamilnadu Industrial Development Corporation Limited.



**Mr. Bhaskar Bhat**  
Managing Director

He assumed the position of Managing Director of Titan Company Limited on 1<sup>st</sup> April 2002. He is a B.Tech (Mechanical Engineering) degree holder of IIT - Madras and a Post Graduate Diploma holder in Management from IIM – Ahmedabad, India. Since 1983, he has been associated with the Tata Watch Project, now Titan Company Limited. At Titan, Mr. Bhat dealt with Sales & Marketing, HR, International Business and various general managerial assignments. Mr. Bhat is a member of the Governing Council at the T.A. Pai Management Institute, Manipal and the SDM Institute of Management and Development, Mysore. He was awarded the Distinguished Alumnus Award of IIT Madras in 2008. He was appointed as a Director on the Board of Tata Sons in November 2017.



**Mr. V Arun Roy**

He is a 2003 batch IAS Officer who has held many key positions in various departments in the Government of Tamil Nadu. Presently, Mr. V Arun Roy is the Additional Secretary to Government of Tamil Nadu, Industries Department. Earlier, Mr. V Arun Roy served as the State Commissioner for the Differently-Abled and Deputy Secretary to Government Finance Department, Managing Director, Chennai Metropolitan Water Supply and Sewerage Board and Registrar, Tamilnadu National Law School. He is also on the Board of several other investee companies of Tamil Nadu Government.



**Mr. T K Balaji**

He joined the Board of Directors of the Company on 1<sup>st</sup> March 1986. Mr. Balaji is a graduate in Mechanical Engineering and an alumnus of IIM, Ahmedabad and is presently the Chairman of Lucas TVS Limited. Mr. Balaji is the Past President of ACMA and had served as a Member of National Council of the CII for a number of years. He was a Member of the Development Council for Automobiles & Allied Industries, Government of India.



**Mrs. Hema Ravichandar**

She joined the Board of Directors of the Company on 30<sup>th</sup> March 2009. Mrs. Ravichandar is an alumnus of the Indian Institute of Management, Ahmedabad and a Strategic HR Advisor with over 30 years of industry experience advising several Indian and multinational corporations and is on the Board of several companies. Mrs. Ravichandar until 2005 was the Senior Vice-President and Global Head of Human Resources for Infosys Technologies Limited.



**Mrs. Ireena Vittal**

She joined the Board of Directors of the Company on 30<sup>th</sup> January 2013. Mrs. Ireena Vittal is an independent strategic advisor, with significant knowledge in agriculture and urban development in India and emerging markets. Mrs. Vittal holds a B.Sc. in Electronics from Osmania University and a PGDM from IIM, Calcutta and has co-authored several studies relating to agriculture and urbanisation. Mrs. Vittal served as a Partner with McKinsey & Co. and was a founding member of their economic development practice, and the global emerging-markets practice.



**Mr. Ashwani Puri**

He joined the Board of Directors of the Company on 6<sup>th</sup> May 2016. He has extensive experience in investment / acquisition advisory services, valuations and decision analysis, business and financial restructuring, dispute analysis and forensics. Mr. Puri has served on various committees of the Banking Division/Ministry of Finance, Ministry of Corporate Affairs and INSOL International and also served as a member of PWC's Global Advisory Leadership Team. Mr. Puri is currently the Managing Partner of Veritas Advisors LLP, which provides strategy, governance and financial advisory services.



**Mr. B Santhanam**

He joined the Board of Directors of the Company on 10<sup>th</sup> May 2018. He is a B.Tech in Civil Engineering from IIT, Madras and PGDM from IIM, Ahmedabad. Mr. Santhanam is the founder Managing Director of Saint-Gobain Glass India and has handled critical functions of Information Technology, Operations, Product Development, Sales and Marketing at Grindwell Norton (Saint-Gobain Group Company).



**Mr. Pradyumna Vyas**

He joined the Board of Directors of the Company on 25<sup>th</sup> March 2019. He acquired a Masters in Industrial Design from the Indian Institute of Technology, Bombay. In June 2010, Mr. Vyas was conferred with an Honorary Master of Arts Degree from the University for the Creative Arts in Farnham, United Kingdom in recognition of his contributions to design education and design promotion. Mr. Vyas has more than 33 years of professional and teaching experience in different spheres of design. Mr. Vyas had been associated with the National Institute of Design (NID) as a faculty in the Industrial Design discipline.



ECHO is the journey of 6,000 kms travelled by Rana Uppalapati across India's Golden Quadrilateral over 90 days to support education of under-privileged girl children and aims to create awareness among an audience of 6 lakh people about "good touch and bad touch", in association with Young Indians.



**6,000** Kms  
Distance covered



**21,500**  
Girls educated

**RANA UPPALAPATI**

**#FORHER**



UPPALAPATI ACHIEVED HIS GOAL OF SKATING 6,000 KMS, RAISING FUNDS TO SUPPORT THE EDUCATION OF OVER 21,500 GIRL CHILDREN.



In collaboration with the Tata Group, the Company associated with Rana Uppalapati, the skater who kick-started his journey on skates aimed to cover the Indian Golden Quadrilateral (all of 6,000 kms). Skating is Uppalapati's passion. He skates and uses it to raise awareness about child-related issues and bring about the kind of change that India needs.

Echo was an exciting adventure that Titan chose to be a part of, staying true to our nature of being innovative, disruptive and making a difference along the way. A man skating for over 3 months to cover the golden quadrilateral was something that was unheard of. Titan is deeply humbled to have made this possible for Rana Uppalapati. His journey was indeed a challenging one. However, the grit and determination with which he set out to achieve this and make a difference kept him going.

### **The Skateboarder's Journey**

The journey of skating by Rana Uppalapati was flagged off on 5<sup>th</sup> September 2018 at Hosur, where Titan has its first watch factory. During his journey, he covered Tumakuru, Sira, Chitradurga, Hubli and Belgaum in Karnataka; Sira, Chitradurga, Hubli and Belgaum in Maharashtra; Bharuch and Vadodara in Gujarat; Delhi, Lucknow, Varanasi, Patna, Dhanbad, Kolkata, Bhubaneswar, Vishakhapatnam, Hyderabad, Chennai and back to Hosur.



# Titan Engineering & Automation Limited

Titan Engineering & Automation Limited (TEAL), a wholly-owned subsidiary of Titan Company Limited, engages in high-precision component manufacturing, and designing and manufacturing of automation machines and caters to the international markets.



## Purpose

We thrive on solving complex engineering challenges of our customers with imaginative solutions.



## Core Values

- Integrity
- Positive Regard For People
- Customer Engagement
- Obsession For Excellence
- Innately Curious



## Automation Solutions

TEAL Automation Solutions offers top-notch turnkey assembly and testing solutions to industries. These are an amalgamation between assembly technology, control and software and testing and measurement. With a team of over 300 professionals, it is the partner of choice for OEMs/Tier 1/Tier 2 for testing and assembly of products.

### Industries Catered to

- Transportation
- Energy
- Electronics
- Life Sciences
- Engineering
- Consumer Packaged Goods



## Aerospace & Defence

Aerospace & Defence Division builds precision components and sub-assemblies for the global aerospace and defence industry.

### Industries Catered to

- Aerospace
- Defence

## Facilities

TEAL has a state-of-the-art machining facility of over 90 machines spread over 120,000 sq. ft. The Development Centre has 50 dedicated engineers with approximately 300 man-years of experience. An in-house NADCAP-approved Non-Destructive Testing (NDT) facility caters to Aerospace clients.

# Corporate Information

## BOARD COMMITTEES

### Audit Committee

- 1) Mr. Ashwani Puri (Chairman)
- 2) Mr. V Arun Roy
- 3) Mr. T.K. Balaji
- 4) Mr. B Santhanam
- 5) Mrs. Ireena Vittal
- 6) Mr. Harish Bhat

### Nomination & Remuneration Committee

- 1) Mrs. Hema Ravichandar (Chairperson)
- 2) Mr. Ramesh Chand Meena
- 3) Mrs. Ireena Vittal
- 4) Mr. T.K. Balaji
- 5) Mr. N.N. Tata

### Corporate Social Responsibility Committee

- 1) Mrs. Ireena Vittal (Chairperson)
- 2) Mr. V Arun Roy
- 3) Mrs. Hema Ravichandar
- 4) Mr. Bhaskar Bhat (Managing Director)
- 5) Mr. Pradyumna Rameshchandra Vyas

### Stakeholders' Relationship Committee

- 1) Mr. T.K. Balaji (Chairman)
- 2) Mr. V Arun Roy
- 3) Mr. Harish Bhat
- 4) Mr. Bhaskar Bhat (Managing Director)

## CHIEF FINANCIAL OFFICER

Mr. S Subramaniam

## GENERAL COUNSEL & COMPANY SECRETARY

Mr. Dinesh Shetty

## AUDITORS

BSR & Co. LLP  
Chartered Accountants

## BANKERS

Canara Bank  
State Bank of India  
Axis Bank  
The Hongkong and Shanghai Banking Corporation  
Standard Chartered Bank  
HDFC Bank  
Union Bank of India  
ICICI Bank  
Citi Bank  
Kotak Mahindra Bank  
The Bank of Nova Scotia  
IDFC Bank  
IndusInd Bank  
YES Bank

## REGISTERED OFFICE

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

## CORPORATE OFFICE

"INTEGRITY", No. 193, Veerasandra,  
Electronics City, P.O.,  
Off Hosur Main Road  
Bengaluru - 560 100  
Website: [www.titancompany.in](http://www.titancompany.in)

## REGISTRAR AND TRANSFER AGENT

TSR Darashaw Limited  
Unit – Titan Company Limited  
6-10, Haji Moosa  
20, Dr E Moses Road, Mahalaxmi  
Mumbai - 400 011  
Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

## 35<sup>th</sup> ANNUAL GENERAL MEETING

Tuesday, 6<sup>th</sup> August 2019 at 2.30 PM  
3, SIPCOT Industrial Complex, Hosur

## BOOK CLOSURE DATES

31<sup>st</sup> July 2019 to 6<sup>th</sup> August 2019

## CORPORATE IDENTIFICATION NUMBER

L74999TZ1984PLC001456

# Board's Report

## To the Members of Titan Company Limited

The Directors are pleased to present the Thirty Fifth Annual Report and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2019:

## 1. FINANCIAL RESULTS

(₹ in Crore)

	Standalone		Consolidated	
	2018-2019	2017-2018	2018-2019	2017-2018
Revenue from Operations	19,070	15,656	19,779	16,156
Other Income	178	86	183	89
<b>Total Income</b>	<b>19,248</b>	<b>15,742</b>	<b>19,961</b>	<b>16,245</b>
Expenditure	17,068	13,922	17,787	14,511
<b>Profit before exceptional items, finance costs, depreciation and taxes</b>	<b>2,181</b>	<b>1,820</b>	<b>2,174</b>	<b>1,734</b>
Finance Costs	44	48	53	53
Depreciation / Amortisation	139	110	163	131
Profit before share of profit/(loss) of an associate and joint venture and exceptional items and taxes	1,997	1,662	1,959	1,549
Share of profit/(loss) of an associate and Jointly controlled entity	-	-	(2)	(3)
Profit before exceptional items and taxes	1,997	1,662	1,957	1,546
Exceptional items	70	92	-	17
<b>Profit before taxes</b>	<b>1,927</b>	<b>1,571</b>	<b>1,957</b>	<b>1,530</b>
Income taxes				
- Current	602	446	618	450
- Deferred	(49)	(39)	(49)	(22)
<b>Profit for the year</b>	<b>1,374</b>	<b>1,163</b>	<b>1,389</b>	<b>1,102</b>
Attributable to				
- Shareholders of the Company	1,374	1,163	1,404	1,130
- Non-controlling interests	-	-	(16)	(28)
Profit brought forward	1,903	1,268	1,792	1,190
<b>Appropriations</b>				
Deletion on account of sale of subsidiary	-	-	4	-
Acquisition of non-controlling interest in subsidiary	-	-	31	-
Dividend on Equity Shares (excluding tax)	(333)	(231)	(333)	(231)
Tax on dividends	(68)	(47)	(68)	(47)
Transfer to general reserve	-	(250)	-	(250)
Closing Balance in Retained Earnings	2,876	1,903	2,759	1,792

### 1a) STANDALONE NUMBERS:

During the year under review, the Company's total revenue grew by 21.81% to ₹ 19,070 compared with ₹ 15,656 crore in the previous year.

The Company had invested ₹ 145 crore in the Inter Corporate Deposits issued by Infrastructure Leasing & Financial Services Limited (IL&FS Group). Owing to the defaults made by the IL&FS Group effective October

2018, the Company has, based on assessment made pertaining to recovery of these investments in the Group, has made provision for the entire investment of ₹ 145 crore in FY 2018-19.

During the year, the Company took an additional impairment of ₹ 70 crore pertaining to investment in Favre Leuba AG, a wholly owned subsidiary, after considering the past performance of the brand.

Profit before tax grew by 22.7 % to ₹1,927 crore and the net profit increased by 18.2 % to ₹1,374 crore despite provisions made for IL&FS and Favre Leuba AG.

The year witnessed aggressive expansion of the Company's retail network. As on 31<sup>st</sup> March 2019, the Company had 1,595 stores, with over 2.05 million square feet of retail space delivering a retail turnover of over ₹19,000 crore.

The Watches division of the Company recorded revenue of ₹2,441 crore, a growth of 14.8% which was achieved through meticulous planning and execution of key initiatives. The revenue from Jewellery division grew by 23% touching ₹16,030 crore. The revenue from Eyewear division grew by 23.2 % to ₹511 crore. The revenue from other divisions recorded a sale of ₹133 crore, a growth of 40.4%.

New Businesses, viz Taneira and SKINN recorded revenue of ₹80.59 crore, a growth of 40.5% over the previous year. While Taneira grew by 51%, SKINN recorded a growth of 40%.

## 1b) CONSOLIDATED NUMBERS

At the consolidated level, the revenue stood at Rs. 19,779 crore as against ₹16,156 crore in FY 2017-18. This was primarily due to robust performance of Titan Engineering & Automation Limited (TEAL), a wholly owned subsidiary and Carat Lane Trading Private Limited, a subsidiary company. The details of the performance of the Company's subsidiaries are covered in point 15 below of this Report.

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

## 2. INTERNATIONAL OPERATIONS

Business Environment in the international markets remained unfavourable in Q4 and declining trends were witnessed in the category across countries. For Titan, high-contributing Middle East markets continued to decline while younger markets like the Philippines, Thailand and the US stayed on the plan to deliver impressive retail growths on the back of several sales & marketing initiatives. The business delivered the budgeted bottom-line for FY18-19, but steep declines in Middle East markets left the overall business with a 10% decline for the year. FY19-20 plans will continue the journey of reducing dependence on Middle East markets and continue with investments in newer consumer bases (locals, across Middle East), markets (US, EU) and channels (e-commerce).

## 3. DIVIDEND

The Directors are pleased to recommend the payment of dividend on equity shares at the rate of 500% (i.e. ₹5 per equity share of ₹1 each), subject to approval by the shareholders at the ensuing Annual General Meeting (AGM).

## 4. TRANSFER TO GENERAL RESERVE

The Board of Directors has decided to retain the entire amount of profits for FY 2018-19 in the Retained Earnings.

## 5. FINANCE

Excellent top line growth and good working capital management helped the Company generate significantly higher levels of cash in the financial year. This resulted in substantially higher interest and other income from the surplus cash generated. However, as part of the treasury operations which were in line with the Investment Policy approved by the Board, the Company during the year had also invested ₹145 crore in the 6 month inter corporate deposits with the IL&FS Group based on the high credit ratings assigned to them and assessment of risk profile at the time of investing. Unfortunately, the financial distress of the IL&FS Group was made evident after credit rating agencies downgraded the ratings to default status from the AAA they had assigned earlier when the Company had invested. The Company has therefore, as a measure of prudence, fully provided for this investment. The Company has also revisited its Investment Policy and created an Investment Committee of the Board to monitor investments going forward.

The Reserve Bank of India issued a circular in 2018 stopping companies from hedging their gold exposures in commodity exchanges outside the country effective July 2018. The Company had to therefore revert to hedging its gold exposure, which has also gone up significantly with the Company's gold exchange programs doing very well, in the local commodity exchanges. Given the current status of development of the market, the Company is not able to hedge gold for longer periods as required, making the process inefficient. The Company is working with authorities to remedy this situation as early as possible.

## 6. PUBLIC DEPOSITS

The Jewellery Division of the Company was successfully operating customer schemes for jewellery purchases for many years. When the Companies Act, 2013 (the "Act") became substantially effective from 1<sup>st</sup> April 2014, the Company had around seven lakh subscribers

contributing to these schemes. However, these schemes were exempt under the Companies Act, 1956 relating to acceptance of public deposits as such schemes were not covered in the definition of deposits. Under the Act and Rules made there under ('Deposit Regulations') the scope of the term "deposit" was enlarged and therefore a view was taken that the jewellery purchase schemes offered by the Company to its customers would be treated as public deposits. Thereupon, the Company discontinued fresh enrolment of subscribers and initiated steps to close the erstwhile customer schemes, which were wound down by 31<sup>st</sup> August 2014.

Under the Deposit Regulations as amended from time to time, a company is permitted to accept deposits subject to applicable provisions, to the extent of 10% of the aggregate of the paid-up share capital, securities premium account and free reserves from its Members & 25% of the aggregate of the paid-up share capital, securities premium account and free reserves from the Public after prior approval by way of special resolutions passed by the Members in this regard. Requisite approval was obtained from the Members of the Company and a new customer scheme for jewellery purchase was launched in November 2014 in compliance with the Deposit Regulations.

The details relating to deposits, covered under Chapter V of the Companies Act, 2013 are as under:

- (a) accepted during the year: ₹ 2,175.37 crore
- (b) remained unpaid or unclaimed as at the end of the year: ₹ 1,273.32 crore
- (c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-
  - (i) at the beginning of the year: Nil
  - (ii) maximum during the year: Nil
  - (iii) at the end of the year: Nil

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

## **7. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND DATE OF REPORT**

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

## **8. SIGNIFICANT AND MATERIAL ORDERS**

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

## **9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

During the year under review, the Company had invested ₹ 99.99 crore in purchase of additional equity stake in Carat Lane Trading Private Limited (Carat Lane). In addition, the Company has, during the year, provided corporate guarantees amounting to ₹ 40 crore to banks on behalf of Carat Lane.

The Company has not given any loans during the year under review.

## **10. INTEGRATED REPORT**

Last year, the Company has taken its first step to move towards Integrated Reporting in line with its commitment to voluntarily disclose more information to the stakeholders on all aspects of the Company's business. Accordingly, the Company had introduced key content elements of Integrated Reporting <IR> aligned to the International Integrated Reporting Council Framework (IIRC) in the Annual Report of the previous year and has disclosed more qualitative data in the Annual Report of this year. Similar to last year, the relevant information has been provided in this year's Annual Report as well.

## **11. ADEQUACY OF INTERNAL CONTROLS AND COMPLIANCE WITH LAWS**

The Company, during the year has reviewed its Internal Financial Control (IFC) systems and has continually contributed to establishment of more robust and effective IFC framework, prescribed under the ambit of Section 134(5) of Companies Act, 2013. The preparation and presentation of the financial statements is pursuant to the control criteria defined considering the essential components of Internal Control - as stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)".

The control criteria ensures the orderly and efficient conduct of the Company's business, including adherence to its policies, the safeguarding of its assets, the prevention and detection of frauds and errors,



the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Based on the assessment carried out by the Management and the evaluation of the results of the assessment, the Board of Directors are of the opinion that the Company has adequate Internal Financial Controls system that is operating effectively as at 31<sup>st</sup> March 2019.

There were no instances of fraud which necessitates reporting of material misstatement to the Company's operations.

There has been no communication from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

## 12. AUDIT COMMITTEE

The details pertaining to the composition of the audit committee and its role is included in the Corporate Governance Report, which is a part of this report.

## 13. RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "LODR Regulations"), the Company has constituted a Risk Management Committee (RMC), consisting of Board members and senior executives of the Company.

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

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

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

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

Further, as mandated under the amendments to the LODR Regulations in December 2018, the Risk Management Committee specifically covers cyber security risk assessment as part of its review at periodic intervals.

## 14. RELATED PARTY TRANSACTIONS

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interests of the Company at large. All related party transactions are placed before the Audit Committee and the Board for approval, if applicable. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are verified by the Internal Auditor and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval, if applicable, on a quarterly basis. The Company has developed an Internal Guide on Related Party Transactions Manual and prescribed Standard Operating Procedures for purpose of identification and monitoring of such transactions. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. There were no transactions during the year which would require to be reported in Form AOC-2.

## 15. SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANY

As on 31<sup>st</sup> March 2019, the Company had the following subsidiaries/ Associate/ Joint Venture:

Sl. No.	Name of the Subsidiary/ Associate/ Joint Venture	Relationship
1	Favre Leuba AG, Switzerland	Wholly-owned Subsidiary
2	Titan Watch Company Limited, Hong Kong	Wholly-owned Subsidiary
3	Titan Engineering & Automation Limited (TEAL)	Wholly-owned Subsidiary
4	Carat Lane Trading Private Limited	Subsidiary
5	Green Infra Wind Power Theni Limited	Associate
6	Montblanc India Retail Private Limited	Joint Venture

Titan TimeProducts Limited (TTPL) ceased to be a subsidiary of the Company with effect from 18<sup>th</sup> June 2018 consequent upon the Company transferring its entire stake in TTPL.

During the year 2018-19, Favre Leuba AG had registered a turnover of CHF 1 million i.e ₹ 6.82 crore against the previous year's figures of CHF 0.9 million, i.e. ₹ 6.05 crore and loss of CHF 7.37 million, i.e. ₹ 52.01 crore (2017-18: 7.5 million, i.e. ₹ 50.21 crore). During the year FY 2018-19, the Company has invested CHF 7 million in Favre Leuba AG.

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

During the year 2018-19, TEAL generated sales income of ₹ 343.21 crore against the previous year's figures of ₹ 252.13 crore and the profit before tax was ₹ 58.06 crore against the previous year's figures of ₹ 19.70 crore.

Carat Lane Trading Private Limited (Carat Lane) is engaged in the business of manufacture of jewellery products and has significant online presence. During the year 2018-19, Carat Lane has registered a turnover of ₹ 416.39 crore (previous year: ₹ 290.18 crore) and the loss amounted to ₹ 46.13 crore against the previous year's figures (loss) of ₹ 83.88 crore. During the year FY 2018-19, the Company had invested ₹ 99.99 crore in purchase of additional equity stake in Carat Lane and accordingly increased its holding to 69.47%.

The annual accounts of these subsidiary companies/JV were consolidated with the accounts of Titan Company Limited for 2018-19. None of these subsidiary companies declared a dividend in 2018-19.

The Company holds a 49% equity stake in Montblanc India Retail Private Limited (Montblanc), a joint venture entered into with Montblanc Services B.V., the Netherlands for operation of retail boutiques in India for Montblanc products. Montblanc registered a turnover of ₹ 57.04 crore and the loss amounted to ₹ 1.22 crore (Profit After Tax).

The Company holds 26.79% stake in Green Infra Wind Power Theni Limited which supplies energy to the Company.

The statement containing salient features of the financial statement of subsidiaries/associate company/joint ventures in Form AOC-1 forms part of the Annual Report.

## 16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

## 17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Act, the Company has undertaken CSR activities, projects and programs as provided in the CSR policy of the Company and as identified under Schedule VII to the Act and excluding activities undertaken in pursuance of its normal course of business. In addition to the projects specified as CSR activities under Section 135 of Act, the Company has also carried out several other sustainability / responsible business initiatives and projects.

A report on CSR is attached in **Annexure-II**.

## 18. EXTRACT OF ANNUAL RETURN

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

## 19. DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy is annexed as **Annexure-IV**.

## 20. VIGIL MECHANISM

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

Chairman to report any concern. Further, the said policy has been disseminated within the organisation and has also been posted on the Company's website.

## 21. SECRETARIAL STANDARDS

The Directors state that the applicable Secretarial Standards i.e SS-1 and SS-2, issued by the Institute of Company Secretaries of India, relating to Meeting of Board of Directors and General Meetings respectively have been duly complied with.

## 22. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has been at the forefront in ensuring a safe and secure work place for all its employees. In particular, as per the mandated policy of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder, prevention and redressal of complaints of sexual harassment at workplace are actively cascaded. The Company has adopted a zero tolerance for sexual harassment at workplace.

The selection and training of Internal Complaints Committee (ICC) members follows a stringent process to ensure that the most suitable person is part of the committee. This year, the Company has also empaneled its unionized employees at each of its manufacturing units for a better representation

and reach of the employees. All members undergo the Prevention of Sexual Harrasment (POSH) training and are equipped to handle communication as well as redressal.

During the year under review, the total number of ICC members was at 64 as against 43 in 2016-17 and 2017-18.

All stakeholders viz. employees, contract and agency hires, vendors and associates are part of the communication cascades. The cascades are designed in a simple but effective manner by the use of regional theatre to demonstrate violations and the consequences. The core Ethics team comprising of the ICC Chairperson, the Chief Ethics Counsellor (CEC) and the regional heads or manufacturing heads are part of the Q&A at the end of the session at their respective locations. This has impacted positively with more and more stakeholders becoming familiar with the policy and gaining confidence to raise concerns with the respective office bearers. About 24 such events were held across the country covering over 10,000 stakeholders.

In terms of engagement, a short film competition was launched for the employees to participate and share their understanding of policies and unique situations of violations that may arise in their eco-systems in the form of a 2 minute silent film. This has gained popularity with an increased participation over last year. The details of the short film competition are as under:

Year	Registrations	Submissions – Ethical Violation Films	Submissions – POSH films	Winners
2017-18	100	13	10	8
2018 -19	148	22	13	7

During the financial year 2018-19, the Company had received 8 complaints on sexual harassment, 6 were disposed-off with appropriate action taken and 2 complaints remain pending as of 31<sup>st</sup> March 2019.

## 23. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force).

**24. CORPORATE GOVERNANCE**

As per LODR Regulations, Management Discussion and Analysis, Corporate Governance Report and Practicing Company Secretary's Certificate regarding compliance of conditions of Corporate Governance forms part of this Report.

**25. BUSINESS RESPONSIBILITY REPORT**

As per LODR Regulations, a Business Responsibility Report is attached and forms part of this Report.

**26. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. T.K. Balaji, Mrs. Hema Ravichandar, Mrs. Ireena Vittal, Mr. Ashwani Puri, Mr. B Santhanam and Mr. Pradyumna Vyas were the Independent Directors during the Financial Year 2018-19 and all have given declarations that they continue to meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 & Regulation 16(1)(b) of the LODR Regulations and that they are not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Prof. Das Narayandas, Independent Director resigned from the Board effective 25<sup>th</sup> January 2019 due to his increased pre-occupation with his academic assignments at Harvard Business School.

Mr. Pradyumna Vyas was appointed as an Additional Director and Independent Director on the Board of the Company with effect from 25<sup>th</sup> March 2019.

In accordance with the provisions of the Act and in terms of the Memorandum and Articles of Association of the Company, Mr. Harish Bhat retires by rotation at the Annual General Meeting.

Ms. Shilpa Prabhakar Satish was appointed as an Additional Director on the Board of the Company on 29<sup>th</sup> March 2018 but subsequently resigned effective 10<sup>th</sup> May 2018.

Mr. Arun Roy was appointed as an Additional Director on the Board of the Company with effect from 26<sup>th</sup> November 2018.

Mr. N Muruganandam was appointed as an Additional Director on the Board of the Company on 14<sup>th</sup> March 2019 in place of Mr. K Gnanadesikan whose nomination was withdrawn on 14<sup>th</sup> March 2019 by TIDCO.

The Board, on the basis of the recommendations made by the Nomination & Remuneration Committee has recommended for your approval, appointment of Mrs. Hema Ravichandar upto 31<sup>st</sup> July 2020 and

Mrs. Ireena Vittal upto 29<sup>th</sup> January 2023 as Independent Director for a second term.

Member's attention is drawn to Item No. 5 of the Notice for the appointment of Mr. N Muruganandam as a Director of the Company, to Item No. 6 of the Notice for the appointment of Mr. V Arun Roy as a Director of the Company, to Item No. 7 of the Notice for appointment of Mr. Pradyumna Vyas as an Independent Director of the Company, to Item No. 8 of the Notice for re-appointment of Mrs. Hema Ravichandar upto 31<sup>st</sup> July 2020 and to Item No. 9 for re-appointment of Mrs. Ireena Vittal for a period upto 29<sup>th</sup> January 2023.

Mr. T K Balaji was appointed at the Annual General Meeting of the Company held on 1<sup>st</sup> August 2014 for a period of 5 years and will be holding his office till 31<sup>st</sup> July 2019.

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

**27. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR**

Details of directors who were appointed or resigned during the year are covered in point No. 26 of the Board's Report.

During the year, Mr. A R Rajaram - Vice President - Legal & Company Secretary retired from the services of the Company effective 30<sup>th</sup> June 2018 and Mr. Dinesh Shetty was appointed as the General Counsel & Company Secretary effective 3<sup>rd</sup> August 2018. Pursuant to the provisions of Section 203 of the Act, Mr. Bhaskar Bhat-Managing Director, Mr. S. Subramaniam - Chief Financial Officer and Mr. Dinesh Shetty - General Counsel & Company Secretary are the Key Managerial Personnel of the Company.

**28. DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls are adequate and operating effectively.

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 29. BOARD EVALUATION

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

Based on the questionnaire and feedback, the performance of every Director was evaluated by the Board Nomination and Remuneration Committee (BNRC).

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

### Performance evaluation of Directors:

Contribution at Board / Committee meetings & Guidance/ support to Management outside Board/ Committee Meetings.

### Performance evaluation of Board and Committees:

Board structure and composition, Degree of fulfillment of key responsibilities, Establishment and delineation of responsibilities to Committees, Effectiveness of Board Processes, Information and Functioning, Board Culture and Dynamics, Quality of relationship between the Board and Management, Efficacy of communication

with External Stakeholders & Committees – strengths and areas of improvement.

## 30. INDEPENDENT DIRECTORS

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

## 31. REMUNERATION POLICY

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

## 32. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

In accordance with the agreement between the promoters, three Directors each may be nominated by Tata Sons Private Limited and Tamilnadu Industrial Development Corporation Limited.

The guidelines for selection of Independent Directors are as set out below:

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

### Process for selection

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

### Attributes

- i) The Committee shall seek candidates who is not a nominee or related to either Promoter of the Company. Such candidates shall possess integrity, leadership skills, managerial qualities, foresight abilities and competency required to direct and oversee the Company's management in the best interest of its stakeholders i.e. shareholders, customers, employees and communities it serves.

- ii) The candidate must be willing to regularly attend the meetings of the Board and develop a strong understanding of the Company, its businesses and its needs, to contribute his/ her time and knowledge to the Company and to be prepared to exercise his/her duties with skill and care. Besides these, the candidate should have an understanding of governance concepts and legal duties of a Director.
- iii) It is desirable that the candidate should have expertise to fill in the gap(s) identified by the Company in the current composition of the Board.
- iv) Ideally the candidate should possess experience of 5 years on the board of a listed company.
- v) The candidate's age shall not exceed 70 years at the time of joining the Board.
- vi) Fortrightness and ability to possess foresight abilities in the Governance of a Corporate.

#### Board Composition

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

#### Procedure

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

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

### 33. OTHER DISCLOSURES

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

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the financial year

Sl. No.	Name of the director	Ratio (times)	% Change
<b>B] Director's remuneration</b>			
1	Chairman (nominated by TIDCO) <sup>1</sup>	6.69	-22
2	Mr. Ramesh Chand Meena	7.71	617
3	Ms. Shilpa Prabhakar Satish <sup>2</sup>	0.59	100
4	Mr. Arun Roy <sup>3</sup>	1.40	-
5	Mr. N. N. Tata <sup>4</sup>	0.49	55
6	Mr. Harish Bhat <sup>4</sup>	0.79	43
7	Mr. T. K. Balaji	11.35	32
8	Mrs. Ireena Vittal	10.04	2
9	Mrs. Hema Ravichandar	10.04	17
10	Prof. Das Narayandas <sup>5</sup>	1.19	-
11	Mr. Ashwani Puri	9.72	4
12	Mr. B Santhanam <sup>6</sup>	5.58	-
13	Mr. Pradyumna Vyas <sup>7</sup>	0.55	-
14	Mr. Bhaskar Bhat (Managing Director) <sup>8</sup>	99.00	15
15	Mr. S.Subramaniam, Chief Financial Officer	-	44
16	Mr. Dinesh Shetty, General Counsel & Company Secretary <sup>9</sup>	-	-
17	Mr. A R Rajaram <sup>10</sup>	-	-



- <sup>1</sup> Commission to the Chairman of the Company (the Chairmanship was held by Mr. K Gnanadesikan upto 14<sup>th</sup> March 2019 and currently Mr. N Muruganandam is the Chairman).
  - <sup>2</sup> Ms. Shilpa Prabhakar Satish, IAS, nominee of TIDCO, was appointed on the Board with effect from 29<sup>th</sup> March 2018 and resigned effective 10<sup>th</sup> May 2018.
  - <sup>3</sup> Mr. Arun Roy, IAS, nominee of TIDCO was appointed effective 26<sup>th</sup> November 2018.
  - <sup>4</sup> In line with the internal guidelines, no payment is made towards commission to Mr. Harish Bhat and Mr. N N Tata, Non-Executive Directors of the Company, who are in full-time employment with other Tata companies.
  - <sup>5</sup> Prof. Das Narayandas resigned from the Board effective 25<sup>th</sup> January 2019.
  - <sup>6</sup> Mr. B Santhanam was appointed as an Independent Director on the Board effective 10<sup>th</sup> May 2018.
  - <sup>7</sup> Mr. Pradyumna Vyas was appointed as an Independent Director on the Board effective 25<sup>th</sup> March 2019.
  - <sup>8</sup> Inclusive of salary, perquisites, commission (relates to FY ended 31<sup>st</sup> March 2019 which will be paid during FY 2019-20) and retiral benefits.
  - <sup>9</sup> Mr. Dinesh Shetty was appointed as the Company Secretary and Compliance Officer of the Company effective 3<sup>rd</sup> August 2018.
  - <sup>10</sup> Mr. A R Rajaram retired from the Company effective 30<sup>th</sup> June 2018.
- ii) The percentage increase in the median remuneration of employees in the financial year: 10.5%
- iii) The number of permanent employees on the rolls of company: 7,213
- iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase this year has been 10.5% across all levels. Increase in the managerial remuneration is based on market trends and performance criteria as determined by the Board of Directors and on the recommendation of the Board Nomination & Remuneration Committee.

- v) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

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

### 34. INFORMATION AS PER RULE 5(2) OF THE CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

### 35. AUDITORS

#### a) Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. BSR & Co., LLP have been appointed as Auditors for a term of five years, subject to ratification by the shareholders, from the conclusion of the 33<sup>rd</sup> Annual General Meeting till the conclusion of the 38<sup>th</sup> Annual General Meeting.

The Ministry of Corporate Affairs vide Notification dated 7<sup>th</sup> May 2018 notified several Sections of the Companies (Amendment) Act, 2017. In view of the said notification, the requirement of ratification of appointment of auditors, under Section 139 of the Companies Act, 2013, at each AGM is no longer required. Hence, the resolution to this item is not being included in the Notice to the AGM.

**b) Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. KT Vijayakrishna, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **(Annexure-V)**.

**36. AUDITOR'S REPORT AND SECRETARIAL AUDITOR'S REPORT**

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

**37. DISCLOSURES OF TRANSACTIONS OF THE LISTED ENTITY WITH ANY PERSON OR ENTITY BELONGING TO THE PROMOTER/PROMOTER GROUP WHICH HOLD(S) 10% OR MORE SHAREHOLDING IN THE LISTED ENTITY, IN THE FORMAT PRESCRIBED IN THE RELEVANT ACCOUNTING STANDARDS FOR ANNUAL RESULTS.**

**Related Party Transactions with Promoter/ Promoter Group holding 10% or more shares**

Tamilnadu Industrial Development Corporation Limited and Tata Sons Private Limited hold 10% or more shares in the Company. The details of transactions with promoter/promoter group holding 10% or more shares have been disclosed in the accompanying financial statements.

**Acknowledgements**

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

On behalf of the Board of Directors,

Bengaluru  
8<sup>th</sup> May 2019

**N N Tata**  
Vice Chairman

**Bhaskar Bhat**  
Managing Director

# Annexure – I

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

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### WATCHES AND ACCESSORIES

1. Technologies such as High-Speed turning, new age CNC Tool & Cutter Grinder – EWAMATIC has been inducted in watch manufacturing resulting in product feature and quality improvement, cost reduction and import substitution.
2. Robotic automation has been successfully deployed in back cover forming presses, back cover hook embossing. Case buffing semi-automation has enabled increased productivity and employee fatigue reduction.
3. Laser cutting technology has been successfully adopted from Switzerland and deployed for stepper motor component manufacturing.
4. 3D printing technology is currently widely used for components & tooling development. Titan has leveraged the FDM Technology for of non-load application tooling like fixing locators, inspection locators, etc.
5. IIoT (Industrial Internet of Things) initiative: Installation and commissioning of an online Performance Monitoring System to evaluate the operating performance of energy-intensive AC chillers using IIoT techniques which will help to continually scan the chiller operating parameters to achieve the improved performance. Watch manufacturing is implementing similar IIoT application across manufacturing and service equipment.

### JEWELLERY

The Division continued to liaison with various universities and research institutes in India and abroad for research support and working on cutting edge technologies in the jewellery industry. The Division has engaged global experts in specific areas of operations like refining, alloying, new product development etc., for developing capability and adopting benchmark process technologies.

The Division's R&D wing - Centre for Innovation & Technology Excellence (CITE) is recognized by the Department of Scientific & Industrial Research (DSIR).

The manufacturing facility established a number of automation projects in the operations area which are first of its kind in the jewellery industry across the globe. The Division has used the CNC machining and Sintering technology to produce unique multi-colour finger rings which have become top sellers as "Wedding Bands" and considering the huge success of this range, plans have been made for capacity expansion of CNC machining by investing in technology.

Further, using the Laser cutting technology in a unique way, the Division produced innovative products which have won the coveted global "reddot Award". The Chain Manufacturing Plant with latest technologies across processes has reached a new height by producing 1,250 kgs of chains, nearing the installed capacity.

Considering the importance of logistics in managing the future scale, automated pick to light system has been introduced at the Hosur warehouse which helps in reducing manual intervention and lead time.

The Division's teams have been visiting technology exhibitions / conventions to understand the latest developments across industries to explore the possibility of adapting relevant technology to jewellery industry, like Additive manufacturing, Industry 4.0, IoT etc., The Division is using the Wax 3D printing technology for its new product development and further exploration is continuing in this direction.

In order to enhance the capability of the division skilled craftsmen, it has engaged with high skilled craftsmen from Bangkok to train Hosur plant employees on the new stone setting techniques.

### Innovation

With renewed focus on innovation under the new structure, the division has been addressing various business challenges through innovation projects which has achieved many success stories. The Total Employee Involvement Scheme (IMPACT) which was launched during the previous year reached greater heights with 2000+ Kaizen and 2000+ suggestions being implemented by the employees to drive improvement across areas.

## EYEWEAR

The state-of-the-art new integrated manufacturing premises for the Eyewear Division was inaugurated on 19<sup>th</sup> March 2019. The new manufacturing facility is spread across 3 acres of land in Chikkaballapur Industrial area, 25 kilometers from Bengaluru International Airport and houses the spectacle frames & lenses manufacturing with centralized warehousing and logistics. Apart from the new main manufacturing facility the Division also has six satellite Lens Labs in different metro cities across India.

The Division has successfully initiated cross learning and sharing good practices among its manufacturing units through Knowledge Management (KM) which resulted in completing 37 Kaizen (continuous improvement tool) which were implemented all across the manufacturing units for better quality and faster delivery of customers' orders. The KM initiative has saved many orders from cancellations due to delay and other production losses drastically. Lens manufacturing processes also adapted new hard coating technology based with solvent-free lacquer along with ion-assisted antireflection coating technology. The new processes helped achieving better wear and tear resistance in lens coating apart from reducing the coating consumable cost by more than 70% of the cost of previous year. In 2018-19, around 300 new SKUs (products) were launched towards meeting the better price-value equation of the end products. New material range of photo chromatic lenses and new lens design of true-tech lenses have become remarkably popular within a short span. Two new Lens Labs, one in Chennai and other in Patna, started its operations during March 2019.

The Division has also taken phenomenal steps in decentralizing its central operation for stocking of single-vision lenses, contact lenses, frames and sunglasses to all the satellite warehouses, for easy availability and faster turnaround in respective regions. The warehouse function has also taken the ownership of fulfillment center's operations, the backbone of online eyewear business of the Division. New automatic assembly lines for packing frames and sunglasses have also been installed in the FY 2018-19. Digitization of warehousing operation is underway.

## CONSERVATION OF ENERGY & FUEL WATCHES AND ACCESSORIES

The Division has successfully implemented various energy and fuel conservation projects with internal expertise and association with external agencies in the areas of lighting, vacuum system, air-conditioning and process water cooling/evaporation systems at its manufacturing facility.

In line with the vision of becoming "Carbon Neutral", watch manufacturing facility is continually sourcing parts of its energy requirement at through renewable energy resources – windmills. During 2018-19, the Division had sourced 9.88 million units of energy from the Company's associate company with wind farms. 82.3% (101 Lakh units) of annual energy consumption (123 Lakh units) has been substituted with renewable energy resources and this has resulted in reducing the carbon emission to the extent of 7,310 tonnes. Manufacturing has implemented two innovative energy conservation projects this year in air conditioning system to reduce energy consumption significantly.

Installation of energy efficient IE 3 motors for Friction, Crank and Hydraulic presses replacing conventional motors has resulted in 8 % energy saving.

Watch manufacturing plant has won Green Tech Environmental Management Award - 2018 under the "GOLD" category for their best environmental management practices in the areas of energy conservation, renewable energy substitution, reduction of greenhouse gas emissions and constant reduction of environmental impacts through systematic environmental improvement programs.

## JEWELLERY

The Jewellery ISCM has been driving sustainability over the years and to ensure higher level of focus, a new project "JSM" (Jewellery Sustainability Mission) was launched with the support of an external domain expert wherein major initiatives for the next 5 years have been identified, where energy conservation is one of the main agenda.

During the year, the Hosur Jewellery Plant managed 30% of its energy from renewable sources like windmills and solar. Even with increased production levels, the overall electricity consumption reduced by 18% through various initiatives. The Pant Nagar Jewellery Unit started getting renewable energy from the newly installed 100KW solar power facility.

Also, 4000+ trees were planted across the Division's facilities improving the green cover which has led to reduction in carbon footprint. Major thrust was given to water conservation with rain water harvesting and ground water replenishment systems. There is a 10% reduction in water consumption in spite of increase in production and 80% of the water used was recycled water.

**EYEWEAR**

In the past year, the Division has taken enormous efforts to conserve energies in many different ways. Among them, power saving by introducing lux level and motion sensor based automatic lighting system has been introduced to save almost 11K units of electricity in a year. Another major saving of electricity has been made possible by introducing a star 3 transformer at the new manufacturing plant. ETP and STP are in place to support water recycling and reusing thereby saving 5K liters of water a day. Rainwater harvesting has been put in place to recharge the bore well and other soaking pits. All the machine chillers have been accommodated in a separate place to avert the 15 KW of heat load in the interiors of the production area. Waste disposals have been maintained through PCB (Pollution Control Board) guidelines to re-fulfill the Division's commitment of the clean and green environment.

**EXPENDITURE ON RESEARCH AND DEVELOPMENT**

(₹ in crore)

	Year ended 31.3.2019	Year ended 31.3.2018
(a) Capital	3.77	2.70
(b) Recurring	22.48	16.81
(c) Total	26.25	19.51
(d) Total R & D expenditure as percentage of turnover	0.14%	0.12%

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, the Company earned ₹ 193.33 crore in foreign exchange and spent ₹ 759 crore.

On behalf of the Board of Directors,

Bengaluru  
8<sup>th</sup> May 2019

**N N Tata**  
Vice Chairman

**Bhaskar Bhat**  
Managing Director

## Annexure – II

### ANNUAL REPORT ON CSR- 2018-19

- I. The Company, since inception has believed in and has been a responsible corporate continuously working to improve the quality of life of communities interfacing with the Company.

The Company has charted out its programs and projects that are both short and long term in nature. As part of its strategy, the Company will continue to invest in programs that have been in place this far while realigning and sharpening focus towards the chosen areas aligned with the CSR policy.

The Company has refined the metrics and is monitoring the primary reach while simultaneously working out the secondary reach and impact of its programs. The Company has defined the primary metrics for CSR in terms of beneficiaries reached through its programs. During the year 2018-19, the Company's programs have reached out to about 3.60 lakh individuals.

Key highlights during the year have been:

- Titan ECHO: a skating initiative across the Indian Golden Quadrilateral for supporting education of the underprivileged Girl child – the initiative raised funds for 21,500 girls
- Announcing the Design Impact Award grantees for the first cycle
- Titan LeAP - centre of excellence for skill development set up at Chennai
- Adoption of Government ITIs in the tribal areas of Tamil Nadu for skilling support.

All other programs continue as per plans.

Based on the broad guidelines considered by the Board CSR Committee, the Company has started to rationalize partners and programs, to a chosen few, while keeping in mind the partner / NGO's sustainability in mind.

The Company's volunteering program (Titan Footprints) has been successfully operating in all its locations over the years. During the year 2018-19, the Company clocked 20,815 man-hours of volunteering involving employees across the Company, in either CSR projects or local causes.

From the year 2019-20, the Company will spend considerable time and resources on scaling up existing projects, and working towards creating deeper impacts across all its chosen verticals as part of its

policy i.e. educating the underprivileged girl child, skill development and support towards Indian Arts, Crafts and Heritage. Besides this, there will be a greater focus on the Design Impact Awards for Social Change.

The Company has initiated work towards rejuvenation of the lake beside the new corporate office - Integrity, and the same is expected to be completed by mid of FY 2019-20.

The Company's CSR Policy & Strategy can be accessed at [https://www.titancompany.in/sites/default/files/CSR%20Policy%20-%20Titan%20Company%20Limited\\_n.pdf](https://www.titancompany.in/sites/default/files/CSR%20Policy%20-%20Titan%20Company%20Limited_n.pdf)

- The CSR Committee of the Board of Directors of the Company consists of 4 members as of 31<sup>st</sup> March 2019 viz,
  - Chairperson: Mrs. Ireena Vittal – Chairperson & Independent Director
  - Member: Mrs. Hema Ravichandar – Independent Director
  - Member: Mr. V Arun Roy – Nominee Director of TIDCO
  - Member: Mr. Bhaskar Bhat – Managing Director
- The average net profits of the Company made in three preceding financial years for the purpose of computation of CSR Expenditure is ₹ 1207.10 crore
- Prescribed CSR expenditure (2% of II above) is ₹ 24.14 crore
- Details of the CSR amount spent during the financial year:
  - Total amount to be spent for the financial year – ₹ 24.14 crore
  - Amount spent in the financial year - ₹ 31.61 crore
  - Amount unspent : NA
  - Manner in this the amount spent during the financial year – Refer Annexure
- The Company has spent the entire amount earmarked for CSR activities and no amount remains unspent for the Financial Year 2018-19.
- The Board CSR Committee of Titan Company Limited hereby declares that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

**Bhaskar Bhat**

**Ireena Vittal**

Bengaluru

Managing Director

Chairperson -

8<sup>th</sup> May 2019

Board CSR Committee



Manner in which amount spent during the financial year is detailed below:

Sl No	CSR Project or activity identified		Sector in which the project is covered (Schedule VII Reference)	Projects or programs 1) Local area or other districts where the projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (budget) project or programme wise undertaken (₹ Cr)	Amount spent on the projects of programs 1) Direct Expenditure on projects or programs 2) Over heads (Total Overheads captured in last row for Titan)	Cumulative Expenditure upto the reporting period (₹ Cr)	Amount spent			
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partnre (₹ Cr)		
1.	Titan Kanya - Education for Girl Child										
	Academic support (Maths and Language) in Govt Schools)			ii	TN - Krishnagiri Delhi, Mumbai	2.85			K C Mahindra Education Trust		
	Out of schools girls education (upto learning level 5)			ii	Uttarakhand: Dehradun, Rudrapur, Tehri Garhwal, WB: 24 Paraganas & Murshidabad	1.55	5.11	5.11	0.00	5.11	IIIMPACT
	Kanya Sampooma - Holistic Education										
	Early child hood care, School readiness, augmented education, Adolescent program, skilling, capacity building			i,ii	TN -Cuddalore	2.88	2.87	2.87	0.00	2.87	CARE India
	Early child hood care, School readiness, augmented education, Adolescent program, skilling, capacity building			i,ii	Karnataka - Yadgir	1.30	1.30	1.30	0.00	1.30	Kalike
	Other Education support initiatives										
	Augmenting Education - Science education in Kanya schools			ii	TN - Krishnagiri	0.17	0.26	0.26	0.26	0.26	Agastya International Foundation
	Titan Scholarship program for persuing higher studies			ii	TN - Krishnagiri, Uttarakhand - Dehradun, Pantnagar	0.85	0.68	0.68	0.68	0.68	Internal by Titan
	Education and skill support for Tribal children and youth as part of affirmative action			ii	Karnataka - Mysore	0.47	0.66	0.66	0.66	0.00	0.66
Support towards creating Civic awareness among children			ii	TN - Krishnagiri	0.19	0.18	0.18	0.18	0.00	0.18	Children's Movement for Civic Awareness
Sub Total					10.26	11.07	11.07	0.68	10.38		

Sl No	CSR Project or activity identified		Sector in which the project is covered (Schedule VII Reference)	Projects or programs 1) Local area or other districts where the projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (budget) project or programme wise undertaken (₹ Cr)	Amount spent on the projects of programs 1) Direct Expenditure on projects or programs 2) Over heads (Total Overheads captured in last row for Titan)	Cumulative Expenditure upto the reporting period (₹ Cr)	Amount spent		
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partne (₹ Cr)	Name of implementing partner (s)
2.	Employment Led Skill development programs									
	ii			TN - Chennai	1.88	1.68	1.68	0.00	1.68	Naandi Foundation
	ii			Karnataka - Bengaluru	1.18	0.73	0.73	0.00	0.73	SAFAL
	ii			Karnataka - Mysore	0.22	0.09	0.09	0.00	0.09	Swami Vivekananda Youth Movement
	ii			Tamilnadu		0.15	0.15	0.00	0.15	SNR Sons Charitable Trust
	ii			Telangana - Hyderabad	0.18	0.28	0.28	0.00	0.28	Hyderabad Eye Institute (LVPEI)
	Employability Skilling programs									
	ii			TN	0.65	0.68	0.68	0.00	0.68	Naandi Foundation
	ii			TN	0.75	0.63	0.63	0.00	0.63	Naandi Foundation
	ii			Karnataka	0.15	0.02	0.02	0.00	0.02	Don Bosco Tech
Skill Development for the disabled										
ii			Karnataka	0.44	0.68	0.68	0.00	0.68	Association of People with Disability	
ii			Karnataka		0.04	0.04	0.00	0.04	Spastics Society of Karnataka	
Other Skill Development & Placement Programs										
ii			Tamilnadu	0.20	0.06	0.06	0.00	0.06	Govt of TN/ITI	
ii			TN - Chennai	0.21	0.20	0.20	0.00	0.20	CII & Govt. of TN	
Sub Total					5.86	5.24	5.24	0.00	5.24	

SI No	CSR Project or activity identified		Sector in which the project is covered (Schedule VII Reference)	Projects or programs 1) Local area or other districts where the projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (budget) project or programme wise undertaken (₹ Cr)	Amount spent on the projects of programs 1) Direct Expenditure on projects or programs 2) Over heads (Total Overheads captured in last row for Titan)	Cumulative Expenditure upto the reporting period (₹ Cr)	Amount spent		Name of implementing partner (s)
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partner (₹ Cr)	
3	Support for Indian Arts Crafts and heritage	Project Tana Bana - reaching out to create women weavers and impacting around 30 families in this year and around 100 families over a period of 3 years		v	Varanasi - UP	0.45	0.51	0.00	0.51	Human Welfare Association
		CToK – Identification, selection, skilling and design interventions for 25 craft entrepreneurs reaching out to around 175 craftsmen and women		v	Kashmir	0.74	0.32	0.00	0.32	Commitment to Kashmir
		Support to Arts- Supporting Art Research engagement over long term through providing grants		v	Pan India - Based at Bengaluru	0.40	0.69	0.00	0.69	India Foundation of Arts
		Support to Theatre:Continued engagement towards creation of young directors program		v	Across Karnataka	0.22	0.17	0.00	0.17	Sanket Trust - Rangashankara
		<b>Sub Total</b>				<b>1.81</b>	<b>1.69</b>	<b>0.00</b>	<b>1.69</b>	
4	Design Impact awards for social change (in the areas, but not limited to Education, Skilling, Health & Rural Development)	Grant Disbursement for the first year and project management - Pan India		i, ii & iv	Pan India	3.00	2.40	0.00	2.40	Foundation for Innovation and Social Entrepreneurship (Tata Trusts)
		<b>Sub Total</b>				<b>3.00</b>	<b>2.40</b>	<b>0.00</b>	<b>2.40</b>	

Sl No	CSR Project or activity identified		Sector in which the project is covered (Schedule VII Reference)	Projects or programs 1) Local area or other 2) Specify the state districts where the projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (budget) project or programme wise undertaken (₹ Cr)	Amount spent on the projects of programs 1) Direct Expenditure on projects or programs 2) Over heads (Total Overheads captured in last row for Titan)	Cumulative Expenditure upto the reporting period (₹ Cr)	Amount spent	
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partner (₹ Cr)
5	<b>Restoration of water bodies, sanitation and livelihood programs</b>								
		Integrated Village Development Program (Uttarakhand) - Continuing implementation in 20 Villages	i,ii,iv	Uttarakhand	0.60	0.60	0.60	0.00	0.60
		Watershed programs for livelihood (Cuddalore, Tamil Nadu) - Continuing implementation to the second year	i,ii,iv	TN - Cuddalore	0.80	0.06	0.06	0.00	0.06
									NABARD/National Agro Foundation/ CII
	<b>Health care support</b>								
		Happy Eyes Program - Comprehensive Eye care including support to Cataract and glasses for under privileged - Karnataka	i	Karnataka & Tamilnadu	0.60	1.35	1.35	0.00	1.35
	<b>Others</b>								
		Prevention of Substance abuse among youth in schools - continuing implementation in third year - Sikkim	ii	Sikkim - Sikkim	1.00	1.23	1.23	0.00	1.23
		Technology Incubation: Incubating companies in the space of chosen areas through institutes of repute	ix	TN - Chennai	0.00	0.75	0.75	0.00	0.75
									Sikkim Against Addiction Towards Healthy India (SAATHI) IIT Madras Aashray - Promotion of Social Enterprise Foundation Tata Community Initiatives Trust, Direct
6		Kerala, Kodagu & Tamil Nadu flood Relief & Rehabilitation	vi	Kerala, Karnataka & Tamil Nadu	0.00	4.52	4.52	0.00	4.52
		One time support, Volunteering & Regional Spend - Pan India	i,ii,iii,iv	Locations where Titan facilities are present	2.23	1.85	1.85	1.85	0.00
	<b>Sub Total</b>				<b>5.23</b>	<b>10.36</b>	<b>10.36</b>	<b>1.85</b>	<b>8.51</b>
	<b>Overheads</b>				1.59	0.84	0.84	0.84	0.00
	<b>Grand Total</b>				<b>27.75</b>	<b>31.61</b>	<b>31.61</b>	<b>3.38</b>	<b>28.23</b>

## Annexure – III

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**as on the financial year ended on 31<sup>st</sup> March 2019[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

i) CIN	L74999TZ1984PLC001456
ii) Registration Date	26.07.1984
iii) Name of the Company	TITAN COMPANY LIMITED
iv) Category / Sub Category of the Company	Public Company/Limited by shares
v) Address of the Registered office and contact details	3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. Tel- 04344-664199 Fax-04344-276037; e-mail: corpcomm@titan.co.in Website: www.titancompany.in.
vi) Whether listed company (Yes / No)	Yes. Listed on BSE Limited and National Stock Exchange of India Limited
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	T S R Darashaw Ltd, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai- 400 011, Maharashtra, India. Tel- 22 6656 8484 Fax-22 6656 8494 Email id: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
i)	Watches	2,652	12.68%
ii)	Jewellery	3,211	83.28%
iii)	Others		4.04%
<b>TOTAL</b>			<b>100.00</b>

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
i)	Titan TimeProducts Limited* L-15, Verna Electronic City, Verna, Salcettee, Goa 403 722	U33301GA1991PLC001148	NA	NA	NA
ii)	Favre Leuba AG, Zug, Switzerland	Foreign Company	Subsidiary	100%	2(87)
iii)	Titan Watch Company Limited, Hong Kong	Foreign Company	Subsidiary	100%	2(87)
iv)	Titan Engineering & Automation Limited Unit No. II, No. 141 S. Muduganapalli Village, Denkanai Kottai Road, Hosur, Krishnagiri, Tamil Nadu - 635110	U33111TZ2015PLC021232	Subsidiary	100%	2(87)
v)	Green Infra Wind Power Theni Limited No. 29, Haddows Road, Chennai – Tamil Nadu, India.	U40105DL2011PLC274929	Associate Company	26.79%	2(6)
vi)	Montblanc India Retail Private Limited Integrity #193, Veerasandra Electronics City P.O. Off Hosur Road Bengaluru - 560100	U52390KA2014PTC074786	Joint Venture	49%	2(6)
vii)	Carat Lane Trading Private Limited 2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> Floor, #32, Rutland Gate, 2 <sup>nd</sup> Street, Khader Nawaz Khan Road, Nungambakkam, Chennai- 600 006.	U52393TN2007PTC064830	Subsidiary	69.47%	2(87)

\*Titan TimeProducts Limited ceased to be subsidiary company with effect from 18<sup>th</sup> June 2018.

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)****(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April 2018				No. of Shares held at the end of the year 31 <sup>st</sup> March 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals / Hindu Undivided Family	-	-	-	-	-	-	-	-	-
b) Central Government / State Governments(s)	24,74,76,720	-	24,74,76,720	27.88	24,74,76,720	-	24,74,76,720	27.88	-
c) Bodies Corporate	22,22,25,200	-	22,22,25,200	25.18	22,22,25,200	-	22,22,25,200	25.03	-
d) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e) Any Other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1)</b>	<b>46,97,01,920</b>	<b>-</b>	<b>46,97,01,920</b>	<b>52.91</b>	<b>46,97,01,920</b>	<b>-</b>	<b>46,97,01,920</b>	<b>52.91</b>	<b>-</b>
<b>(2) Foreign</b>									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-	-	-	-
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e) Any Other (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter &amp; Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>46,97,01,920</b>	<b>-</b>	<b>46,97,01,920</b>	<b>52.91</b>	<b>46,97,01,920</b>	<b>-</b>	<b>46,97,01,920</b>	<b>52.91</b>	<b>-</b>



Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April 2018				No. of Shares held at the end of the year 31 <sup>st</sup> March 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	3,07,09,534	34,200	3,07,43,734	3.46	4,60,53,962	25,200	4,60,79,162	5.19	1.73
b) Financial Institutions / Banks	1,67,110	18,150	1,85,260	0.02	4,72,058	16,150	4,88,208	0.05	0.03
c) Cental Government / State Governments(s)	14,95,955	-	14,95,955	0.17	15,16,035	-	1,516,035	0.17	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	2,24,08,245	-	2,24,08,245	2.52	1,59,86,528	-	1,59,86,528	1.80	- 0.72
f) FIs	4,68,470	21,000	4,89,270	0.06	1,39,317	16,000	1,55,317	0.02	-0.04
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Portfolio Investors (Corporate)	18,34,78,114	-	18,38,78,114	20.67	17,06,10,555	-	17,06,10,555	19.22	-1.45
j) Any Other (Alternate Investment Funds)	8,49,072	-	8,49,072	0.10	15,36,291	-	15,36,291	0.17	0.08
Sub-total (B)(1)	23,95,76,500	73,350	23,96,49,850	26.99	23,63,14,746	57,350	23,63,72,096	26.62	-0.37
2. Non-Institutions									
a) Bodies Corporate	1,19,11,535	71,060	1,19,82,595	1.35	2,40,04,573	64,060	2,40,68,633	2.71	1.36
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,47,58,614	1,48,05,664	7,95,64,278	8.96	7,34,80,748	1,16,44,833	8,51,25,581	9.59	0.63
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,57,08,287	8,59,400	8,65,67,687	9.75	7,12,24,115	6,99,400	7,19,23,515	8.10	-1.65
c) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
c) Any Other									
1) Trusts	3,10,830	-	3,10,830	0.04	5,85,415	-	5,85,415	0.07	0.03
2) OCB	9,000	-	9,000	0	9,000	-	9,000	0.00	0.00
Sub-Total(B)(2)	16,26,98,266	1,57,36,124	17,84,34,390	20.10	16,93,03,851	1,24,08,293	18,17,12,144	20.47	0.37
Total Public Shareholding (B)=(B)(1)+ (B)(2)	40,22,74,766	1,58,09,474	41,80,84,240	47.09	40,56,18,597	1,24,65,643	41,80,84,240	47.09	0.00
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	87,19,76,686	1,58,09,474	88,77,86,160	100.00	87,53,20,517	1,24,65,643	88,77,86,160	100.00	0.00

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April 2018			Shareholding at the end of the year 31 <sup>st</sup> March 2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Tamilnadu Industrial Development Corporation Ltd	24,74,76,720	27.88	0.00	24,74,76,720	27.88	0.00	0.00
2	Tata Sons Private Limited	18,50,58,900	20.84	0.00	18,50,58,900	20.84	0.00	0.00
3	Tata Investment Corporation Ltd	1,78,75,640	2.01	0.00	1,78,75,640	2.01	0.00	0.00
4	Tata Chemicals Limited	1,38,26,180	1.56	0.00	1,38,26,180	1.56	0.00	0.00
5	Ewart Investments Limited	49,64,480	0.56	0.00	49,64,480	0.56	0.00	0.00
6	Piem Hotels Limited	5,00,000	0.06	0.00	5,00,000	0.06	0.00	0.00
		<b>46,97,01,920</b>	<b>52.91</b>	<b>0.00</b>	<b>46,97,01,920</b>	<b>52.91</b>	<b>0.00</b>	<b>0.00</b>

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

Sl. No	Name	Date	Reason	Shareholding at the beginning of the year 1 <sup>st</sup> April 2018	Cumulative Shareholding during the year 31 <sup>st</sup> March 2019
NO CHANGE					

**(iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and holders of GDRs and ADRs):**

Sl. No	Name	No of shares as on 31.03.2018	No of shares as on 31.03.2019	Net Changes	% to Capital
1	Rakesh Jhunjhunwala	6,11,75,645	5,07,75,645	-1,04,00,000	-1.17
2	Rekha Jhunjhunwala	1,40,75,575	1,16,75,575	-24,00,000	-0.27
3	Matthews Pacific Tiger Fund	1,86,18,799	90,15,327	-96,03,472	-1.08
4	ICICI- Prudential Value Fund- Series 20	13,12,679	81,02,953	67,90,274	0.76
5	Abu Dhabi Investment Authority - Beacon	27,15,738	66,18,571	39,02,833	0.44
6	ICICI Prudential Life Insurance Company Ltd	12,51,942	65,73,011	53,21,069	0.60
7	Sbi Arbitrage Opportunities Fund	65,96,152	64,19,347	-1,76,805	-0.02
8	Government Of Singapore	46,58,156	63,11,894	16,53,738	0.19
9	Lic of India Child Fortune Plus Growth Fund	1,89,97,003	59,92,946	-1,30,04,057	-1.46
10	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Hybrid '95 Fund	40,48,121	57,62,181	17,14,060	0.19

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

Sl No.	For each of the Directors and KMP	Shareholding at the beginning of the year 1 <sup>st</sup> April 2018		Cumulative Shareholding during the year 31 <sup>st</sup> March 2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. N N Tata				
	At the beginning of the year	46,900	0.01	46,900	0.01
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	46,900	0.01	46,900	0.01
2	Mr. Harish Bhat				
	At the beginning of the year	80,000	0.01	80,000	0.0090
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	80,000	0.01	80,000	0.0090
3	Mr. T K Balaji				
	At the beginning of the year	5,61,000	0.06	5,61,000	0.06
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	5,61,000	0.06	5,61,000	0.06
4	Mr. Bhaskar Bhat				
	At the beginning of the year	80,960	0.01	80,960	0.01
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	80,960	0.01	80,960	0.01
5	Mr. Dinesh Shetty				
	At the beginning of the year	10	0.00	10	0.00
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity, etc):				
	At the End of the year	10	0.00	10	0.00

## V. INDEBTEDNESS

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

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

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

(₹ in crore)

Sl. No.	Particulars of Remuneration	Mr. Bhaskar Bhat
1	Gross salary	2.97
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	3.97
	- as % of profit	
	- others, specify	
5	Others, please specify	-
	<b>Total (A)</b>	<b>6.93</b>
	Ceiling as per the Act	95.84

**B. Remuneration to other Directors:**

(₹)

S. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission payable*	Total Amount
<b>1</b>	<b>Independent Directors</b>			
	Mr. T.K. Balaji	4,60,000	74,87,000	79,47,000
	Mrs. Hema Ravichandar	4,70,000	65,58,833	70,28,833
	Mr. B Santhanam	3,60,000	35,44,917	39,04,917
	Mrs. Ireena Vittal	6,00,000	64,31,000	70,31,000
	Mr. Ashwani Puri	5,50,000	62,54,000	68,04,000
	Mr. Pradyumna Rameshchandra Vyas	50,000	3,34,333	3,84,333
	Prof. Das Narayandas	-	8,33,333	8,33,333
	<b>Total (1)</b>	<b>24,90,000</b>	<b>3,14,43,416</b>	<b>3,39,33,416</b>
<b>2</b>	<b>Other Non-Executive Directors</b>			
	Chairman(nominated by TIDCO)	2,00,000	44,84,000	46,84,000
	Mr. Ramesh Chand Meena	4,20,000	49,80,583	54,00,583
	Mr. V Arun Roy	50,000	9,29,250	9,79,250
	Mrs. Shilpa Prabhakar Satish	-	4,13,000	4,13,000
	Mr. N.N. Tata	3,40,000	-	3,40,000
	Mr. Harish Bhat	5,50,000	-	5,50,000
	<b>Total (2)</b>	<b>15,60,000</b>	<b>1,08,06,833</b>	<b>1,23,66,833</b>
	Total Managerial Remuneration	<b>40,50,000</b>	<b>4,22,50,249</b>	<b>4,63,00,249</b>
	Ceiling as per the Act (₹ Crore)			19.17

\* Commission related to FY 2018-19 which will be paid during FY 2019-20.

**C. Remuneration To Key Managerial Personnel Other Than Managing Director / Manager / Whole-time Director**

(₹ in crore)

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CFO	Company Secretary		Total
			Dinesh Shetty (from 3 <sup>rd</sup> August 2018)	A R Rajaram (upto 30 <sup>th</sup> June 2018)	
<b>1</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.50	0.52	1.16	5.18
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	0.11	0.03	-	0.14
<b>2</b>	Stock Option			-	-
<b>3</b>	Sweat Equity			-	-
<b>4</b>	Commission				
	- as % of profit				
	- others, specify				
<b>5</b>	Others, Allowances				
	<b>Total</b>	<b>3.61</b>	<b>0.55</b>	<b>1.16</b>	<b>5.32</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**There were no penalties, punishment or compounding of offences during the year ended 31<sup>st</sup> March 2019.

# Annexure – IV

## DIVIDEND DISTRIBUTION POLICY

### SCOPE AND PURPOSE

The Securities and Exchange Board of India (SEBI) on 8<sup>th</sup> July 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (LODR) Regulations, 2015, which requires the Company to frame and adopt a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website. Accordingly, this Dividend Distribution Policy has been adopted by the Company.

### OBJECTIVE

The objective of this Policy is to ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

### EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 4<sup>th</sup> November 2016.

### KEY PARAMETERS TO BE CONSIDERED WHILE DECLARING THE DIVIDEND

In line with the objective stated above, the Board of Directors of the Company shall consider the following parameters for declaration of Dividend:

#### Financial Parameters / Internal Factors:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and / or new businesses;
- Cash flow required to meet contingencies;
- Outstanding borrowings;

- Past dividend Trends

#### External Factors:

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
- Dividend pay-out ratios of companies in the same industry.

#### Circumstances under which the shareholders may or may not expect Dividend:

The shareholders of the Company may not expect dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital, if any;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities; or
- In the event of inadequacy of profits or whenever the Company has incurred losses.

#### Utilization of retained earnings:

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

#### Parameters adopted with regard to various classes of shares:

Presently, the Authorised Share Capital of the Company is divided into equity share of ₹ 1 each and Preference shares of ₹ 10 each. At present, the issued and paid-up share capital of the Company comprises only of equity shares.



The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on equity shares.

As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

**Procedure:**

The agenda of the Board of Directors where Dividend declaration or recommendation is proposed shall contain the rationale of the proposal.

Pursuant to the provisions of applicable laws and this Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final dividend, if any, recommended by the Board of Directors, will be subject to shareholders approval, at the ensuing Annual General Meeting of the Company.

The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to dividend declared by the Company.

**Disclosure:**

The Company shall make appropriate disclosures as required under the SEBI Regulations.

**General:**

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

# Annexure – V

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019

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

To  
The Members,  
Titan Company Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Titan Company Limited (CIN: L74999TZ1984PLC001456) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Titan Company Limited for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.

(vii) The other general laws as may be applicable to the Company including the following:

**1) Employer/Employee Related Laws & Rules:**

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
- iv. The Apprentices Act, 1961
- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Karnataka Shops & Establishments Act, 1961
- xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvii. The Labour Welfare Fund Act, 1965
- xxviii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxix. For majority of Central Labour Laws, each State has introduced Rules [names of each of the Rules are not included here]

**2) Environment Related Acts & Rules:**

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Water (Prevention & Control of Pollution) Cess Act, 1977
- iv. The Air (Prevention & Control of Pollution) Act, 1981
- v. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

- vi. Manufacture, Storage and import of Hazardous Chemicals Rules, 1989
- vii. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

### 3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

### 4) Other Laws:

- i. Indian Explosives Act, 1884
- ii. Legal Metrology Act, 2009
- iii. Electricity Act, 2003
- iv. Information Technology Act, 2000

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2 and amendments thereof.

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

Further, I report that with regard to financial and taxation matters, I have relied on the draft Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

### I further report that

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

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

Decisions in the Board Meetings are carried through by majority voting and the dissenting members' views or abstained from voting are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such instance.

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

Place: Bengaluru  
Date: 8<sup>th</sup> May 2019

**Vijayakrishna KT**  
FCS No.: 1788  
C P No.: 980

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

## 'Annexure'

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Goods and Service Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru  
Date: 8<sup>th</sup> May 2019

**Vijayakrishna KT**  
FCS No.: 1788  
C P No.: 980



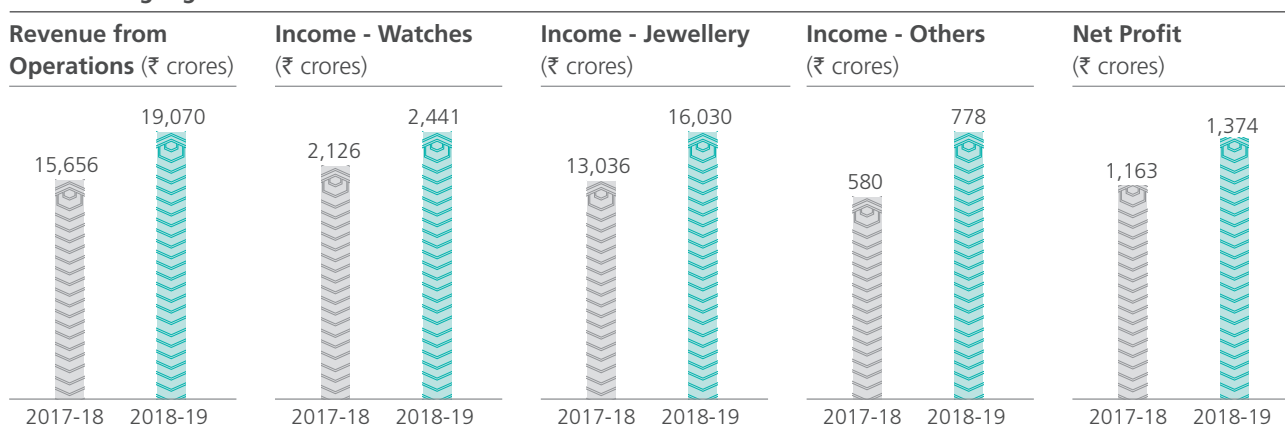
# Management Discussion and Analysis

## ENVIRONMENT

### Macroeconomic overview

The Company continued the good growth momentum of the past few years and achieved strong financial growth for the third consecutive financial year. Growth was broad-based across all the Divisions of the Company. In the year 2019-20, the Company will be increasing the pace of the network rollout with a view to increase the market share. Watches Division recorded a handsome growth aided by launch of new products and store expansion. Jewellery Division too continued its impressive growth and the subsidiary, Carat Lane has continued its aggressive expansion. Eyewear Division recorded a growth of 23% in revenue and has performed exceedingly well on its customer experience, boosting the same store growth.

### Financial Highlights



## WATCHES & ACCESSORIES DIVISION

### Overview

The year has been one of the best years for the Division. The Watches Division consolidated upon the initiatives that had been taken over the past couple of years to improve the health of the business.

The Division's brands lead the efforts to drive consumer interest in the category through embedding technology in its products. New age and modern channels like Large Format Stores (LFS) and E-commerce continued to be the growth drivers for the category. These were leveraged well by all the brands. The Division's portfolio of brands, channels and markets provide the Company with a significant competitive advantage in maintaining and enhancing dominant leadership in the industry.

### Global Watch Market Trend

The global watch market over the last 6 years has been growing at a CAGR of 5% with the traditional watches

segment declining at -3%, while the smartwatches and bands segment, estimated at around US\$ 20 billion, growing at 84% CAGR. This disruption in the market has led to most world watch players to decline in the last year.

### The year 2018-19

The Division continued investing in and strengthening its brands, bringing out a slew of new products and significantly enhancing its market presence. The smart play of the Company strengthened with several new impactful launches led to Titan gaining the second position in the wearables market in India.

### Technology and smart products

Fastrack launched Reflex 2.0, an upgrade of its first activity tracker which was well accepted in the market, helped the brand become the #2 Smart Band brand in the country. The brand continued to innovate in terms of technology by launching Reflex Wav - the world's slimmest gesture control band which allows consumers to take pictures, control music

and phone calls through wrist gestures. SF Rush, a smart band, was launched at ₹ 999/- which has made fitness bands accessible to youngsters across the country. This launch was supported by a 360 degree campaign. Titan Radar, India's first 'Smart' wallet which helps consumers find their wallets was also an interesting product introduced during the year and did very well in the market.

### Brands

Brand Titan grew by double digits on the back of new outstanding products, specially, innovative collections like Titan Grandmaster, a uniquely crafted collection with use of authentic wood inspired by chess, "Raga I Am", a collection celebrating imperfections, the Kolkata collection which is an ode to the City of Joy, and Purple Stellar, a fashion collection for women inspired by cosmic elements. These were supported by campaigns like Raga "#flaunt your flaw" that brought out a new conversation with today's women and Octane "Be a Sport" which was a new take on masculinity.

Brand Fastrack launched successful collections like EDM, Loopholes and Denim. The Denim Collection uses actual denim fabric on straps and extends the inspiration of denim on all elements of watch design including the case, hands and the dials. In terms of communication, Fastrack watches did a campaign around its "All Nighters" collection which helped the watches sell out from all channels, and also made quirky ad films for both Fastrack Reflex 2.0 and Reflex Wav. The brand also pushed boundaries by breaking a Guinness World Record for the 'Longest Chain of Watches'.

Sonata brought out contemporary designs with Sleek - slim workwear watches, Blush - fashionable rose gold watches, Volt+ and Splash - trendy, bold watches for youth. The brand also undertook initiatives for a regional connect in its priority markets - Sharodia Guide App for Durga Puja in West Bengal, celebrating Ganeshotsav on-ground with a dedicated app in Maharashtra, and by making Special Edition watches, exclusively for the Chennai Super Kings IPL team.

Excellent designs in bags, belts and wallets have led to accessories business having explosive growth. The Division has made big strides in the product, pricing and distribution access in the last year.

### Licensed brands

The licensed brands portfolio achieved a strong 37% growth in the year helped by the rejuvenation of Tommy Hilfiger and continuing strong roles played by each of the licensed brands- Police, Anne Klein and Kenneth Cole. A new entrant in the portfolio, Olivia Burton, targeted at millennials, also saw a good response. The continued investment in creating

a portfolio of brands which complement the Division's own brands will continue to be a focus area in order to influence and shape the market with evolving and new customer segments.

### Sales Channels

#### Retail Channels

The World of Titan retail chain with a focus on premium watches from the Division's brands and Licensed Brands has achieved double digit growth in watches over ₹ 8,000/-. The growth in the channel has been fuelled by new product introductions, Edge Ceramic, Licensed Brands, Nebula, better efficiencies and renovation of stores. The Fastrack store chain has continued to remain exciting by renovating and resizing. Exciting customer engagements have added vibrancy and continued the growth momentum. The Helios store chain which is the premium multi-brand watch destination store has continued its strong growth with significant contribution from Swiss brands. This chain will play a significant role as the Company continues its journey into premiumisation and acquisition of new customers. Going forward, a comprehensive Omni Channel play to leverage the large network of retail stores will be a strong driver of consumers to the Company's brands and stores.

#### Trade

Recharging and rejuvenation of the largest channel of Multi-Brand Outlets (MBOs) has given significant results in the year with sustained brand and product investments. The relationships with key retailers and different categories of dealers have been strengthened with sound processes leading to mutual benefits and growth. Visual merchandising, enhanced presence, systematic launch of new products, training, introduction of wearables, deeper penetration of premium products, induction of technology enablers, management of stock have been key drivers of growth in this important channel. Expansion of the footprint into new non-traditional high traffic outlets has helped in acquiring new customers.

**Titan grew by double digits on the back of new outstanding products, specially, innovative collections like Titan Grandmaster, a uniquely crafted collection with use of authentic wood inspired by chess, "Raga I Am", a collection celebrating imperfections, the Kolkata collection which is an ode to the City of Joy, and Purple Stellar, a fashion collection for women inspired by cosmic elements.**

**Large Format Stores (LFS)**

LFS continued its good run for the watch category with impressive double digit growths and a significantly enhanced market share. In a highly competitive space, Titan was ranked No.1 across the 3 large format stores Shoppers Stop, Lifestyle and Central in the country.

**E-Commerce**

The E-commerce play has been transformed significantly and the Company has emerged as the largest group for the key players Flipkart, Amazon and Myntra. E-Commerce has been the highest growing channel and will continue the high double digit growth in the coming year.

**Manufacturing**

The Company's manufacturing competence provides the Division with a significant competitive edge. The manufacturing plants responded swiftly to increased market demand, ramping up capacity leading to full utilization of plants, and scaling up vendor capacity. Flexibility to align to the required product mix helped address the opportunities in the market, enabling growth. The focus remains to build a sustainable and agile integrated supply chain ecosystem in India.

Intense focus on innovation continued with increasing collaboration between internal stakeholders and engagement with technology partners and external consultants as well as SME's and institutes. Application of various innovation tools & techniques – design thinking approach helped implementation of a slew of innovation across the value chain.

Continuous efforts are underway to enhance cost effectiveness in manufacturing through a mix of productivity improvement, efficient utilization of plants, developing alternate sources, and indigenization.

**International business**

Business environment in the international markets continued to remain unfavourable during the year 2018-19, as declining trends were witnessed in the category across countries. Middle East markets continued to decline while younger markets made up to an extent, delivering good retail growths

on the back of several sales and marketing initiatives. Plan is to continue reducing the dependence on markets which are expected to continue with their declining trend while continuing to make investments in newer consumer markets and channels (e-commerce).

**Favre Leuba**

The Company acquired the second oldest Swiss brand in history, Favre Leuba and launched the brand in October 2016. The brand continued its growth trajectory in the year 2018-19 with increased retail presence across select key markets that the brand is present in.

The consumer retail sales witnessed decent growth for the second year in a row. The year saw the introduction of the much-awaited diver's watch- Bathy 120 Memodepth, which was received enthusiastically. Smaller case options of Sea King and Deep Blue collections too were launched. The business is also working towards broadening the relevance and appeal to a wider audience through its products and communication strategy. These efforts are likely to take shape over the next year. The coming year will also see enhanced presence of the brand in India.

**Looking ahead**

The Division stays on course in executing the strategy that it charted for itself couple of years back. It will continue to consolidate its leadership position in the segments that it operates in. Efforts and investments will continue to enhance capability in the wearables space, to create a winning portfolio of smart products. It will also continue to invest to further strengthen the portfolio of powerful in-house brands and at the same time look for opportunities to strengthen the Licensed Brands portfolio through relevant additions. An aggressive push for volume growth will remain at the core of its strategy.

**JEWELLERY DIVISION****The year 2018-19**

The domestic jewellery industry had a muted performance in financial year 2018- 19 on account of the following factors:

- On the demand-side, the macro-economic conditions put pressure on discretionary consumption and jewellery was also affected; and
- On the supply-side, the continuing impact of GST as well as reducing bank credit continued the pressure on industry operations, particularly the medium and small players.

The Jewellery Division did exceedingly well in such circumstances, clocking a growth of 20%+ for the second year running.

**The high value diamond jewellery segment also did very well, with substantial gains in the > ₹ 10 lakh price category, aided by exciting product collections.**

The six engines of growth continued to fire well, propelling the overall business in the direction of its 2.5X revenue target for FY23, being:

1. The wedding segment continued to grow, aided by deeper reaches into ethnic communities and a sustained national brand-building effort.
2. The high value diamond jewellery segment also did very well, with substantial gains in the > ₹ 10 lakh price category, aided by exciting product collections.
3. The “low-market share cities” continue to pay dividends as the Division broadened and deepened its local connect through multiple initiatives.
4. The “Middle India” programme was at its visible best, with more than 35 new stores added in one year, nearly double the earlier best.
5. The Golden Harvest Scheme continued to enable share of wallet gains and through that helped the overall business grow.
6. The Gold Exchange Programme got more traction as more and more customers started realizing the exceptional value that it offers, on top of the total transparency of the process.

Underpinning these engines of growth were the 3 big pillars of the Division:

1. The exceptional collections and new products that continued to be industry-leading, pushing the adornment story of the brand;
2. The brand-building efforts that are cutting-edge not just in the jewellery industry, but in the entire advertising industry;
3. The superlative customer experience in the stores.

All the 3 brands-of-the-future, Zoya, Mia and Caratlane, also did very well during the year and built a foundation from which bigger leaps will happen in FY 2019-20 and later.

Investments in Digital (Websites, E-commerce, Analytics and Customer Relationship Management) during the year were substantial and the Division expects to reap the benefits in FY 2019-20 and beyond.

### Manufacturing & Supply Chain

On the Integrated Supply Chain side, many initiatives were taken up with substantial long-term benefits:

1. Considerable investments in plant and machinery as well as international expertise, to increase capability and through that, in-house share of total output;
2. A focused quality programme intended to lift product quality to “best in the world” levels;
3. Multiple programmes to upgrade all vendor units to the “Standard” level (Cottage, Basic, Standard and World Class, being the 4 increasing levels of evolution) across People, Process, Place and Planet parameters;
4. An integrated 3-year programme for the diamond pipeline to extract maximum value, totally eliminate mixing up of synthetics and be sure about the right labour practices and conditions in the entire supply chain.

### Opportunities, Threats and Risks

The near-term (2/3 years) prospects for the Division appear quite good, based on the following reading with:

- Despite short-term hiccups, the secular trend in the economy is in favour of discretionary spending categories and a brand like Tanishq is right up there at the top of that list;
- Multiple environmental factors are pushing the industry into consolidation, benefiting the organized sector. The Division will again continue to benefit from this;
- The 6 engines of growth still have considerable space to fire, given the low share in each of those areas.

Given the traditional nature of the category, the risks to the business are essentially regulatory (as opposed to product substitution through technology or a sudden onslaught by international brand/s).

#### 1. Import controls on account Current Account Deficit

While this is possible anytime, the Division has proved that it could manage this risk quite well when it actually materialized last time. The Gold on Lease scheme is also typically taken away in such a situation, leading to a dropping Return on Capital Employed, but the Return on Assets picture remains more or less the same.

#### 2. The Prevention of Money-Laundering Act, 2002 (PMLA)

The guideline under the PMLA was introduced in August 2017 and withdrawn in October 2017 after industry representation. The understanding from the then Finance Minister was that they were open to keeping the threshold at international levels (10000 Euros in Europe, for instance). If that actually happens, the Company would have no impact at all (customers are already used to a 2 lakh threshold for PAN card).

## EYEWEAR DIVISION

### Operating Environment

The eyewear market in India is largely unorganised, fragmented and estimated to be growing at 7-10%. The growth largely comes from new entrants who have come in at the national and regional level and have rapidly set up new stores in the last few years. Local players have also mushroomed in recent years and it is estimated that there are over 30,000 such local players. Existing national and regional players have been largely experiencing little to no growth.

The eyewear market has transitioned in recent years from being health centric to fashion and style oriented, from family run businesses to corporate retailers and from single store formats to retail chains. Large sums are being invested in advertising and promotion and offers and discounts have become the order of the day.

Over the last ten years, the Company's Eyewear Division has rapidly scaled up its operations and at the end of financial year 2018-19 had 537 retail stores, 3.8 lakh sq. feet of retail space, 3,700 sunglass dealers, 1,550 frame dealers, 5 online platforms, 3.5 million customers a year, an integrated state-of-the-art lens and frame manufacturing facility outside Bengaluru and satellite lens manufacturing facilities in Calcutta, Mumbai, Bengaluru and Delhi. Frame manufacturing has commenced and 1.60 lakh frames were produced during the year.

### The year 2018-19

The year 2018-19 was a good year for the Eyewear Division with the Division achieving everything it set out to do at the beginning of the year.

The business had set itself a goal of acquiring 10 million customers a year by 2024 and is well on its way to doing so.

In the year 2018-19, the Division had targeted a steep increase of 46% in its customer base and has achieved the same, growing from 2.4 million customers in the previous year to 3.5 million customers in 2018-19. The Eyewear Division thus achieved a top-line growth of 26% (previous year: 8%).

Vast improvements were made in quality and delivery and the focus on 'value' customers has worked well for the business. Investments made in marketing have paid off handsomely with brand metric scores touching an all-time high.

Frame distribution was launched and very quickly ramped up during the year. Titan frames are now present in 1,550 outlets across the country.

Frame manufacturing also commenced commercial production and 1,60,000 frames were produced at the new

plant in the very first year. This manufacturing facility will ramp up very quickly to produce close to half a million frames in the current year.

The Omni channel has worked extremely well. While sales online are growing at a rapid rate, the channel has been very effective in driving a large number of customers to the stores.

Real time Net Promoter Score (NPS) was used effectively to further improve the customer experience at all Titan EyePlus stores. The customer experience program of the Eyewear Division has become a bench-mark within the Tata Group and has won multiple awards nationally and internationally.

Training for all store staff has been enhanced to ensure a consistent and high level of expertise and delivery across all stores.

Titan EyePlus stores now look modern and contemporary with the new retail identity that has been rolled out across most stores. All new stores carry the new retail identity and most old stores have been renovated to carry the new retail identity.

Trust and transparency has been one of the pillars on which the Eyewear business has been built. The "correct selling" initiative to ensure that there is no upselling and that a customer systematically gets the correct eyewear solution at the stores has been implemented across the chain. Customer satisfaction scores are showing an overall marked improvement after implementation of this very important initiative.

In manufacturing, four satellite lens laboratories have been opened in Kolkata, Delhi, Mumbai and Bengaluru with two more opened in Chennai and Patna in the current year.

Optometry continued to be a key focus area with continuous training and re-training of optometrists to deliver zero-error eye testing and error-free spectacle dispensing.

Overall it has been a good and satisfying year for the Eyewear Division.

### Opportunities, Threats and Risks

While Titan EyePlus remains the market leader in the eyewear category, the head room for growth is enormous. With the crackdown on the parallel economy and the advent of GST, consumers will increasingly turn to the organised players where trust, transparency, consumer experience and quality of service will prevail over cheap and low quality products.

Given the above, building scale through calibrated expansion and driving same store growth will be the key opportunities to pursue.



Further expansion of the retail footprint across middle India and a focussed e-commerce channel play will continue to be opportunities that the Division will address.

Introducing products at lower price points to address a larger market, making larger investments in advertising and communication, setting up more satellite lens labs, strengthening the omni channel play and expanding reach through distribution of frames are seen as opportunities that the division will pursue in the years ahead.

The sunglass market as well as the contact lens market continues to be under-penetrated and focus on these segments would be looked at as a way forward.

Since there is a high dependence on outsourcing, especially for spectacle frames, frame manufacturing has been set up in addition to the investments made in lens manufacturing.

Risks to the eyewear category could emerge from international players entering the market, smart eyewear in an increasingly connected world which could potentially disrupt traditional business models. In the medical space, the evolution of Lasik techniques as an option for sight correction could pose a risk in the long term.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company during the year has reviewed its Internal Financial Control (IFC) systems and has continually contributed to establishment of more robust and effective IFC framework, prescribed under the ambit of Section 134(5) of Companies Act, 2013. The preparation and presentation of the financial statements is pursuant to the control criteria defined considering the essential components of Internal Control - as stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)".

The control criteria ensures the orderly and efficient conduct of the Company's business, including adherence to its policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Based on the assessment carried out by the Management and the evaluation of the results of the assessment, the Board of Directors are of the opinion that the Company has adequate Internal Financial Controls system that is operating effectively as at 31<sup>st</sup> March 2019.

**Over the last ten years, the Company's Eyewear Division has rapidly scaled up its operations and at the end of financial year 2018-19 had 537 retail stores, 3.8 lakh sq. feet of retail space, 3,700 sunglass dealers, 1,550 frame dealers, 5 online platforms, 3.5 million customers a year, an integrated state-of-the-art lens and frame manufacturing facility outside Bengaluru and satellite lens manufacturing facilities in Calcutta, Mumbai, Bengaluru and Delhi.**

The Company has robust internal audit function consisting of professionally qualified chartered accountants and in-house external auditors who cover the business operations as well as support functions and provide quarterly reports to the Audit Committee.

### DIGITAL & IT

Digital & IT transformation is a crucial enabler for achieving the Company's FY23 Goals. The Management created the new role of Chief Digital & Information Officer (CDIO) to accelerate the pace of digital transformation, transforming the Company into an incumbent which is comfortable in a world that is continuously redefining the combination of 'physical and digital'. A key objective going forward is to deliver a seamless experience to all stakeholders across physical and digital touchpoints. Several initiatives are underway to help the Company achieve its 2023 ambition.

Key long term initiatives that deliver Scale, Data Integrity, System Reliability, Information Security, Data Privacy, User Experience and the means to execute them with agility have been presented to the Leadership. The Company has created Centres of Excellence that focus on Analytics and Insights, Data Warehousing, Mobility, e-commerce, CRM, AI, Process Automation and Knowledge Management.

Core ERP systems, SAP and Oracle, have been upgraded for scale and capability to support projected FY23 volumes for all divisions. Titan and Fastrack websites on a new e-commerce platform have been developed that delivers an enhanced online brand experience, with other brands' websites soon to follow. Omni-channel capabilities that will support all combinations of online and in-store shopping experiences are in the process of being created. With the Salesforce.com platform going live in April 19, and an enhanced Loyalty system later this year, the Company is poised to transform the manner in which customer insights are captured and



360° customer relationships are built. Multi-channel customer engagement capabilities including social media, chatbots and live chat, e-mail and tele-calling to enhance customers' lifecycle experience across discovery, purchase, service and loyalty have been established.

The Company is committed to a Mobile – First strategy for delivering cutting edge experiences to customers, business associates and employees. 15 applications have already been launched with several more in the pipeline.

'Data is the new oil' and the Company is rapidly developing technology and people capabilities to deliver significant business value through Data, Analytics & Insights. The Digital and IT initiatives have delivered several hundred crores of direct and attributable profit and cost savings, through analytics – assisted campaigns and other initiatives.

In order to improve internal efficiencies and productivity, Robotic Process Automation initiatives across multiple businesses and functions have been launched. The initial benefits in productivity and even commercial savings are encouraging.

While the Company transforms its technology landscape, the Company is also extremely conscious of the need to ensure the continued resilience and security of the infrastructure, and stakeholders' privacy and confidentiality. Multiple Information Security initiatives with committed timelines have been launched, with the Board Risk Management Committee's active oversight.

Knowledge Management and Innovation is a mainstay of the Company. The Company is actively preserving the organization's knowledge and enhancing digital quotient through multimedia portals, virtual walk-through and simulation technologies, and active connect with academic institutions, large technology providers and start-up ecosystems. The Digital and IT functions continue to drive Innovation in the Company with established enterprise process, continuously updated tools, and dedicated Innovation Champions.

**The Company had 7,213 employees on rolls of which 1,891 were women as on 31<sup>st</sup> March 2019 and recruited 768 new employees during the year.**

## HUMAN RESOURCES

The Company had 7,213 employees on rolls of which 1,891 were women as on 31<sup>st</sup> March 2019 and recruited 768 new employees during the year. The Company also had an attrition of 379 employees resulting in net addition of 389 employees.

**Leadership Development:** The Company's Leadership Development journey that commenced in 2015 has been strengthened and is now an established process.

**Top Management Development:** Group/Individual development programs have progressed as planned. The second phase of diagnostics was conducted for continuing leaders. Talent reviews and succession conversations were completed to identify successors for key roles.

**Senior Management Development:** Customized development initiatives based on Individual Development plan were rolled out. Digital immersions were introduced for this group.

**Emerging Leaders Program (ELP):** The second batch of Emerging Leaders Program was launched in 2018. Two learning tracks in the ELP journey were introduced – for new entrants into the ELP pool and for the continuing batch.

**Young Leaders Program (YLP):** YLP 3.0 was launched in Q3 with a focus on building a holistic business understanding through exposure to different aspects of a business. Succession planning process for all senior managers and above positions and critical roles deeper in the organization was rolled out in 2018. The Leadership Development journey has been integrated with the Talent Management & Succession Planning process.

### Employee Connect

A big area of impact for HR in the year has been the positive shift created in employee experience.

- Customized employee connect frameworks were deployed across regions and manufacturing
- TPL 2.0 was held this year; the event saw coverage of 2,000+ Titanians
- PLAYFAIR: Store Managers sensitization workshops on creating an inclusive workplace
- Mentoring of store employees for leadership roles
- Internship for People with Disabilities
- Introduction of Crèche & Day-care Policy

**Business Partnering**

The year 2017-18 ended with an intensive visioning exercise and chalked out a 5 year "Collective Ambition". In the year 2018-19, HR partnered with each business to create the way forward on business and people strategies. Below is a snapshot of some key interventions led and supported by HR:

- Job Evaluation (JE) – A JE exercise covering all roles is being conducted in partnership with a reputed external agency. The first phase of identifying unique roles and creating job descriptions has been completed.
- ISCM Productivity Enhancement.
- Business specific Organization Effectiveness interventions – The HR team partnered with business to design and implement customized interventions. Some examples: Jewellery FY 23-People Strategy, Taneira- Golden Thread & Org Design, SKINN – Project Simplify.

**Technology in HR**

The Mycompass mobile app was introduced in Q3 of FY19. The app serves as a one-stop shop for all employee related processes including time and attendance management, leave management, document management (payslips, employment related letters etc.), employee discount coupons, employee directory.

**Employee Relations**

The Management continued to enjoy cordial industrial relations with the Titan Employees Union, resulting in motivation, efficiency and productivity.

**SEGMENT WISE PERFORMANCE**

₹ in lakhs		
Segment Revenue	Year Ended 31 <sup>st</sup> March 2019 (Audited)	Year Ended 31 <sup>st</sup> March 2018 (Audited)
Net Sales/Income from Operations		
Watches	2,44,093	2,12,643
Jewellery	16,02,958	13,03,587
Eyewear	51,141	41,498
Others	13,343	9,501
Corporate (Unallocated)	13,312	6,996
<b>Total</b>	<b>19,24,847</b>	<b>15,74,225</b>

₹ in lakhs		
Segment Results	Year Ended 31 <sup>st</sup> March 2019 (Audited)	Year Ended 31 <sup>st</sup> March 2018 (Audited)
Profit/(Loss) from segments before finance costs and taxes and after share of profit/(losses) of associate		
Watches	31,638	25,788
Jewellery	1,94,800	1,54,298
Eyewear	(238)	240
Others	(5,811)	(4,429)
<b>Total</b>	<b>2,20,389</b>	<b>1,75,897</b>
Less: Finance costs	4,445	4,768
Unallocable expenditure net of unallocable income	(23,207)	(14,057)
<b>Profit before taxes</b>	<b>1,92,737</b>	<b>1,57,072</b>

₹ in lakhs

Segment Results	Year Ended 31 <sup>st</sup> March 2019 (Audited)	Year Ended 31 <sup>st</sup> March 2018 (Audited)
<b>Capital Employed</b>		
Watches	1,04,856	90,622
Jewellery	2,17,177	2,07,573
Eyewear	26,742	20,573
Others	8,142	3,264
Corporate (unallocated)	2,61,255	1,97,367
<b>Total</b>	<b>6,18,172</b>	<b>5,19,399</b>

### HOW THE COMPANY FARED

The Company's sales increased by 21.81%; profit before tax increased by 22.7% while profit after tax increased by 18.2% over the previous year. Some of the key financial indicators are as below:

	2018-19	2017-18	2016-17	2015-16	2014-15
Sales to Net fixed assets (No. of times)	18.48	16.28	15.71	15.40	16.17
Sales to Debtors (No. of times)	53.23	81.12	112.68	82.35	63.71
Sales to Inventory (No. of times)	2.84	2.72	2.70	2.53	2.95
Retained Earnings - Rupees in lakh	2,87,600	88,507	76,186	46,250	57,731
Return on Capital Employed (EBIT)	35.90%	35.98%	29.68%	25.80%	33.1%
Return on Net worth	24.16%	24.47%	19.42%	21.10%	29.3%
Interest Coverage Ratio	44.36	33.94			
Current Ratio	1.76	1.78			
Debt Equity Ratio	NA	NA		NA	
Operating Profit Margin (%)	9.77%	10.37%			
Net Profit Margin (%)	7.21%	7.43%			

### SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

During the year, following are the key financial ratios of the Company where there was a change of 25% or more as compared to the immediate previous financial year:

Ratios	FY 2018-19	FY 2017-18	% change
Debtors turnover ratio	53.23	81.12	-34.4
Interest coverage ratio	44.36	33.94	30.7

**Debtors Turnover Ratio:** Debtors increased in FY 2018-19 (mostly within credit period) due to one-time credit given to franchisee stores in Jewellery Division worth ₹ 117 crore in end of FY 2019. Hence, there is reduction in Debtors Turnover Ratio.

**Interest Coverage Ratio:** Interest expense during FY 2018-19 was in line with previous year due to lower Gold on Lease interest rate and offset by higher Gold on Lease quantity. Further, profit for the period increased by 22.71% from previous year. Hence, interest coverage ratio has gone up by 30.7%.

### CHANGE IN RETURN ON NET WORTH

The details of change in Return on Net Worth of the Company as compared to the previous year is given below:

Ratios	FY 2018-19	FY 2017-18	% change
Return on Net Worth	24.16	24.47	-1.2

The return on net worth is in line with the previous year.

### DISCLOSURE OF ACCOUNTING TREATMENT

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 read with Section 133 of the Companies Act, 2013.

### 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 Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the **"LODR Regulations"**). The Company has complied with the applicable requirements of the LODR Regulations and amendments thereto.

## 1. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance philosophy of Titan Company Limited ("the Company" or "Titan") ensures transparency in all its dealings and in the functioning of the Management and the Board. Good corporate governance is the basis for decision-making and control processes and comprises responsible, value-based Management and monitoring focused on long-term success, goal-orientation and respect for the interests of our stakeholders. It is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. The vision of the Company:

*"To create elevating experiences for the people we touch and significantly impact the world we work in"* underpins the Corporate Governance philosophy. The Company aims at attainment of the highest levels of transparency, accountability and equity in its operations, thus leading to best standards of Corporate Governance. The Corporate Governance philosophy of the Company has been further strengthened through the Tata Code of Conduct. Corporate Governance at Titan is implemented through robust board governance processes, internal control system and processes, and strong audit mechanisms.

## 2. BOARD OF DIRECTORS

Titan Company Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on 31<sup>st</sup> March 2019, the Company had 12 Directors, comprising 11 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31<sup>st</sup> March 2019 is as follows:

Category	Name of Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. N Muruganandam <sup>1</sup> Mr. Ramesh Chand Meena Mr. V Arun Roy <sup>2</sup>	3
Nominee Directors of Tata Group (Non-Executive, Non-Independent)	Mr. N N Tata Mr. Harish Bhat	2
(Executive, Non-Independent)	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T.K.Balaji Mrs. Hema Ravichandar Mrs. Ireena Vittal Mr. Ashwani Puri Mr. B Santhanam <sup>3</sup> Mr. Pradyumna Rameshchandra Vyas <sup>4</sup>	6
<b>Total</b>		<b>12</b>

1 Mr. N Muruganandam, nominee of TIDCO was nominated as Chairman of the Board with effect from 14<sup>th</sup> March 2019 in place of Mr. K Gnanadesikan, who resigned from the Board effective from 14<sup>th</sup> March 2019.

2 Mr. V Arun Roy was appointed on the Board effective 26<sup>th</sup> November 2018.

3 Mr. B Santhanam was appointed on the Board effective 10<sup>th</sup> May 2018.

4 Mr. Pradyumna Rameshchandra Vyas was appointed on the Board effective 25<sup>th</sup> March 2019.

During the year, the Company had a Non-Executive Chairman, nominees of the Promoter and half 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, other than payment of sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

The Board of Directors met five times during the Financial Year 2018-19. The Board meetings were held on 10<sup>th</sup> May, 3<sup>rd</sup> August and 9<sup>th</sup> November in 2018 and on 1<sup>st</sup> February and 25<sup>th</sup> & 26<sup>th</sup> March in 2019.

The information as required in terms of LODR Regulations 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.

The 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 31<sup>st</sup> March 2019 are as indicated below:

Name of Director	No. of Board Meetings attended during the year 2018-19	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee positions in domestic public companies (including this Company) <sup>#</sup>	
			As Chairman	As Director	As Chairman	As Member
Mr. N. Muruganandam <sup>1</sup>	1	NA	6	2	Nil	Nil
Mr. K. Gnanadesikan <sup>2</sup>	3	Yes	Not Applicable			
Mr. Ramesh Chand Meena	5	Yes	3	7	Nil	3
Mrs. Shilpa Prabhakar Satish <sup>3</sup>	Nil	NA	Not Applicable			
Mr. V Arun Roy <sup>4</sup>	1	NA	1	5	Nil	Nil
Mr. N.N. Tata	5	Yes	3	3	1	2
Mr. Harish Bhat	5	Yes	1	7	1	4
Mr. T.K. Balaji	4	Yes	3	5	1	3
Mrs. Hema Ravichandar	5	Yes	Nil	4	1	3
Prof. Das Narayandas <sup>5</sup>	Nil	No	Not Applicable			
Mrs. Ireena Vittal	5	Yes	Nil	5	Nil	6
Mr. Ashwani Puri	5	Yes	Nil	3	3	Nil
Mr. B Santhanam <sup>6</sup>	4	Yes	Nil	3	Nil	1
Mr. Pradyumna Rameshchandra Vyas <sup>7</sup>	1	NA	Nil	2	Nil	Nil
Mr. Bhaskar Bhat	5	Yes	Nil	8	Nil	4

<sup>#</sup> excludes committees other than Audit and Stakeholders Relationship Committee.

<sup>1</sup> Mr. N Muruganandam nominee of TIDCO was nominated as Chairman of the Board with effect from 14<sup>th</sup> March 2019 in place of <sup>2</sup> Mr. K Gnanadesikan who resigned from the Board effective from 14<sup>th</sup> March 2019.

<sup>3</sup> Ms. Shilpa Prabhakar Satish resigned effective 10<sup>th</sup> May 2018.

<sup>4</sup> Mr. V Arun Roy was appointed on the Board effective 26<sup>th</sup> November 2018.

<sup>5</sup> Prof. Das Narayandas resigned from the Board effective 25<sup>th</sup> January 2019.

<sup>6</sup> Mr. B Santhanam was appointed on the Board effective 10<sup>th</sup> May 2018.

<sup>7</sup> Mr Pradyumna Rameshchandra Vyas was appointed on the Board effective 25<sup>th</sup> March 2019.



During the FY 2018-19, Prof. Das Narayandas resigned from the Board of Directors of the Company, effective from 25<sup>th</sup> January 2019, due to his increased pre-occupation with his academic assignments at Harvard Business School. Prof Das Narayandas has also provided a confirmation that apart from this, there was no other reason for him stepping off the Board of the Company.

The names of other listed entities where the person is a director and category of directorship as on 31<sup>st</sup> March 2019 are as follows:

SI No	Name of Director	Name of listed entities where the person is a director	Category of directorship
1	Mr. N. Muruganandam	Tamilnadu Newsprint and Papers Limited	Non-Executive, Non independent Director, Chairman
		Tamilnadu Petroproducts Limited	Non-Executive, Non independent Director, Chairman
2	Mr. Ramesh Chand Meena	Tamilnadu Petroproducts Limited	Non-Executive, Non independent Director
3	Mr. V Arun Roy	Southern Petrochemical Industries Corporation Limited	Non-Executive, Non independent Director
		Tamil Nadu Telecommunications Limited	Non-Executive, Non independent Director
4	Mr. N N Tata	Kansai Nerolac Paints Limited	Non-Executive, Independent Director
		Trent Limited	Non-Executive, Non independent, Chairman
		Voltas Limited	Non-Executive, Non independent Director, Chairman
		Tata Investments Corporation Limited	Non- Executive,Non independent Director, Chairman
5	Mr. Harish Bhat	Tata Coffee Limited	Non-Executive, Non Independent Director, Chairman
		Tata Global Beverages Limited	Non-Executive, Non Independent Director
		Trent Limited	Non-Executive, Non Independent Director
6	Mr. T K Balaji	India Nippon Electricals Limited	Non-Executive, Non Independent Director, Chairman
		Sundaram - Clayton Limited	Non-Executive, Non Independent Director
7	Mrs. Hema Ravichandar	Marico Limited	Non-Executive, Independent Director
		Bosch Limited	Non-Executive, Independent Director
8	Mrs. Ireena Vittal	Godrej Consumer Products Limited	Non-Executive, Independent Director
		Wipro Limited	Non-Executive, Independent Director
		Housing Development Finance Corporation Limited	Non-Executive, Independent Director
		The Indian Hotels Company Limited	Non-Executive, Independent Director
9	Mr. Ashwani Puri	NIIT Technologies Limited	Non-Executive, Independent Director
10	Mr. B Santhanam	Wheels India Limited	Non-Executive, Independent Director
11	Mr. Pradyumna Rameshchandra Vyas	Dynamatic Technologies Limited	Non-Executive, Independent Director
12	Mr. Bhaskar Bhat	Tata Chemicals Limited	Non-Executive, Non Independent Director
		Trent Limited	Non-Executive, Non Independent Director
		Rallis India Limited	Non-Executive, Non Independent Director, Chairman
		Bosch Limited	Non-Executive, Independent Director

None of the Directors are related to each other within the meaning of the term "Relative" as per Section 2(77) of the Companies Act, 2013.

The Board confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the LODR Regulations and are independent of the Board as of 31<sup>st</sup> March 2019.

#### Number of shares and convertible instruments held by Non-Executive Directors:

Details of shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March 2019 are as below:

Name of Director	Number of Shares
Mr. N. Muruganandam	Nil
Mr. Ramesh Chand Meena	Nil
Mr. V. Arun Roy	Nil
Mr. N.N Tata	46,900
Mr. Harish Bhat	80,000
Mr. T K Balaji	5,61,000
Mrs. Hema Ravichandar	Nil
Mrs. Ireena Vittal	Nil
Mr. Ashwani Puri	Nil
Mr. B. Santhanam	Nil
Mr. Pradyumna Rameshchandra Vyas	Nil

#### Web link where familiarisation programmes imparted to independent directors is disclosed:

The details of familiarisation programmes for Independent Directors is posted on the website of the Company and can be accessed at:

<https://www.titancompany.in/investors/corporate-governance/familiarisation-programmes>

#### Skills/ Expertise/ Competence identified by the Board of Directors:

The list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of Company's business operations for it to function effectively and those actually available with the Board are as follows:

- Financial Expertise-** Proficiency in complex financial management and experience and expertise in accounting principles, auditing, reporting.
- Mergers and Acquisitions-** Ability to assess "make or buy" decisions, evaluate business combinations and operational integration plans, expertise in analysing and valuing transactions.

- Business Strategy, Sales and Marketing-** Experience in developing strategies to grow sales and market shares in semi urban and rural markets, understanding long term trends, build brand awareness and equity and leading management teams to make strategic choices.
- Governance and Risk Management-** Experience in developing governance practises, serving the best interest of all stakeholders, developing insights about management and accountability and driving corporate ethics and values, building long-term effective stakeholder engagements and driving corporate ethics and values, ability to understand, assess and manage risk.
- People Management and Leadership-** Expertise in developing talent, planning succession, furthering representation and diversity and other strategic human resource advisory.
- Manufacturing expertise** – Understanding various facets of manufacturing and operations, insight in innovation, ability to foresee and identify potential challenges, expertise in strategizing to obtain sustainable advantage.
- Design and Aesthetics** – Expertise in design, ability to apply design thinking to various products, keen understanding of design development and related processes and aesthetic excellence.

#### CODE OF CONDUCT

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors and by definition to the Managing Director and the 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 31<sup>st</sup> March 2019. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

#### INDEPENDENT DIRECTORS AND THEIR APPOINTMENT

The Independent Directors of the Company have been appointed in terms of the requirements of the Companies Act 2013, the LODR Regulations and Tata Governance Guidelines for Board Effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at [www.titancompany.in](http://www.titancompany.in).

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

Separate meeting of Independent Directors of the Company without the presence of the Executive Directors & the Management representatives was held on 26<sup>th</sup> March 2019, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the LODR Regulations. At the said meeting, the Independent Directors:

- (a) reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;
- (b) reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- (c) assessed the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors of the Company attended the Meetings of Independent Directors held on 26<sup>th</sup> March 2019. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

**PROHIBITION OF INSIDER TRADING CODE**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company had adopted the Code of Conduct for Prohibition of Insider Trading on 14<sup>th</sup> May 2015. Consequent upon the amendments made to the PIT regulations vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, revised Codes of Fair Disclosure and Conduct ("the Code") which in turn contains Code of Conduct to Regulate, Monitor and Report Trading by Insiders and Code of Fair Disclosure Practices was adopted by the Company on 25<sup>th</sup> March 2019 and made effective from 1<sup>st</sup> April 2019. This Code is applicable to all Directors, Promoters and such Designated Persons who are expected to have unpublished price sensitive information relating to the Company. Mr. S Subramaniam, Chief Financial Officer of the Company is the Compliance Officer under the Code.

**BOARD EVALUATION CRITERIA**

During the year, the Board carried out an Annual Evaluation of its own performance and the performance of individual Directors, as well as evaluation of the Committees of the Board. An indicative list of factors on which evaluation of the individual directors, the Board and the Committees was carried out includes board structure and composition, degree of fulfilment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information, functioning, Board culture

and dynamics, quality of relationship between the Board and Management, contribution to decisions of the Board, guidance/support to Management outside Board/ Committee meetings.

**3. AUDIT COMMITTEE:**

The Audit Committee of the Board was constituted in 1999. The constitution of Audit Committee is in conformity with the requirements of Section 177 of the Companies Act, 2013 ("the Act") and also as per the requirements of Regulation 18 of the LODR Regulations.

**Powers of the Audit Committee:**

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

- 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;
- d) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- e) to have full access to information contained in the books of accounts and the Company's facilities and personnel.

**Terms of reference of the Audit Committee:**

The terms of reference of the Audit Committee is in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the LODR Regulations which inter alia includes overseeing the Company's financial reporting process and disclosure of its financial information to ensure correctness, sufficiency and credibility, reviewing the Accounting policies, practices & standards, and the changes if any, and the reasons for such changes, reviewing with the Management, the quarterly financial statements and Auditors report thereon before submission to the Board, review effect of regulatory and accounting initiatives as well as off-balance-sheet structures on the financial statements, approval / review of Related Party Transactions (RPT) including examination of nature, basis and terms, scrutinize inter-corporate loans and investments made by the Company, reviewing the utilization of loans, advances and investment by the holding company in the subsidiaries, review and monitor the auditor's independence and performance, and effectiveness of audit process, ensuring compliance with Insider Trading Regulations as per the Titan Code of Conduct and SEBI Regulations for Prevention of Insider Trading, review Management Discussion and Analysis of financial condition and results of operations in the Annual Report, review with the Management the performance of statutory and internal auditors, review of the risk and control environment and framework operating in the unlisted subsidiaries, review compliance with the provisions

of the SEBI (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively, provide approval of payment to statutory auditors for any other services rendered by the statutory auditors, review and suitably reply to the report(s) forwarded by the auditors on the matters involving fraud, review the valuation of undertakings or assets of the Company.

Additionally, the Audit Committee of the Board will also oversee financial reporting controls and process for material subsidiaries and compliance with legal and regulatory requirements including the Tata Code of Conduct ("TCoC") for the Company and its material subsidiaries.

Mr. Ashwani Puri, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 3<sup>rd</sup> August 2018.

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. Ashwani Puri has accounting and financial management expertise.

The Audit Committee met five times during the Financial Year 2018-19. Audit Committee meetings were held on 9<sup>th</sup> May, 2<sup>nd</sup> August and 8<sup>th</sup> November in 2018 and on 31<sup>st</sup> January and 24<sup>th</sup> March in 2019.

The quorum as required under Regulation 18(2) of the LODR Regulations was maintained at all the meetings.

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

Name of Director& Category	No. of Meetings attended out of five meetings
Mr. Ashwani Puri, Chairman (Non-Executive) (Independent)	5
Mr. T. K. Balaji (Non-Executive) (Independent)	4
Mrs. Ireena Vittal (Non-Executive) (Independent)	5
Mr. B. Santhanam (Non-Executive) (Independent) <sup>1</sup>	4
Mr. Harish Bhat (Non-Executive) (Non-Independent)	5
Mr. V. Arun Roy (Non-Executive) (Non-Independent) <sup>2</sup>	Nil

1 Mr. B Santhanam was appointed on the Board effective from 10<sup>th</sup> May 2018 and was nominated as a member of the Audit Committee in the Board meeting held on 10<sup>th</sup> May 2018.

2 Mr. V Arun Roy was appointed on the Board Audit Committee effective from 25<sup>th</sup> March 2019.

The Managing Director, the Chief Financial Officer, the Chief Executive Officers of the Watches & Accessories Division, Jewellery Division, Eyewear Division, the Chief Human Resources Officer, the Chief Strategy Officer and the Head – Internal Auditor were present at meetings of the Audit Committee. Representatives of the Statutory Auditors, M/s. B S R & Co. LLP and outsourced Internal Audit, M/s. E&Y are invited to the meetings of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The constitution of Nomination and Remuneration Committee ("Committee") is in conformity with the requirements of Section 178 of the Companies Act, 2013 and also as per the requirements of Regulation 19 of the LODR Regulations. The broad terms of reference of the Nomination and Remuneration Committee inter alia includes to recommend to the Board of Directors the selection and appointment or reappointment of Independent Directors ("IDs") in the Board and its committees which shall include *"Formulation of the criteria for determining qualifications, positive attributes and independence of a director"*. The Committee shall also be responsible to devise a policy on Board diversity, recommend to the Board appointment of Key Managerial Personnel ("KMP" as defined by the Companies Act, 2013) and executive team members of the Company as defined by the Committee. The Committee shall also support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors which shall include *"Formulation of criteria for evaluation of Independent Directors and the Board"*. It shall also decide whether to extend or continue the terms of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, which shall include overseeing the performance review process of the KMP and the executive team of the Company recommending to the Board the remuneration policy for directors, executive team/ KMP as well as the rest of the employees, identifying and recommending to the Board, including their remuneration, the appointment and removal of persons for the positions/offices one level below the chief executive officer/managing director/ whole time director/manager (including chief executive officer/manager, in case chief executive officer/manager is not a part of the

Board), specifically including the position of the Company Secretary and the Chief Financial Officer. The Committee shall oversee the following programmes: Familiarisation programmes for directors, HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team). In addition to this, the Committee shall provide guidelines for remuneration of directors on material subsidiaries, recommend to its Board how the Company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies, endeavour to play a larger role to help the Company navigate the future to guide the management in the areas of capability building, leadership development, succession planning and in general “future proofing” the Company from a leadership perspective, be the sounding board for the HR strategy of the Company and perform such other duties and responsibilities as may be consistent with the provisions of its charter.

The Nomination and Remuneration Committee also recommends the total remuneration payable to Non-Executive Directors and the criteria for payment amongst the Directors. The criteria for payment of Non-Executive Directors Commission for Financial Year 2018-19 is attendance at the meetings of the Board and the Committees thereof and Chairmanships held by the directors on various Committees. The Remuneration Policy is annexed as **Annexure-A**.

The Committee met three times during the Financial Year 2018-19. Meetings were held on 10<sup>th</sup> May and 8<sup>th</sup> November in 2018 and on 1<sup>st</sup> February in 2019.

The following Directors are the members of the Nomination and Remuneration Committee and their attendance in the meetings held during the FY 2018-19:

Name of Director& Category	No. of Meetings attended out of three meetings
Mrs. Hema Ravichandar (Chairperson) (Non-Executive) (Independent)	3
Mrs. Ireena Vittal (Non-Executive) (Independent)	3
Mr. T. K. Balaji (Non-Executive) (Independent)	2
Mr. N.N. Tata (Non-Executive) (Non-Independent)	3
Mr. Ramesh Chand Meena (Non-Executive) (Non-Independent)	2

## 5. REMUNERATION OF DIRECTORS

### MANAGING DIRECTOR

The Company has during the year paid remuneration to its Managing Director by way of salary, perquisites and commission within the limits approved by the Shareholders. The Board of Directors on the recommendation of the Nomination and Remuneration Committee approves the annual increment (effective April each year). Commission is calculated based on the net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendation of the members of the Nomination and Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Section 197 of the Companies Act, 2013. The specific amount payable to the Managing Director is based on performance criteria laid down by the Board, which broadly takes into account the profits earned by the Company for the related financial year.

Details of the remuneration to the Managing Director during 2018-19 are as under:

(in ₹)

Name	Salary	Perquisites & Allowances	Commission*
Mr. Bhaskar Bhat, Managing Director	1,20,00,000	2,06,85,769	6,60,00,000

\* for FY2018 -19, based on the recommendations of the Nomination and Remuneration Committee and approved by the Board which is payable in Financial Year 2019-20 post the ensuing Annual General Meeting.

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

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

**Period of Agreement:** 2.5 years from 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2019.

**Salary:** Up to a maximum of ₹15,00,000/- per month with authority to the Board to fix the salary within the maximum amount from time to time.

**Perquisites:** As agreed to in the Appointment Agreement within the overall ceiling of 140% of the annual salary subject to the decision of the Board.

**Commission:** As evaluated by the Board or the Board Nomination and Remuneration Committee subject to the overall ceiling under the Companies Act, 2013.

**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/payable to Non-Executive Directors for the year 2018-19 had been computed pursuant to Sections 197 and 198 of the Companies Act, 2013.

The Commission payable to Non-Executive Directors is as per the approval obtained from the shareholders at the Annual General Meeting held on 31<sup>st</sup> July 2015 and is within the limits specified under the Companies Act, 2013. 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 and Chairmanship held by the directors in various Committees.

During the Financial Year 2018-19, the Company has paid Sitting Fees to Non-Executive Directors detailed below and proposes to pay commission as shown below:

SI No	Name of the Director	Sitting fee ** (₹)	Commission* (₹)
1	Mr. K Gnanadesikan / Mr. N Muruganandam - Chairmen (nominated by TIDCO)#	2,00,000	44,84,000
2	Mr. Ramesh Chand Meena (nominated by TIDCO)	4,20,000	49,80,583
3	Mr. V Arun Roy (nominated by TIDCO)	50,000	9,29,250
4	Mr. Harish Bhat^	5,50,000	Refer Note below
5	Mr. N N Tata^	3,40,000	Refer Note below
6	Mr. T K Balaji	4,60,000	74,87,000
7	Mrs. Hema Ravichandar	4,70,000	65,58,833
8	Mrs. Ireena Vittal	6,00,000	64,31,000
9	Mr. Ashwani Puri	5,50,000	62,54,000
10	Mr. B. Santhanam	3,60,000	35,44,917
11	Mr. Pradyumna Rameshchandra Vyas	50,000	3,34,333
12	Prof. Das Narayandas	-	8,33,333
13	Ms. Shilpa Prabhakar Satish	-	4,13,000

# Commission to the Chairman of the Company (the Chairmanship was held by Mr. K Gnanadesikan upto 14<sup>th</sup> March 2019 and currently Mr. N. Muruganandam is the Chairman).

\* Gross amount, subject to tax and payable in Financial Year 2019-20.

\*\* Gross amount, excluding service tax, paid during Financial Year 2018-19.

^ In line with the internal guidelines, no payment is made towards commission to Mr. N N Tata and Mr. Harish Bhat, Non –Executive Directors of the Company, who are in full-time employment with other Tata Group companies.



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.

The Company does not pay any salary, benefits, bonuses, stock options, pensions etc to the Non-Executive Directors.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Section 178(5) of the Companies Act, 2013 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee.

The Company has constituted the Stakeholders Relationship Committee and the terms of reference of the Committee are to review statutory compliance relating to all security holders, consider and resolve the grievances of security holders of the Company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/ notices/ balance sheet, oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund, oversee and review all matters related to the transfer of securities of the Company, approve issue of duplicate certificates of the Company and transmission of securities, review movements in shareholding and ownership structures of the Company, ensure setting of proper controls and oversee performance of the Registrar and Transfer Agent, recommend measures for overall improvement of the quality of investor services, review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Transfer Agents, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.

The Committee met two times during the Financial Year 2018-19. The meetings were held on 2<sup>nd</sup> August 2018 and on 31<sup>st</sup> January in 2019.

The members of the Stakeholders Relationship Committee and their attendance in the meetings held during the FY 2018-19:

Name of Director& Category	No. of Meetings attended out of two meetings
Mr. T.K. Balaji (Chairman) (Non-Executive) (Independent)	2
Mr. V. Arun Roy (Non-Executive) (Non- Independent) <sup>1</sup>	NA
Mr. Harish Bhat (Non-Executive) (Non-Independent)	2
Mr. Bhaskar Bhat (Executive) (Non-Independent)	2

1 Mr. V. Arun Roy, nominee of TIDCO, was appointed as a member of the Stakeholder Relationship Committee with effect from 25<sup>th</sup> March 2019.

Mr. Dinesh Shetty, Company Secretary, is the Compliance Officer under LODR Regulations.

## Number of complaints from shareholders during the year ended 31<sup>st</sup> March 2019

The complaints which were received through SCORES i.e. the SEBI online shareholder grievance redressal portal is as below:

Complaints outstanding as on 1 <sup>st</sup> April 2018	0
Complaints received during the year ended 31 <sup>st</sup> March 2019	46
Complaints resolved during the year ended 31 <sup>st</sup> March 2019	46
Complaints not solved to the satisfaction of shareholders during the year ended 31 <sup>st</sup> March 2019	0
Complaints pending as on 31 <sup>st</sup> March 2019	0

The position of queries / other correspondence received and attended to during 2018-19 in respect of equity shares apart from those received through SCORES are given below:

	Received	Resolved	Pending
For non-receipt of interests / dividend warrants	1799	1769	30
Loss of shares	794	766	28
Signature Cases	595	567	28
ECS/ Mandate Requests	425	408	17
Change of address requests	418	400	18
Transmission of securities	294	290	4
Document Registration	234	233	1
Exchange/ Sub-division of old shares/ Conversion	204	201	3
Split/ Consolidation/ Renewal/ Duplicate issue of shares	129	127	2
Name/ status correction	79	72	7
General Inquiries	68	68	0
Transfer of securities	38	38	0
Nomination requests	38	38	0
Depository System	32	32	0
Dematerialisation of securities	29	29	0
Correspondence related to legal matters	22	22	0
Securities/ Warrants enclosure letters	22	22	0
Change of address queries	21	21	0
Annual Report	13	13	0
Updation of email ID's	10	10	0
Verification of Holdings	6	6	0

## 7. GENERAL BODY MEETINGS

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
2015-16	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	3 <sup>rd</sup> August 2016	3:00 p.m.
2016-17	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	3 <sup>rd</sup> August 2017	3:00 p.m.
2017-18	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	3 <sup>rd</sup> August 2018	2:30 p.m.

- b) No Extraordinary General Meeting of the shareholders was held during the financial year 2018-19.
- c) No Postal Ballot was conducted during the financial year 2018-19.
- d) As of the date of the Report, no special resolutions are proposed to be conducted through postal ballot.
- e) Procedure for Postal Ballot – In compliance with Schedule V Part C of the Listing Regulations and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

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

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

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

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

At the last three Annual General Meetings held on 3<sup>rd</sup> August 2018, 3<sup>rd</sup> August 2017 & 3<sup>rd</sup> August 2016, no special resolution was passed.

## 8. 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 LODR Regulations.
Website, where results are displayed	The results are displayed on <a href="http://www.titancompany.in">www.titancompany.in</a>
Whether it also displays official news releases	Yes
Website for investor complaints	The Company has created an exclusive ID <a href="mailto:investor@titan.co.in">investor@titan.co.in</a> for this purpose.  <b>SEBI Complaints Redress System (SCORES):</b> The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
Presentations to institutional investors or analysts	Presentations made during the year to institutional investors are displayed on <a href="http://www.titancompany.in">www.titancompany.in</a>
Newspaper in which results are normally published	The quarterly results were published in the Business Standard and Dina Thanthi. The audited financial results for the year ended 31 <sup>st</sup> March 2019 were published in Business Standard and Dina Thanthi.

## 9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	Tuesday, 6 <sup>th</sup> August 2019, 2:30 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019
Book Closure Date	31 <sup>st</sup> July 2019 to 6 <sup>th</sup> August 2019 (both days inclusive)
Dividend payment date	On or after 13 <sup>th</sup> August 2019 (within the statutory time limit of 30 days) subject to shareholders' approval at the Annual General Meeting
Registered Office	No. 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Listing of Equity Shares on Stock Exchanges	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-01; and National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-51
Listing fees	Listing fees as prescribed have been paid to the above stock exchanges up to 31 <sup>st</sup> March 2019.
Share Registrar and Transfer Agents	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr E Moses Road, Mahalaxmi, Mumbai - 400 011 E-mail: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> , Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a> Tel No: 022-66568484, Fax No: 022-66568494
Company Secretary & Contact Address	Mr. Dinesh Shetty, General Counsel & Company Secretary E-mail: <a href="mailto:investor@titan.co.in">investor@titan.co.in</a> Tel No: 080-67046600 / 67046646

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

**TSR Darashaw Limited**

503, Barton Centre, 5th Floor  
84, M.G. Road, Bengaluru – 560 001  
Tel: 080-25320321  
Fax: 080 – 25580019  
Email: tsrdlbg@tsrdarashaw.com  
Contact Person: Mr. Jaymohan K

**TSR Darashaw Limited**

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

**TSR Darashaw Limited**

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

**TSR Darashaw Limited**

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

**Shah Consultancy Services Limited****c/o. TSR Darashaw Limited**

3-Sumatinath Complex, Pritam Nagar, Akhada Road,  
Ellisbridge, Ahmedabad - 380 006  
Telefax: 079 - 2657 6038,  
Email: shahconsultancy8154@gmail.com  
Contact Person: Mr. Suresh Shah

**SHARE TRANSFER SYSTEM**

Transfer of shares in physical form has been delegated by the Board to certain officials of the Registrar & Transfer Agents, 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 Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**STOCK CODE**

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

The Aggregate Non-promoter / Public Shareholding of the Company as at 31<sup>st</sup> March 2019 is as shown below:

Number of Shares	: 41,80,84,240
Percentage to total holding	: 47.09%

## STOCK PERFORMANCE

Month	BSE		NSE		Index Close Price	
	High	Low	High	Low	Sensex	Nifty
Apr-18	1006.00	901.05	999.70	902.00	35160.36	10739.35
May-18	996.00	894.1	995.60	890.15	35322.38	10736.15
Jun-18	945.00	825.4	926.80	826.05	35423.48	10714.30
Jul-18	913.35	800.05	914.00	799.65	37606.58	11356.50
Aug-18	947.00	872.3	945.00	871.55	38645.07	11680.50
Sep-18	928.35	774.05	928.40	773.35	36227.14	10930.45
Oct-18	847.30	731.70	847.90	732.30	34442.05	10386.60
Nov-18	933.55	835.00	933.90	834.40	36194.30	10876.75
Dec-18	961.00	869.00	961.25	868.20	36068.33	10862.55
Jan-19	1005.00	920.45	1000.00	920.20	36256.69	10830.95
Feb-19	1076.55	985.55	1076.85	985.10	35867.44	10792.50
Mar-19	1146.00	1017.35	1152.00	1016.20	38672.91	11570.00

DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON 31<sup>st</sup> MARCH 2019

No. of Equity Shares Held	No. of Shareholders*	Percentage	No. of Shares	Percentage
1-5,000	1,83,334	97.88	5,32,82,511	6.00
5,001-20,000	2,936	1.57	2,64,05,456	2.97
20,001-30,000	201	0.11	49,36,116	0.56
30,001-40,000	116	0.06	40,44,977	0.46
40,001-50,000	88	0.05	39,84,089	0.45
50,001-1,00,000	185	0.10	1,35,68,289	1.53
1,00,001- 10,00,000	360	0.19	10,92,71,003	12.31
10,00,001 and above	77	0.04	67,22,93,719	75.73
<b>TOTAL</b>	<b>1,87,297</b>	<b>100.00</b>	<b>88,77,86,160</b>	<b>100.00</b>

\*The number of shareholders in the Corporate Governance Report is compiled on the basis of the number of folios held by the shareholders.

CATEGORIES OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH 2019

Category	No. of Shareholders*	No. of Shares Held	% of Shareholding
Tamilnadu Industrial Development Corporation Limited	1	24,74,76,720	27.88
Tata Group Companies	11	22,22,25,200	25.03
FFI / FILs / OCBs	715	17,07,74,872	19.24
Bodies Corporate	2,134	2,77,06,374	3.12
Institutional Investors	33	1,60,35,648	1.81
Mutual Funds	220	4,60,30,042	5.18
Banks	17	488,208	0.05
Others	1,84,166	15,70,49,096	17.69
<b>Total</b>	<b>1,87,297</b>	<b>88,77,86,160</b>	<b>100.00</b>

\*The number of shareholders in the Corporate Governance Report is compiled on the basis of the number of folios held by the shareholders.

**DEMATERIALIZATION OF SHARES AND LIQUIDITY**

As on 31<sup>st</sup> March 2019, 98.60 % 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**

The Company's plants are located at:

Watches	: Roorkee, Pant Nagar, Hosur, Coimbatore and Sikkim.
Jewellery	: Hosur, Pant Nagar and Sikkim
Prescription Eyewear	: Bengaluru, Chennai, Chikkaballapur, Kolkata, Mumbai, Noida and Patna

**ADDRESSES FOR CORRESPONDENCE**

Registered Office : No.3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu

Corporate Office : "Integrity" No. 193, Veerasandra, Electronics City P.O., Off Hosur Main Road, Bengaluru - 560 100, Karnataka.

**LIST OF CREDIT RATINGS AND ITS REVISION**

The Company has obtained the following credit ratings along with its revision in the financial year 2018-19 for all debt instruments or fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds in India or abroad.

- (a) Ratings and its revisions given by ICRA dated 31<sup>st</sup> October 2018

Instrument	Previous Rated Amount	Current Rated Amount	Rating Action
	(₹ Crore)	(₹ Crore)	
Fund-based Working Capital Facilities	200	200	[ICRA]AA+ (Stable); Reaffirmed
Non-fund based Facilities	1000	1000	[ICRA]A1+; Reaffirmed
Fixed deposit programme	1,500	1,500	MAAA(Stable); Reaffirmed
<b>Total</b>	<b>2,700</b>	<b>2,700</b>	

- (b) Ratings and its revision given by CRISIL dated 11<sup>th</sup> December 2018

Instrument	Rating Action
Total Bank Loan Facilities Rated	₹ 2,850 Crore (Enhanced from ₹ 1350 Crore)
Long Term Rating	CRISIL AA+/Positive (Outlook revised from 'Stable' and rating reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)
₹ 500 Crore Commercial Paper	CRISIL A1+(Reaffirmed)

- (c) Ratings and revisions given by ICRA dated 26<sup>th</sup> February 2019

Instrument	Type	Current Rated Amount	Rating Action
		(₹ Crore)	
Fund-based/ Non-fund-based facilities	Long Term/Short Term	1,700	[ICRA]AA+ (Positive)/ [ICRA] A1+ Reaffirmed, outlook revised from stable
Fixed deposit programme	Medium Term	1,500	MAAA(Stable); Reaffirmed



## 10. DISCLOSURES

- (a) **Related Party Transactions:** During the year under review, besides the transactions reported in Note 32 forming part of the financial statements for the year ended 31<sup>st</sup> March 2019 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, associate company and joint ventures. These transactions do not have any potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information, if required. 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 financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 read with Section 133 of the Companies Act, 2013.
- (c) **Disclosure by Senior Management:** Senior Management has made affirmations to the Board relating to all material financial and commercial transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.
- (d) **CEO / CFO Certification:** The Managing Director (MD) and Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of the LODR Regulations pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2019, which is annexed hereto.
- (e) **Details of Non-Compliance:** There have been no instances of non-compliance on any matter as regards the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.
- (f) **Whistle Blower Policy:** The Company has a whistle blower mechanism wherein the directors/ employees/ associates 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, suspected leak of Unpublished Price Sensitive Information. 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/she 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. No person has been denied access to the Chairman to report any concern. Further, the said policy has been disseminated within the organisation and has also been posted on the Company's website.

- (g) **Share Transfer Compliance and Share Capital Reconciliation:** Pursuant to Regulation 40 (9) of the LODR Regulations, certificates on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a share capital audit on a quarterly basis for reconciliation of the share capital of the Company.
- (h) **Compliance of non-mandatory requirements:** The information pertaining to compliance of non-mandatory requirements made, may be referred to Item No.12 below.
- (i) **Risk Management:** The Risk Management of the Company is overseen by the Senior Management, Risk Management Committee (RMC) and the Board at various levels:

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

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

**Cyber Security:** The RMC oversees the risks pertaining to cyber security and mitigation measures taken by the Management and a periodic update is provided to the Board.

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

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

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

The Risk registers of each of the Businesses gets updated on 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.

(j) **Disclosure on website:** The Policy on Related Party Transactions is posted on the website of the Company and can be accessed at: <https://www.titancompany.in/investors/corporate-governance/policies>

(k) **Disclosure of commodity price risks and commodity hedging activities:** Titan is exposed to price fluctuations on account of gold prices and this is managed by way of:

- a) Purchase of gold on lease from banks where the commodity price is only fixed when the corresponding sale happens to customers. Thus, the Company is not exposed to gold prices for this portion of purchase.
- b) Purchase of gold from customers (on exchange) or spot gold where the risk is managed by way of taking a sell position either in the commodity futures in the commodity exchanges / banks. On a later date when this is sold in the stores, the positions are squared off. Thus, there is no exposure to gold prices for this portion of commodity purchase also. The Mark-to-

Market of outstanding Sell Future Contracts, is done on a daily basis, based on gold rate fluctuation.

All the commodity hedging is done in adherence to the "Bullion Risk Management Policy" approved by the Board and has hedging limits in place. A Bullion Risk Management Committee consisting of senior management reviews the position and other actions and meets on a quarterly basis.

The Company's exposure to market risks, credit risks and liquidity risks are detailed in Note 33.3 under "Financial Risk Management Objective" forming part of Notes to the Standalone Financial Statements.

(l) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):** The Company has not raised any funds through preferential allotment or qualified institutions placement.

(m) **Certificate from Company Secretary in Practice:** A certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is attached as an annexure.

(n) **Disclosure of non-acceptance of any recommendation of any committee by the Board in the financial year 2018-19 and its reason:** There was no such instance during the FY 2018-19 when the Board had not accepted any recommendation of any Committee of the Board.

(o) **Fees paid to Statutory Auditor:** The details of the total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

(₹ in Lakh)

Particulars	Amount
Audit of statutory accounts	162.00
Taxation matters	22.00
Audit of consolidated accounts	10.00
Other services	84.00
Reimbursement of levies and expenses	15.00
<b>Total</b>	<b>293.00</b>

**(p) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Particulars	Number of Complaints
Number of complaints filed during the financial year	8
Number of complaints disposed-off during the financial year	6
Number of complaints pending as on the end of the financial	2

**Compliance with Regulation 39(4) of the LODR Regulations**

Pursuant to Regulation 39(4) read with Schedule VI of the LODR Regulations, for shares issued in physical form pursuant to a public issue, which remain unclaimed, the issuer Company has to comply with the following procedure:

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

The details of the number of shareholders and outstanding unclaimed shares for the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019 is as provided below:

Particulars	No. of Shareholders	No. of equity shares (₹ 1 each)
Aggregate number of shareholders and the Outstanding unclaimed shares in the suspense account lying at the beginning of the year	1,481	16,58,410
Shareholders who approached listed entity for transfer of shares from suspense account during the year	42	66,210
Shareholders to whom shares were transferred from suspense account during the year	42	66,210
Shareholders whose shares were transferred from suspense account to IEPF	1,109	9,64,720
Aggregate number of shareholders and the outstanding shares lying in the suspense account at the end of the year	330	6,27,480
That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	330	6,27,480

**11. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

There have been no instances of non-compliance of any requirement of the Corporate Governance Report as prescribed by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**12. COMPLIANCE OF DISCRETIONARY REQUIREMENTS**

The Company has fulfilled the discretionary requirements relating to the financial statements and the same are unqualified.

**13. DISCLOSURE OF COMPLIANCE WITH THE LODR REGULATIONS**

The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and Schedule V- Part C to F of the LODR Regulations.

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION AS PER  
REGULATION 17 (8) OF THE LISTING REGULATIONS**

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

**CERTIFICATION TO THE BOARD PURSUANT TO  
REGULATION 17 (8) OF THE LISTING REGULATIONS**

We, Bhaskar Bhat, Managing Director and S. Subramaniam, Chief Financial Officer, hereby certify that in respect of the Financial Year ended on 31<sup>st</sup> March 2019

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.

Bengaluru  
8<sup>th</sup> May 2019

**BHASKAR BHAT**  
Managing Director

**S SUBRAMANIAM**  
Chief Financial Officer

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**DECLARATION BY THE CEO UNDER REGULATION 17 (5) OF THE LISTING REGULATIONS  
REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Regulation 17 (5) of the Listing Regulations, 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 31<sup>st</sup> March 2019.

for TITAN COMPANY LIMITED

Date: 8<sup>th</sup> May 2019

**BHASKAR BHAT**  
Managing Director

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

**To,  
Members of Titan Company Limited**

We have examined the compliance of conditions of Corporate Governance by Titan Company Limited ("the Company"), for the purpose of certifying of the Corporate Governance under Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the period April 01, 2018 to March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further 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 BMP & Co. LLP**  
*Company Secretaries*

Date: 8<sup>th</sup> May 2019  
Place: Bengaluru

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

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members  
Titan Company Limited  
3, SIPCOT Industrial Complex  
Hosur- 635126

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of TITAN COMPANY LIMITED having CIN L74999TZ1984PLC001456 and having registered office at 3, SIPCOT Industrial Complex, Hosur, Tamil Nadu- 635126 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2019 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	TIRUMALA KUMARA BALAJI	0000002010	01/03/1986
2	NOEL NAVAL TATA	0000024713	07/08/2003
3	HEMA RAVICHANDAR	0000032929	30/03/2009
4	BHASKAR BHAT	0000148778	01/04/2002
5	ASHWANI KUMAR PURI	0000160662	06/05/2016
6	DINESH SHIVANNA SHETTY	AAOPS7584F	03/08/2018
7	HARISH RAMANANDA BHAT	0000478198	20/04/2015
8	SANTHANAM	0000494806	10/05/2018
9	MURUGANANDAM NARAYANASWAMY	0000540135	14/03/2019
10	SUBRAMANIAM SOMASUNDARAM	APIPS2818H	06/05/2014
11	ARUN ROY VIJAYAKRISHNAN	0001726117	26/11/2018
12	PRADYUMNA RAMESHCHANDRA VYAS	0002359563	25/03/2019
13	IREENA VITTAL	0005195656	30/01/2013
14	RAMESH CHAND MEENA	0008009394	03/01/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate 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.

Place: Bengaluru  
Date: 8<sup>th</sup> May 2019

**Vijayakrishna K T**  
FCS: 1788  
CP: 980



# Remuneration Policy

## Annexure A

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

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

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

Key principles governing this remuneration policy are as follows:

- **Remuneration for independent directors and non-independent non-executive directors**

- Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.

- Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
- Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
- In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board/ Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

- **Remuneration for Managing Director (“MD”)/ Executive Directors (“ED”)/ KMP/ rest of the employees**

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:
  - Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
  - Driven by the role played by the individual,
  - Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
  - Consistent with recognized best practices and
  - Aligned to any regulatory requirements.
- In terms of remuneration mix or composition,
  - The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
  - Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
  - In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
  - The company provides retirement benefits as applicable.
  - In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of commission, calculated with reference

to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.

- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
    - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
    - Industry benchmarks of remuneration,
    - Performance of the individual.
  - The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.
- **Remuneration payable to Director for services rendered in other capacity**

The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

    - a) The services rendered are of a professional nature; and
    - b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.
  - **Policy implementation**

The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

# Shareholder Information

## CORPORATE

The Company was incorporated under the Companies Act, 1956 on 26<sup>th</sup> July 1984 as Titan Watches Limited. The name of the Company was changed to Titan Industries Limited on 21<sup>st</sup> September 1993 and to Titan Company Limited on 1<sup>st</sup> August 2013. The initial public offer was in the year 1987. The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

## SPLIT AND BONUS ISSUE

In June 2011, shares of ₹ 10/- each of the Company were sub-divided into shares of ₹ 1/- cum bonus shares in the ratio 1:1. Accordingly, the current face value of the shares is ₹ 1 each.

## UNCLAIMED DIVIDEND:

During the year 2018-19, the Company had transferred unclaimed dividends of ₹ 76,64,219 to IEPF pertaining to the year 2010-11.

The following is the year wise Unclaimed Dividend balance lying with the Company and which would become eligible to be transferred to IEPF on the dates mentioned below.

Year	Date of declaration of dividend	Total Dividend (in ₹ Lakh)	Unclaimed dividend as on 31 <sup>st</sup> March 2019		Due for transfer to IEPF
			(₹ Lakh)	%	
2011-12	31 <sup>st</sup> July 2012	15,536.26	109.16	0.70	05 <sup>th</sup> Sept 2019
2012-13	1 <sup>st</sup> August 2013	18,643.51	193.86	1.04	06 <sup>th</sup> Sept 2020
2013-14	1 <sup>st</sup> August 2014	18,643.51	170.23	0.91	07 <sup>th</sup> Sept 2021
2014-15	31 <sup>st</sup> July 2015	20,419.08	159.47	0.78	06 <sup>th</sup> Sept 2022
2015-16	3 <sup>rd</sup> August 2016	19,531.30	167.27	0.86	28 <sup>th</sup> Apr 2023
2016-17	3 <sup>rd</sup> August 2017	23,082.44	127.66	0.55	09 <sup>th</sup> Sept 2024
2017-18	3 <sup>rd</sup> August 2018	33,291.98	242.45	0.73	09 <sup>th</sup> Sept 2025

## SHARES TRANSFERRED TO IEPF:

As per IEPF Rules, the shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the IEPF Authority.

During the year 2018-19, the Company had transferred 16,77,121 shares on which the dividend was not claimed for seven consecutive years in accordance with IEPF rules.

Details of shares/shareholders in respect of which dividend had not been claimed, are provided on the website of the Company at <https://www.titancompany.in/investors/corporate-governance/transfer-of-shares-to-iefp>.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to applicable provisions of the Companies Act, 2013 ('the Act') read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (IEPF Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years from the date of transfer to Unclaimed Dividend Account of the Company.

Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed from IEPF following the procedure prescribed in the IEPF Rules. No claims shall lie against the Company in respect of unclaimed dividend amounts and shares transferred to the IEPF.

## GUIDELINES FOR INVESTORS TO FILE A CLAIM IN RESPECT OF THE UNCLAIMED DIVIDEND OR SHARES TRANSFERRED TO THE IEPF:

- Shareholders are advised to verify their details like address, bank mandate, PAN, status of outstanding dividend(s), etc. from TSR Darashaw Limited, Company's Registrar and Transfer Agent, before filing an application with IEPF.

2. Download the Form IEPF-5 from the IEPF website (<http://www.iepf.gov.in>) for filing a claim for the refund of dividend/shares. Read the instructions provided on the website/instruction kit along with the e-Form carefully before filling the Form.
3. After filling the Form, save it on your computer and submit the duly filled Form by following the instructions given in the upload link on the website of IEPF. On successful uploading, an acknowledgement will be generated indicating the Service Request Number (SRN). Please note down the SRN details for future tracking of the Form.
4. Take a print out of the duly filled Form No.IEPF-5 and the acknowledgement issued after uploading the Form.
5. Submit an indemnity bond in original, self-attested copy of e-Form, acknowledgement receipt bearing SRN along with other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its Corporate Office in an envelope marked "Claim for refund of dividend from IEPF Authority" / "Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.
6. Claim forms completed in all respects will be verified by the Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the Demat account of the claimant, as the case may be.

The Nodal Officer of the Company for coordination with IEPF Authority is Mr. Mahesh S-Assistant Manager, Secretarial and following are the contact details:

Email ID: [investor@titan.co.in](mailto:investor@titan.co.in)

Telephone No.: 080 67046651

Address: Titan Company Limited,  
"INTEGRITY",  
No. 193, Veerasandra, Electronics City P.O.,  
Off Hosur Main Road, Bengaluru - 560100,  
Karnataka

## FINANCIAL YEAR

The Company's financial year begins on April 1 and ends on March 31.

## REGISTERED AND CORPORATE OFFICE ADDRESS

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

**Corporate Office:** "INTEGRITY", No. 193, Veerasandra,  
Electronics City P.O.,  
Off Hosur Main Road,  
Bengaluru - 560100, Karnataka

## 35<sup>TH</sup> ANNUAL GENERAL MEETING

The details of the 35<sup>th</sup> Annual General Meeting (AGM) of the Company is as given below:

Date	6 <sup>th</sup> August 2019
Venue	3, SIPCOT Industrial Complex, Hosur -635 126, TN
E- voting dates	2 <sup>nd</sup> August 2019 to 5 <sup>th</sup> August 2019
Book closure date	31 <sup>st</sup> July 2019 to 6 <sup>th</sup> August 2019 (both days inclusive)
Dividend payment date	On or after 13 <sup>th</sup> August 2019
Webcast link	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>

**The Members who wish to attend the AGM can avail the coach facility provided by the Company, details of which is given in the Notice of the AGM.**

Members who are unable to attend the meeting in person can view the live streaming of the AGM webcast on the link given above.

## DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through TSR Darashaw Limited, Registrar and Transfer Agents. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE280A01028.

As on 31<sup>st</sup> March 2019, 98.60% of the shares were held in dematerialized form and the rest in physical form.

SEBI vide its Circular No. SEBI/LAD-NRO/ GN/2018/24 dated 8<sup>th</sup> June 2018, amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to which, after 1<sup>st</sup> April 2019, transfer of securities cannot be processed unless the securities are held in the dematerialized form with a depository. Hence, the Company's shares are tradable in the electronic form only. The Shareholders whose shares are in the physical mode are requested to dematerialize their shares and update their bank accounts and email id's with the respective Depository Participants (DPs) to enable the Company to provide better service.

### UPDATE OF SHAREHOLDERS DETAILS

1. Shareholders holding shares in physical form are requested to notify any changes to the Company/ its RTA, promptly by a written request under the signature of sole/first joint holder; and
2. Shareholders holding shares in electronic form are requested to send their instructions directly to their DPs.

### NOMINATION OF SHARES

As per the provisions of Section 72 of the Companies Act 2013, the facility for making nominations is available to the shareholders in respect of the equity shares held by them. Shareholders, in particular, those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Form No. SH-13. Shareholders holding shares in physical form may submit the same to TSRDL. Shareholders holding shares in electronic form may submit the same to their respective Depository Participant.

### REQUIREMENT OF PERMANENT ACCOUNT NUMBER (PAN)

Shareholders holding shares in physical form are mandatorily required to furnish self- attested copy of PAN in the following cases:

1. Transferee's and Transferor's PAN Cards for transfer of shares;
2. Legal Heirs'/Nominees' PAN Cards for transmission of shares;
3. Surviving joint holder's PAN for deletion of name of the deceased shareholder;
4. Shareholder's PAN Card for dematerialization of shares;
5. Shareholder's and surety's PAN for issuance of duplicate share certificate; and
6. Shareholder's and Nominee's PAN Card for registration of nomination of shares.

### INVESTOR AWARENESS

The investors can access generally available information about the Company in the given link:  
<https://www.titancompany.in/>

The Company is committed towards promoting effective and open communication with all the stakeholders, ensuring consistency and clarity of disclosure at all times. The Company interacts with the investors through a variety of forums including earnings call, investor conferences etc. The Company also uploads investor presentations on its website for the benefit of the shareholders and the general public.

# Business Responsibility Report 2018-19

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L74999TZ1984PLC001456
- Name of the Company:** Titan Company Limited
- Registered address:** 3, SIPCOT Industrial Complex, Hosur, 635126, Tamil Nadu
- Website:** www.titancompany.in
- E-mail id:** sridharne@titan.co.in
- Financial Year reported:** 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019
- Sector(s) that the company is engaged in (Industrial activity code-wise):**

NIC Code	Product Description
2652	Watches
3211	Jewellery
32507	Eyewear

- List key three products / services that the Company manufactures/provides (as in balance sheet):**
  - Watches & Accessories
  - Jewellery
  - Eyewear
- Total Number of locations where business activity is undertaken by the company**
  - Number of International locations: The Company's products are distributed across 32 countries.
  - Number of national locations: 1595 retail outlets, 15 manufacturing and assembly facilities.
- Markets served by the Company:** The Company sells its products across India as well as several countries in the world.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up capital (INR):** ₹ 88.78 Crore
- Total Turnover (INR):** ₹ 19,070 Crore
- Total Profit after Taxes (INR):** ₹ 1,374 Crore
- Total CSR spending as percentage of Profit after Tax (INR):** ₹ 31.61 Crore equivalent to 2.6% of Average Net Profit of the Company for the last 3 financial years.
- List of activities in which spends have been incurred:** Refer Annexure II to the Board's Report.

## SECTION C: OTHER DETAILS

- Does the company have any subsidiary Company / Companies? **Yes**
- Do the Subsidiary Company/companies participate in the BR initiatives of the parent company: **No**
- Does any other entity/entities (e.g. suppliers, distributors etc.) that the company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? (less than 30%, 30-60%, more than 60%)  
**Yes. Less than 30%**

## SECTION D: BR INFORMATION

- Details of Director / Director responsible for BR**
  - Details of Director/Director responsible for implementation of the BR policy/policies**
    - DIN: 00148778
    - Name: Mr. Bhaskar Bhat
    - Designation: Managing Director
  - Details of BR Head**
    - DIN: Not Applicable
    - Name: N E Sridhar



3. Designation: Associate Vice President and Head, Corporate Sustainability
4. Telephone: 080 67046847
5. E Mail id: sridharne@titan.co.in

## 2. Principle wise (as per National Voluntary Guidelines) BR policy /policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

- P1** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3** Businesses should promote the wellbeing of all employees

- P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5** Businesses should respect and promote human rights
- P6** Business should respect, protect, and make efforts to restore the environment
- P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8** Businesses should support inclusive growth and equitable development
- P9** Businesses should engage with and provide value to their customers and consumers in a responsible manner

### (a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for (Refer Note 1)	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any nation/ international standards? If Yes, specify. (Refer Note 2)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online (Refer Note 3)	1,2	1,4	1	1,3,5	1	1,4	1	1,5	1
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy or policies to address the stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? (Refer Note 4)	Y	Y	Y	Y	Y	Y	Y	Y	Y

**Note 1:**

The Company has adopted the Tata Code of Conduct which covers ethics, transparency and accountability. The Company also has a Sustainability Policy and is committed to integrate social and ethical principles into its products that are safe and contribute to sustainability throughout their life cycle and this is embodied in the Company's vision statement "We create elevating experience for the people we touch and significantly impact the world we work in". The Company is dedicated towards the well-being of its employees and has policies that not only support employee welfare but also enable his/her enhanced engagement with the Company. Towards serving the needs of the community, the Company has a CSR Policy and Affirmative Action Policy with various programs driven as part of its CSR activities. With Integrity and Trust as the pillars on which the Company operates, the Company understands and recognizes the impact it has on the larger ecosystem and hence the Tata Code of Conduct which embodies the policies and principles of respecting and promoting human rights is communicated to all stakeholders for their adherence. The Company, where appropriate, also engages in advocacy and outreach and engages in policy making and participating in various business forums with specific emphasis on improving transparency in the unorganized sectors.

**Note 2:**

All policies have been developed by the Tata Group, as a result of detailed consultations and research on the best practices adopted and these apply to all the Tata Group companies. The Company has also adopted some specific policies based on the Tata Code of Conduct. Further, the Company is certified ISO 9000 for Quality Management systems, ISO 14001 for Environment Management systems, OSHAS 18001 for safety and occupational health. The Company's Watches Division is certified under ISO 50001 Energy Management system. The Company's new corporate office has been certified with a "LEED Platinum Rating".

**Note 3:**

**The following policies can be accessed at:**

- 1: Tata Code of Conduct available at <https://www.titancompany.in/investors/corporate-governance/policies>
- 2: Whistle Blower Policy <https://www.titancompany.in/investors/corporate-governance/policies>
- 3: CSR Policy available at <https://www.titancompany.in/investors/corporate-governance/policies>
- 4: Sustainability Policy available at <https://www.titancompany.in/content/sustainability-policy>
- 5: Affirmative Action Policy available at <https://www.titancompany.in/investors/corporate-governance/policies>

**Note 4:**

All policies applicable to the Company are evaluated internally.

- (b) If answer to question at serial number 1 against any principal is 'No', please explain why:** Not Applicable

**3. Governance related to BR**

- (a) **Indicate the frequency with which the Board of Directors, committee of the board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, Annually, More than 1 year**

Five Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The Board at its meetings reviews points on sustainability, CSR, environment, health and safety.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyper link for viewing this report? How frequently is it published?**

Yes, the Company publishes its Business Responsibility Report annually and is available at <https://www.titancompany.in/csr>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy related to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the group/JV/Suppliers/Contractors/NGO's others?

No. The Company's ethics policy as embodied in the Tata Code of Conduct extends to group/JV/Suppliers/Contractors/NGO's etc.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so provide details in about 50 words or so.

The Company's stakeholders include its investors, customers, vendors, employees, government and local communities.

During the financial year 2018-19, the Company had received 8 ethics complaints out of which six have been disposed-off with appropriate action taken and the remaining two complaints are under review.

For details on investor complaints and resolution, please refer to "Investor Complaints" in the Corporate Governance Report. For details on Customer Complaints, please refer Principle 9 under this Section-E.

### Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and opportunities.

The three product categories, i.e., Watches, Jewellery and Eyewear incorporate principles of Environmental Management Systems (EMS) at various levels of operations.

2. For each product, provide the following details in respect of resource usage (energy water, raw material, etc.):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year

Energy:

On the energy front, the Company and its divisions across manufacturing and retail stores have held on to the same levels of energy consumption, although here has been a significant increase in operations. This was possible by resorting to continued energy saving initiatives.

Water:

Watches Division has enhanced its recycling by 7% and other Divisions have held on to re-cycling levels varying between 52% and 86%. This has been made possible by treating the output water for gardening, usage in toilets and other purposes. Rain water harvesting has been one of the biggest initiatives to conserve rain water.

3. Does the company have procedures in place for sustainable sourcing including transportation? If yes provide details of what percentage has been sourced sustainably:

Each vendor is viewed as a partner in the process of business growth, and also as enablers of mutual long term sustainable growth. The Company believes in investing time and effort in building mutually beneficial relationships. The business responsibility extends to the supply chain partners – the people from where the products are sourced from and the people to whom key processes are outsourced. Vendors are a part of the Company's family and their relationship with the Company is a reflection of the same.

Each Division of the Company has its own supply chain process. In the Jewellery division, plain gold and a part of studded jewellery making is largely outsourced and the vendor base varies from large diamond providers to karigars. The Company's association with jewellery karigars in creating a Karigar Centre is a benchmark in creating sustainable livelihood engagement in the industry. Moreover, the Company has supported Self-Help Groups (SHGs) of women at Hosur which has grown in strength over the past two decades and supports various manufacturing activities for all the Divisions at Hosur. Eyewear Division which used to source frames from China and Europe has now started its own frame manufacturing unit.

Suppliers are guided in process and system improvement and enhanced technical know-how.

To support sustainable sourcing, there is a tie up with vendors to leverage their skills for specialized operations. These vendors are providing resource support such as machinery selection, training of personnel, and technical assistance during operations, and quality enhancing activities. This in turn gives the Company flexibility in ramping up production as its Vendors function as an extended arm of manufacturing. The Jewellery Division has implemented processes to enable responsible sourcing across its supply chain.

**4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors:**

Yes. The Company's key intent is helping local suppliers scale up and improve their operations, besides ensuring sustainable livelihood in the neighbourhood of its operations and expects to build stronger and long-term ties with them. The local vendors are further supported by:

- Training them on quality and environmental aspects like energy conservation, reduced usage of plastic materials and handling hazardous products.
- Providing the necessary support on implementing safety, through safety training, audits and building capacity.
- Motivating them to get certified to the ISO standards – ISO 9001 and ISO 14001, to improve their processes and also has initiated programs to help them on safety related practices towards a larger goal of ensuring sustainable supply chain practices.

"Mr. Perfect" initiative (in Jewellery) focuses on improving quality and delivery, including following all safety and statutory requirements

The vendors are also apprised on the requirements of the Tata Code of Conduct.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also provide details in about 50 words or so.**

Yes >10%. The Company has adopted a focused strategy towards waste management through waste minimization and conservation of resources. This continued effort to eliminate, recycle and reuse waste, has resulted in less waste being disposed. Gold is recycled at the Jewellery plant and silver is recovered from old batteries, brass is sent to the supplier for recycling. 758 tons of brass was processed and about 82% was recycled into raw materials. The wood packaging is reused and there is an attempt to recycle most of the input materials. Gold, which is one of the key raw materials, is 100% recycled and old Jewellery obtained through exchange schemes are recycled. The waste is segregated at source and disposed safely.

In a small but impactful manner, the Company has come up with a scientific disposal facility for used watch batteries collected at service centres and stores. Metallic, non-metallic components and hazardous chemicals are being segregated and neutralized properly for safe disposal. Besides, the Company also educates customers about the harmful effects of unscientific battery disposal.

The bio-waste from canteens and factories is run through a vermi compost setup which yields manure and surplus manure is sold to local farmers at subsidized prices.

Waste generation is contained within the limits prescribed by the Central Pollution Control Board (CPCB) and applicable State Pollution Control Boards (SPCBs) across all Divisions.

**Principle 3**

**1. Please indicate the total number of employees**  
7,213 employees as on 31<sup>st</sup> March 2019.

**2. Please indicate the total number of employees hired on temporary/contractual and casual basis**  
An indicative number of the employees hired in contractual/temporary basis were 4,800, as on 31<sup>st</sup> March 2019.

**3. Please indicate the number of permanent women employees**  
1,891 women employees as on 31<sup>st</sup> March 2019.

**4. Please indicate the number of permanent employees with disabilities**

125 employees as on 31<sup>st</sup> March 2019.

**5. Do you have an employee association that is recognized by the management?**

Yes.

**6. What percentage of your permanent employees is members of this recognized employee association?**

22% of the permanent employees are members of the recognized employee association.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

The Company has adopted a Policy on Prevention of Sexual Harassment at Workplace and has internal committees to deal with concerns raised by employees.

During the financial year 2018-19, the Company had received 8 complaints on sexual harassment, 6 of which were disposed-off with appropriate action taken as on 31<sup>st</sup> March 2019 and the remaining two complaints are under review.

There were no complaints in other areas.

**8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?**

**a) Permanent employees**

**b) Permanent women employees**

**c) Casual / temporary/contractual employees**

**d) Employees with disabilities**

84% of the permanent employees including permanent woman employees and employees with disabilities, and 94% of the temporary employees were given safety training. All employees who join the Company are covered under safety and occupational health training. This training includes ergonomics, life-saving skills, emergency preparedness, electrical safety and behavioural based safety.

The Company has also implemented a unique prevention oriented safety engagement program, "Project Suraksha", which focuses on safety at stores and has been in place since the last two years.

A formal training program for different employee categories is in place for both competency and skill enhancement. These cover leadership development, behavioural, managerial and functional development programs.

**Principle 4**

**1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes

**3. Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and marginalized stakeholders? If so provide details in about 50 words**

Yes. The CSR and Affirmative Action Policies cover these in detail. The Company has been a strong advocate of diversity and inclusion through its practices and has been a recipient of President's award for the employment of Persons with Disability four times.

The Company's CSR focus is driven by broad themes such as upliftment of the underprivileged girl child, skill development for the underprivileged and support for Indian Arts, Crafts and Indian Heritage. Details of the CSR programs are available in Annexure II of the Board's Report.

The Company identifies a huge opportunity to improve the quality of living of the people through its businesses. Some of the successful and ongoing initiatives include the following:

- **Karigar Park/Karigar Centre:** A social entrepreneurship project with six parks, benefiting over 400 artisans, this has become a full-fledged sustainable business entity.
- **Meadow Project:** This is a women empowerment initiative. It outsources around 20 activities including jewellery manufacturing and polishing. Currently, the project employs over 410 women in Hosur.

The Company also ensures adequate and fair representation of differently-abled in the recruitment

process. The Company engages differently abled employees wherever possible on merit. The Company has tie-ups with NGOs such as Enable India to give employment opportunities for differently-abled people in roles such as retail sales officer, cashier, MIS officer, brand executives, etc.

#### Principle 5

- 1. Does the policy of the company on human rights cover only the company or extend to the Group/JV partners/Suppliers /Contractors/NGO's others?**

The Company's policy on human rights as detailed in the Tata Code of Conduct extends to JVs, Subsidiaries and others.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

None was received.

#### Principle 6

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Jv/Suppliers /Contractors/NGO's / others?**

No, the policy extends to Group/JV/Suppliers / Contractors/NGO's / others, etc.

- 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc. Y/N? If yes give hyper link for webpage etc.**

Yes. Please refer to <https://www.titancompany.in/investors/corporate-governance/policies>

- 3. Does the company identify and assess potential environmental risks?**

Yes

- 4. Does the company have any project related to clean development mechanism? If so provide details thereof, in about 50 words or so. Also if yes, whether any environment compliance report is filed:**

Not applicable.

- 5. Has the company undertaken any other initiatives on – Clean technology, energy efficiency, renewable energy etc. If Yes please give hyper link for web page:**

Yes. Please refer to <https://www.titancompany.in/investors/corporate-governance/policies>

- 6. Are the Emissions / Waste generated by the company within the permissible limits given by the CPCB/SPCB for the financial year being reported?**

Yes

- 7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of financial year:**

None

#### Principle 7

- 1. Is your company a member of any trade and chamber or association? If yes name only the major ones that your business deals with**

1. Confederation of Indian Industry (CII)
2. Retailers Association of India (RAI)
3. Federation of Indian Chambers of Commerce & Industry (FICCI)
4. The Associated Chambers of Commerce and Industry in India (ASSOCHAM)
5. Retailers Association's Skill Council of India (RASCI)
6. Gem and Jewellery Skill Council of India
7. Indian Optometric Association
8. All India Federation of Horological Industries

- 2. Have you advocated / lobbied through the above associations for the advertisement or improvement of public good? Yes/No If yes specify the broad areas**

Yes: Representation regarding Jewellery industry practices, diversity and inclusion, dealing with fake and smuggled products especially watches are some of the areas.

#### Principle 8

- 1. Does the company have specified programs / initiatives / projects in pursuit of the policy related to principle 8? If yes details, thereof**

Yes. The Company's initiatives and projects support inclusive growth. Please refer to CSR Report in Annexure II to the Board's Report.

- 2. Are the programs / projects undertaken through in-house team/own foundation / external NGO/ government structures and any other organization: Please refer to the CSR Report which is annexed as Annexure II to the Board's Report in this Annual Report.**



**3. Have you done any impact assessment of your initiative?**

Yes

**4. What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken**

During the financial year 2018-19, the Company spent ₹ 31.61 crores towards CSR initiatives. Details of the projects are available in Annexure II to the Board's Report.

**5. Have you taken steps to ensure this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

Yes. Each of the projects is having an outcome which is acknowledged by the community. The Company works with partners who have a grass root understanding of the community that makes it successful, both in the short term and long term. For more details, please refer to Annexure II to the Board's Report.

**Principle 9**

**1. What percentage of the customer complaints / consumer cases are pending as on end of the financial year?**

2.6% of consumer complaints/ consumer cases were pending on 31<sup>st</sup> March 2019.

**2. Does the company display product information on the product label, over and above what is mandated by local laws?**

Some of the products contain information over and above what is mandated as per local laws.

**3. Is there any case filed by any stakeholder against the company regarding the unfair trade practices, irresponsible advertising, and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide the details thereof in about 50 words or so:** None

**4. Did the company carry out any consumer survey / consumer satisfaction trends?**

Yes. These are carried out routinely and used for internal improvement purposes.

# Independent Auditor's Report

To the Members of Titan Company Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS OPINION

We have audited the standalone financial statements of Titan Company Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## REVENUE RECOGNITION

Refer note 2(v) and 17 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no other unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.	In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence:
We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred.	<ol style="list-style-type: none"> <li>1. We assessed the appropriateness of the revenue recognition accounting policies and its compliances with applicable accounting standards. We read the contracts with customer, distributors and franchisees to determine appropriateness of revenue recognition.</li> <li>2. We evaluated the design of key internal financial controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.</li> <li>3. We evaluated the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems.</li> </ol>

The key audit matter	How the matter was addressed in our audit
Additionally, the Company has adopted Ind AS 115 – Revenue from Contracts with Customers, which is the new revenue accounting standard. The application and transition to the accounting standard is complex and is an area of focus in the audit.	<ol style="list-style-type: none"> <li>4. We performed substantive testing by selecting samples of sales made at the retail outlets using statistical sampling and tested the underlying sales to collection reports and bank statements. For other sales (excluding retail sales), we performed substantive testing for the revenue transactions using statistical sampling and tested the underlying documentation supporting the sales.</li> <li>5. We assessed the adequacy of disclosures made.</li> <li>6. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.</li> </ol>

## INVENTORIES

Refer note 2(xv) and note 9 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Jewelry and Watches divisions of the Company hold inventory at various locations including factories, stores and third party locations. The Company has a plan wherein inventory is verified on a periodic basis to ascertain the existence of inventory. Inventory valuation involves significant assumptions and estimations made by the Management. Management also makes an estimate for slow moving inventory based on the age of the inventory.</p> <p>We have identified inventory as a key audit matter because of the number of locations that inventory is held at and the judgement applied in the valuation of inventory and provision for inventory.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> <li>1. We assessed the appropriateness of the inventories accounting policies and its compliances with applicable accounting standards.</li> <li>2. We evaluated the design of key internal financial controls and operating effectiveness of the relevant key controls with respect to physical verification of inventory, valuation of inventory and provision for inventory.</li> <li>3. We evaluated the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern inventories, including access controls, controls over program changes, interfaces between different systems.</li> <li>4. For locations selected using statistical sampling, we attended physical verification of stocks conducted by the management as at the year end. We also performed surprise stock counts at select stores on a sample basis.</li> <li>5. For samples selected using statistical sampling, we obtained independent confirmations of inventories held with third parties.</li> <li>6. We tested, on a sample basis, the valuation of inventories as at the year end and the Management's assessment of provision required for obsolete and slow moving inventories held as at the balance sheet date.</li> <li>7. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the inventories.</li> </ol>

## IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES AND INTER CORPORATE DEPOSITS

Refer note 2(xviii), 6.1, 10.4 and 35 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company held significant amounts of investments in subsidiaries. Management assesses at each reporting date if there is an indication, based on either internal or external sources of information, that investments in subsidiaries may be impaired. Where such indicators exist, management performs impairment testing.</p> <p>In performing such impairment assessments, management compared the carrying value of each of the identifiable cash generating units ("CGUs") to which investments in subsidiaries have been allocated with their respective recoverable amounts. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models to determine if any impairment loss should be recognized.</p> <p>Further, the Company invested its surplus funds in Short term Inter Corporate Deposits ("ICDs") in an infrastructure conglomerate. The ICDs are carried at cost less provisions for impairment.</p> <p>We focused on these areas due to the magnitude of the carrying amounts of these assets and the fact that significant judgements were required by management (i) to identify whether any impairment indicators existed for any of these assets during the year; (ii) to determine the appropriate impairment approaches, i.e. fair value less costs of disposal or value in use; and (iii) to select key assumptions to be adopted in the valuation models, including estimating future cash flows, growth rates and discount rates.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among other procedures to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> <li>1. We tested the design of key internal financial controls and operating effectiveness of the relevant key controls around the review of the assessment of impairment of investment in subsidiaries and ICDs.</li> <li>2. We evaluated management's identification of CGUs, the carrying value of each CGU and the methodology followed by management for the impairment assessment in compliance with the prevailing accounting standards.</li> <li>3. We evaluated appropriateness of key assumptions included in the cash flow forecasts used in computing recoverable amount of each CGU, such as, growth rates, profitability etc, with reference to our understanding of their business and historical trends.</li> <li>4. We engaged valuation specialists who tested Management's assumptions used for assessment of the carrying value of the subsidiaries.</li> <li>5. We performed sensitivity analysis considering a reasonably possible change in key assumptions used.</li> <li>6. We tested Management's assessment of the provision required for ICDs. We also read the minutes with respect to the deliberations held in the Audit Committee of the Board and the Board Meetings with respect to the recoverability of the ICDs.</li> <li>7. We evaluated the appropriateness of the disclosure in the financial statements and assessed the completeness and mathematical accuracy.</li> </ol>

## OTHER INFORMATION

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Financial Statements and our Auditor's Report thereon. The other information is expected to be made available to us after the date of the Auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone

financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" .

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 28 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, [excluding disputed legal cases as explained in Note 14.3 to the standalone financial statements] to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

for **B S R & Co LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Supreet Sachdev**

*Partner*

Membership No: 205385

Place: Bengaluru

Date: 8 May 2019



# Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments made. Further, there are no guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has complied with the applicable directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales tax, Service tax, duty of Excise and Value added tax during the year. Also refer note 28(h) to the financial statements.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services tax, duty of customs, Cess and other material statutory dues, which have not been deposited by the Company on account of disputes, except for the following:

Statute/ Nature of dues	Amount* (In ₹ lakhs)	Period to which the amount relates	Forum where the dispute is pending
Excise duty (including service tax)	8,664 (700)	2005-2009	Supreme Court
	1 (1)	2001-2002	High Court
	3,866 (535)	1987-2012	Custom, Excise and Service Tax Appellate Tribunal
	2,188 (1,661)	1996-2018	Appellate Authority upto Commissioner's level
Sales tax/ value added tax	87 (15)	2000-01	High Court
	64 (28)	2009-2012	Commercial Tax Tribunal
	2,344 (1,028)	2000-2018	Appellate Authority upto Commissioner's level
	68 (36)	2012-2013	Appellate Authority upto Commissioner's level
Income-tax	827 (827)	1998-2003	High Court(s)
	10,304 (4,330)	2005-2014	Income tax Appellate Tribunal
	1,201 (1,201)	2000-2005	Appellate Authority upto Commissioner's level

\* the amounts disclosed are excluding interest and penalties, wherever applicable and amount in brackets represent amounts paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **B S R & Co LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Supreet Sachdev**

*Partner*

Membership No: 205385

Place: Bengaluru

Date: 8 May 2019

# Annexure B to the Independent Auditor's Report

on the standalone financial statements of Titan Company Limited ("the Company") for the year ended 31 March 2019

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

## OPINION

We have audited the internal financial controls with reference to financial statements of Titan Company Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on

Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions

are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Supreet Sachdev**

*Partner*

Membership No: 205385

Place: Bengaluru

Date: 8 May 2019

# Balance Sheet

as at 31 March 2019

₹ in lakhs

	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	100,704	92,107
(b) Capital work-in-progress		2,511	4,081
(c) Investment property	4	2,402	2,268
(d) Intangible assets	5	3,829	3,010
(e) Intangible assets under development		52	36
(f) Financial assets			
(i) Investments	6.1	80,670	73,375
(ii) Loans receivable	6.2	11,897	10,768
(iii) Other financial assets	6.3	704	792
(g) Deferred tax asset (net)	7	8,476	4,805
(h) Income tax assets (net)	7	12,068	10,067
(i) Other non-current assets	8	15,143	10,600
		<b>238,456</b>	<b>211,909</b>
<b>(2) Current assets</b>			
(a) Inventories	9	671,918	574,920
(b) Financial assets			
(i) Investments	10.1	6,922	-
(ii) Trade receivables	10.2	35,823	19,299
(iii) Cash and cash equivalents	10.3	36,405	46,644
(iv) Bank balances other than (iii) above	10.3	63,695	14,584
(v) Loans receivable	10.4	24,404	26,386
(vi) Other financial assets	10.5	9,896	8,992
(c) Other current assets	11	59,463	36,907
		<b>908,526</b>	<b>727,732</b>
<b>TOTAL ASSETS</b>		<b>1,146,982</b>	<b>939,641</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.1	8,878	8,878
(b) Other equity	12.2	609,294	510,521
<b>TOTAL EQUITY</b>		<b>618,172</b>	<b>519,399</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Provisions	13	11,885	10,394
		<b>11,885</b>	<b>10,394</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Gold on loan	14.1	228,763	160,386
(ii) Trade payables	14.2		
- Total outstanding dues of Micro and small enterprises		1,483	17
- Total outstanding dues of creditors other than micro and small enterprises		75,751	78,615
(iii) Other financial liabilities	14.3	21,401	25,125
(b) Other current liabilities	15	182,842	141,410
(c) Provisions	16	5,834	2,125
(d) Current tax liabilities (net)	7	851	2,170
		<b>516,925</b>	<b>409,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,146,982</b>	<b>939,641</b>

Significant accounting policies

2

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru  
Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru  
Date : 8 May 2019



# Statement of Profit and Loss

for the year ended 31 March 2019

₹ in lakhs

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Revenue from operations	17	1,906,997	1,565,585
II. Other income	18	17,850	8,640
<b>III. TOTAL INCOME (I +II)</b>		<b>1,924,847</b>	<b>1,574,225</b>
IV. Expenses:			
Cost of materials and components consumed		1,182,204	1,024,021
Excise duty		-	3,455
Purchase of stock-in-trade		282,892	207,691
Changes in inventories of finished goods, stock-in-trade and work-in-progress	19	(66,378)	(93,139)
Employee benefits expense	20	87,879	76,226
Finance costs	21	4,445	4,768
Depreciation and amortisation expense	22	13,889	10,967
Other expenses	23	220,179	173,999
<b>TOTAL EXPENSES</b>		<b>1,725,110</b>	<b>1,407,988</b>
V. Profit before exceptional item and tax (III - IV)		199,737	166,237
VI. Exceptional items	24	7,000	9,165
VII. Profit before tax (V - VI)		<b>192,737</b>	<b>157,072</b>
VIII. Tax expense:			
Current tax		60,201	44,643
Deferred tax	7	(4,900)	(3,858)
<b>TOTAL TAX</b>		<b>55,301</b>	<b>40,785</b>
<b>IX. Profit for the year (VII-VIII)</b>		<b>137,436</b>	<b>116,287</b>
X. Other comprehensive income			
(i) Items that will not be reclassified to the statement of profit and loss			
- Remeasurement of employee defined benefit plans		(2,587)	2,154
- Income-tax on (i) above		792	(618)
(ii) Items that will be reclassified to the statement of profit and loss			
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		4,498	(2,570)
- Income-tax on (ii) above		(1,230)	724
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>1,473</b>	<b>(310)</b>
<b>XI. Total comprehensive income (IX+X)</b>		<b>138,909</b>	<b>115,977</b>
XII. Earnings per equity share of ₹ 1: {based on profit for the year (IX)}			
Basic	26	15.48	13.10
Diluted		15.48	13.10
Significant accounting policies	2		

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru  
Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**  
**Bhaskar Bhat**Director  
Managing Director**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru  
Date : 8 May 2019

# Statement of Changes in Equity

as at 31 March 2019

₹ in lakhs

	As at 31 March 2019	As at 31 March 2018
<b>(a) Equity share capital</b>		
Opening balance	8,878	8,878
Changes in equity share capital during the year	-	-
<b>Closing balance</b>	<b>8,878</b>	<b>8,878</b>

**(b) Other equity**

₹ in lakhs

	Reserves and Surplus							Total other equity
	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Retained earnings	Items of Other comprehensive income (refer note 12.2)		
						Cash flow hedge reserve	Employee defined benefit obligation	
Balance as at 1 April 2017	3	64	13,888	281,573	126,802	1,318	(1,325)	422,323
Profit for the year (net of taxes)	-	-	-	-	116,287	-	-	116,287
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	(1,845)	1,536	(309)
Total comprehensive income for the year	-	-	-	-	116,287	(1,845)	1,536	115,978
Payment of dividends (refer note 12.3)	-	-	-	-	(23,081)	-	-	(23,081)
Tax on dividends (refer note 12.3)	-	-	-	-	(4,699)	-	-	(4,699)
Transfer from Retained earnings to General reserve	-	-	-	25,000	(25,000)	-	-	-
Balance as at 31 March 2018	3	64	13,888	306,573	190,309	(527)	211	510,521
Balance as at 1 April 2018	3	64	13,888	306,573	190,309	(527)	211	510,521
Profit for the year (net of taxes)	-	-	-	-	137,436	-	-	137,436
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	3,268	(1,795)	1,473
Total comprehensive income for the year	-	-	-	-	137,436	3,268	(1,795)	138,909
Payment of dividends (refer note 12.3)	-	-	-	-	(33,292)	-	-	(33,292)
Tax on dividends (refer note 12.3)	-	-	-	-	(6,845)	-	-	(6,845)
Transfer from Retained earnings to General reserve	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	3	64	13,888	306,573	287,609	2,741	(1,584)	609,294
Significant accounting policies	Note 2							

Significant accounting policies Note 2

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

# Statement of Cash Flow

as at 31 March 2019

₹ in lakhs

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash flow from operating activities</b>			
Net profit before tax		192,737	157,072
Adjustments for :			
- Depreciation and amortisation expense		13,889	10,967
- Net unrealised exchange gain		(173)	(126)
- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		422	219
- Provision for doubtful trade receivables (net) and bad trade receivables written off		(140)	367
- Interest income		(10,278)	(6,358)
- Gain on investments carried at fair value through profit and loss		(4,459)	(1,930)
- Impairment of investment in subsidiary/Inter-corporate deposits (ICDs)		21,500	7,500
- Finance costs		4,445	4,768
Operating profit before working capital changes		<b>217,943</b>	<b>172,479</b>
Adjustments for :			
- (increase)/ decrease in trade receivables		(16,384)	(8,130)
- (increase)/ decrease in inventories		(96,998)	(94,271)
- (increase)/ decrease in financial assets-loans receivable		(2,147)	541
- (increase)/ decrease in other financial assets		515	15,563
- (increase)/ decrease in other assets		(27,347)	(25,138)
- (increase)/ decrease in other bank balances		(390)	(41)
- increase/ (decrease) in gold on loan		68,377	(26,323)
- increase/ (decrease) in trade payables		(1,398)	7,566
- increase/ (decrease) in other financial liabilities		861	(1,983)
- increase/ (decrease) in other liabilities		41,432	34,861
- increase/ (decrease) in provisions		2,613	(222)
Cash generated from operating activities before taxes		<b>187,077</b>	<b>74,902</b>
- Direct taxes paid		(62,178)	(45,016)
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>124,899</b>	<b>29,886</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and investment property		(22,647)	(26,360)
Proceeds from sale of property, plant and equipment		103	301
Purchase of investments in subsidiaries, joint venture and other equity instruments		(14,959)	(29,702)
Proceeds from sale of investment in subsidiaries		1,850	-
Inter-corporate deposits placed		(91,000)	(67,000)
Proceeds from inter-corporate deposits		79,500	63,500
Bank deposits placed, net		(48,721)	(4,450)
Purchases of mutual funds, net		(3,649)	39,370
Interest received		8,395	6,299
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(91,128)</b>	<b>(18,042)</b>

# Statement of Cash Flow

as at 31 March 2019

₹ in lakhs

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>C. Cash flow from financing activities</b>			
Dividends paid including dividend distribution tax		(39,738)	(27,739)
Finance costs		(4,445)	(4,768)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(44,183)</b>	<b>(32,507)</b>
Net decrease in cash and cash equivalents during the year (A+B+C)		<b>(10,412)</b>	<b>(20,663)</b>
Cash and cash equivalents (opening balance) (refer note 10.3)		46,644	67,181
Add/ (Less): Unrealised exchange (gain)/ loss		173	126
Cash and cash equivalents (closing balance) (refer note 10.3)		<b>36,405</b>	<b>46,644</b>
Significant accounting policies	2		

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248WW-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 1. BACKGROUND

Titan Company Limited (the 'Company') is a Company domiciled in India, with its registered office situated at 3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and BSE Ltd. in India. The Company is primarily involved in manufacturing and sale of Watches, Jewellery, Eyewear and other accessories and products.

## 2. BASIS OF PREPARATION

### i. Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended, read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

### ii. Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- a) Certain financial assets and liabilities (including derivative instruments).
- b) The defined benefit asset/ (liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Use of estimates and judgement

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statement is included in the following notes:

- Note 27 – Leases – whether an arrangement contains a lease
- Note 27 – Lease classification (including the expected general inflation rates)

### Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 3 – Useful life of the Property, Plant and Equipment;
- Note 5 – Useful life of the Intangible assets;
- Note 6.1 – Impairment of investments
- Note 7 – Valuation of deferred tax assets
- Note 28 – Provisions and contingent liabilities
- Note 30 – Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 33.1 and note 33.2 – Fair value measurement of financial instruments.

### iii. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

currency of India, which is the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

## iv. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 4 – Investment property
- Note 33 - financial instruments.

## v. Revenue recognition

Effective 1 April 2018, the Company has applied Ind

AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact on the financial statements of the Company.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

- a) Sale of goods: Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.



# Notes to the Standalone Financial Statements

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## Customer loyalty programmes

The Company has a customer loyalty programme for selected customers. The Company grants credit points to those customers as part of a sales transaction which allows them to accumulate and redeem those credit points. The consideration is allocated between the loyalty programme and the goods based on their relative standalone selling prices. The credit points have been deferred and will be recognised as revenue when the reward points are redeemed or lapsed.

- b) Service income: Service income is recognised on rendering of services.
- c) Dividend and interest income: Dividend income from investments is recognised when the Company's right to receive the payment has been established i.e., either when the dividend is declared or when shareholders approve the dividend in case of equity investments.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

Use of significant judgements in revenue recognition:

- a) The Company's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer

consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- c) The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Interest income is recognised as it accrues in the statement of profit and loss using effective interest rate method.

Commission income is generally recognised when the related sale is executed as per the terms of the agreement.

The Company has determined that the revenues as disclosed in Note 17 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

## vi. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

## vii. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge (refer note xix(b)).

## viii. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## ix. Employee benefits

### Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, special awards and medical benefits which fall within 12 months of the period in which the employee

renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plan

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

### Defined benefit plan

The contribution to the Company's Gratuity Trust and liability towards pension of retired deceased managing director are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

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

### Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## x. Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

- a) Current tax: The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
- b) Deferred tax: Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognised, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

For operations carried out in notified units covered under Section 80 IC of the Income Tax Act 1961, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## xi. Property, Plant and Equipment

### a) Recognition and measurement:

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date the asset is ready for its intended use. Machine spare parts are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

## b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognised

in the statement of profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	5 to 15 years	10 to 15 years
Computers and server	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 to 10 years	10 years
Office equipment	5 years	5 years
Vehicles	4 years	8 years

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of profit and loss.

Advance paid towards acquisition of fixed assets outstanding at each balance sheet date is disclosed as capital advances under non-current assets.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## xii. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognised.

The investment property includes only land held by the Company and accordingly no amortization of the investment property is recorded in the statement of profit and loss.

The fair values of the investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

## xiii. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets are as follows:

Software - License period or 5 years, whichever is lower.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## xiv. Impairment

### Impairment of financial assets:

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of profit and loss.

### Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

## xv. 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 determined on an item-by-item basis. Cost is determined as follows:

- a) Gold is valued on first-in-first-out basis.
- b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.
- c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the moving average cost of production.
- d) Traded goods are valued on a moving weighted average rate/ cost of purchases.

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

Unfixed gold is valued at the provisional gold price prevailing on the date of delivery of gold.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

## xvi. Provisions and contingencies

**Provisions:** 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

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

**Contingent liabilities:** A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statements.

**Provision for onerous contracts.** i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

## xvii. Investment in subsidiaries, associate and joint venture

Investment in subsidiaries, associate and joint venture is measured at cost less impairment.

## xviii. Financial instruments

### Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

## A) Financial Assets

### Classification of financial assets:

On initial recognition, a financial asset is classified at

- (i) Amortised cost
- (ii) Fair value through other comprehensive income (FVOCI)
- (iii) Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

#### i) Financial assets at amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

### Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

#### ii) Investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value either in the statement of profit and loss or in other comprehensive income pertaining to equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investment.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Currently, the Company has not elected to present subsequent changes in investments in equity instruments in OCI. Accordingly, the same are considered as investments measured at FVTPL.

## iii) Investments in equity instruments at FVTPL

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of the cost of the investment and the amount of dividend can be measured reliably.

## Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Whether the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

The Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

## Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

# Notes to the Standalone Financial Statements

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- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## B) Financial liabilities: classification, subsequent measurement and derecognition:

### Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

### Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such in initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

The Company has designated amount payable for gold taken on loan from banks on initial recognition as fair value through profit and loss.

### Financial liabilities subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or

# Notes to the Standalone Financial Statements

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losses and is recognised in the statement of profit and loss.

## **Derecognition of financial liabilities:**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

## **xix. Derivative financial instruments**

### **a) Derivative instruments not designated as Cash flow hedges:**

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, future contracts and Options.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### **b) Cash flow hedges**

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. The Company has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading 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 recognised in hedging reserve is retained until the forecast transaction occurs upon which it is recognised 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 recognised immediately to the statement of profit and loss.

The Company has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

### **c) Fair Value Hedge:**

The Company designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss with an adjustment to the carrying value of the hedged item. The Company has designated the trade payables pertaining to gold

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

## xx. Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

The Company's primary segments consist of Watch, Jewellery, Eyewear, Corporate and Others, where 'Others' include Fragrances, Sarees and Accessories. Secondary information is reported geographically.

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.

## xxi. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

## xxii. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## xxiii. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

## xxiv. New accounting standards not yet adopted:

The Company has not applied the following new and revised Ind AS that have been issued but are not yet effective:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

### a) Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

With effect from 1 April 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization for the right-to-use asset, and b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

## b) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 3. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Computer and servers	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Owned assets</b>								
As at 1 April 2017	7,860	14,090	37,347	4,179	12,671	1,926	942	79,016
Additions	-	13,636	8,082	3,105	7,466	885	962	34,136
Disposals	-	-	739	742	1,386	137	422	3,426
<b>As at 31 March 2018</b>	<b>7,860</b>	<b>27,726</b>	<b>44,690</b>	<b>6,542</b>	<b>18,751</b>	<b>2,674</b>	<b>1,482</b>	<b>109,726</b>
As at 1 April 2018	7,860	27,726	44,690	6,542	18,751	2,674	1,482	1,09,726
Additions	-	4,332	7,208	1,936	5,792	1,640	833	21,741
Disposals	-	2	1,081	147	1,099	110	348	2,787
<b>As at 31 March 2019</b>	<b>7,860</b>	<b>32,056</b>	<b>50,817</b>	<b>8,331</b>	<b>23,444</b>	<b>4,204</b>	<b>1,967</b>	<b>1,28,680</b>
<b>Accumulated depreciation</b>								
As at 1 April 2017	-	936	4,100	494	3,589	858	322	10,299
Depreciation expense	-	623	3,527	1,588	3,570	488	430	10,226
Disposals	-	-	482	709	1,223	110	382	2,906
<b>As at 31 March 2018</b>	<b>-</b>	<b>1,559</b>	<b>7,145</b>	<b>1,373</b>	<b>5,936</b>	<b>1,236</b>	<b>370</b>	<b>17,619</b>
As at 1 April 2018	-	1,559	7,145	1,373	5,936	1,236	370	17,619
Depreciation expense	-	801	5,222	1,879	3,560	618	539	12,619
Disposals	-	1	785	136	940	85	315	2,262
<b>As at 31 March 2019</b>	<b>-</b>	<b>2,359</b>	<b>11,582</b>	<b>3,116</b>	<b>8,556</b>	<b>1,769</b>	<b>594</b>	<b>27,976</b>
<b>Net carrying value</b>								
<b>As at 31 March 2018</b>	<b>7,860</b>	<b>26,167</b>	<b>37,545</b>	<b>5,169</b>	<b>12,815</b>	<b>1,438</b>	<b>1,112</b>	<b>92,107</b>
<b>As at 31 March 2019</b>	<b>7,860</b>	<b>29,697</b>	<b>39,235</b>	<b>5,215</b>	<b>14,888</b>	<b>2,435</b>	<b>1,373</b>	<b>100,704</b>

Particulars	Capital work-in-progress
As at 1 April 2017	14,027
Additions	24,190
Capitalisations	34,136
<b>As at 31 March 2018</b>	<b>4,081</b>
As at 1 April 2018	4,081
Additions	20,171
Capitalisations	21,741
<b>As at 31 March 2019</b>	<b>2,511</b>

## 4. INVESTMENT PROPERTY

₹ in lakhs

Particulars	Land
As at 1 April 2017	1,065
Additions	1,203
Disposals	-
<b>As at 31 March 2018</b>	<b>2,268</b>
As at 1 April 2018	2,268
Additions	134
Disposals	-
<b>As at 31 March 2019</b>	<b>2,402</b>
<b>Net carrying value</b>	
<b>As at 31 March 2018</b>	<b>2,268</b>
<b>As at 31 March 2019</b>	<b>2,402</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- a) The Company's investment properties consist of freehold land and therefore no depreciation is chargeable.
- b) Fair market value of land at ₹ 10,143 lakhs (Previous Year: ₹ 7,767 lakhs) have been arrived at on the basis of valuations carried out by Chartered Engineer during year ended 31 March 2019 (Previous Year performed by the Company internally).
- c) No rental income has been accrued against these properties.

## 5. INTANGIBLE ASSETS

₹ in lakhs

Particulars	Trademarks	Computer softwares	Total
<b>Owned assets</b>			
As at 1 April 2017	337	1,315	1,652
Additions	-	2,800	2,800
Disposals	-	-	-
<b>As at 31 March 2018</b>	<b>337</b>	<b>4,115</b>	<b>4,452</b>
As at 1 April 2018	337	4,115	4,452
Additions	-	2,089	2,089
Disposals	-	-	-
<b>As at 31 March 2019</b>	<b>337</b>	<b>6,204</b>	<b>6,541</b>
<b>Accumulated amortisation</b>			
As at 1 April 2017	337	364	701
Amortisation expense	-	741	741
Disposals	-	-	-
<b>As at 31 March 2018</b>	<b>337</b>	<b>1,105</b>	<b>1,442</b>
As at 1 April 2018	337	1,105	1,442
Amortisation expense	-	1,270	1,270
Disposals	-	-	-
<b>As at 31 March 2019</b>	<b>337</b>	<b>2,375</b>	<b>2,712</b>
<b>Net carrying value</b>			
<b>As at 31 March 2018</b>	<b>-</b>	<b>3,010</b>	<b>3,010</b>
<b>As at 31 March 2019</b>	<b>-</b>	<b>3,829</b>	<b>3,829</b>

## 6. FINANCIAL ASSETS

### 6.1 Investments

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>1) Investment in equity instruments (unquoted)</b>		
<b>(i) In subsidiary companies (at cost unless stated otherwise)</b>		
Nil (Previous Year: 5,169,675) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited {refer note (a) below}	-	1,363
47,050,000 (Previous Year: 47,050,000) fully paid equity shares of ₹ 10 each in Titan Engineering & Automation Limited	23,505	23,505
23,091,325 (Previous Year: 20,042,545) fully paid equity shares of ₹ 2 each in Carat Lane Trading Private Limited	47,403	37,403

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
1,598,460 (Previous Year: 1,152,600) fully paid equity shares of CHF 10 each in Favre Leuba AG, Switzerland	19,520	14,561
Less: Provision for impairment in value of investment (refer note 24)	(14,500)	(7,500)
	5,020	7,061
	<b>75,928</b>	<b>69,332</b>
<b>(ii) In joint venture company (at cost unless stated otherwise)</b>		
31,115,000 (Previous Year: 31,115,000) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited	3,112	3,112
<b>(iii) In associate company (at cost unless stated otherwise)</b>		
1,500,000 (Previous Year: 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note (b) below}	150	150
	<b>79,190</b>	<b>72,594</b>
<b>2) Other investments</b>		
<b>i) Investments in equity instruments - quoted (at fair value through profit or loss)</b>		
1,000 (Previous Year: 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	3	2
2,349 (Previous Year: 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	12	12
6,000 (Previous Year: 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	12	16
560 (Previous Year: 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	3	4
3,000 (Previous Year: 3000) fully paid equity shares of ₹ 1 each in Trent Limited	11	10
	<b>41</b>	<b>44</b>
<b>ii) Investments in equity instruments - unquoted (at fair value through profit or loss)</b>		
114,663 (Previous Year: 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (Previous Year: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (Previous Year: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (Previous Year: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-
100 (Previous Year: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
525,000 (Previous Year: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Payment Solutions Private Limited (formerly known as Innoviti Embedded Solutions Private Limited)	1,428	726
91,200 (Previous Year: 91,200) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	9
18,000 (Previous Year: 18,000) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	2
	<b>1,439</b>	<b>737</b>
<b>Aggregate value of investments</b>	<b>80,670</b>	<b>73,375</b>
<b>Aggregate book value of quoted investments</b>	<b>41</b>	<b>44</b>
<b>Aggregate market value of quoted investments</b>	<b>41</b>	<b>44</b>
<b>Aggregate value of unquoted investments</b>	<b>80,629</b>	<b>73,331</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>14,500</b>	<b>7,500</b>

**Notes:**

- a) The Company has disposed off its entire shareholding in Titan TimeProducts Limited to Danlaw Technologies India Limited on 18 June 2018 at a consideration of ₹ 1,850 lakhs. Consequently, the Company has recognised profit on sale of investment amounting to ₹ 487 lakhs under the head "Other Income" during the year ended 31 March 2019.
- b) The Company has given an undertaking not to sell or encumber in any manner its investments in Green Infra Wind Power Theni Limited in accordance with the Equity Participation agreement.

**6.2 Loans receivable**

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Security deposits	8,811	8,069
Employee loans	3,086	2,699
	<b>11,897</b>	<b>10,768</b>

**6.3 Other financial assets**

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Other assets	704	792
	<b>704</b>	<b>792</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 7. INCOME TAX

a) The following is the analysis of deferred tax assets/(liabilities):

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	12,790	8,267
Deferred tax liabilities	(4,314)	(3,462)
	<b>8,476</b>	<b>4,805</b>

Particulars	As at 1 April 2018	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax assets</b>				
Provision for doubtful trade receivables	288	(137)	-	151
Employee benefits	3,958	674	-	4,632
Compensation towards Voluntary Retirement of employees	2,486	(790)	-	1,696
Fair value of investments	1,195	4,955	-	6,150
Others	155	6	-	161
<b>Deferred tax liability</b>				
Property, plant and equipment	(3,462)	193	-	(3,269)
Cash flow hedges	185	-	(1,230)	(1,045)
	<b>4,805</b>	<b>4,900</b>	<b>(1,230)</b>	<b>8,476</b>

Particulars	As at 1 April 2017	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred tax assets</b>				
Provision for doubtful trade receivables	177	111	-	288
Employee benefits	4,083	(125)	-	3,958
Compensation towards Voluntary Retirement of employees	2,676	(190)	-	2,486
Fair value of investments	(225)	1,420	-	1,195
Cash flow hedges	(539)	-	724	185
Others	137	18	-	155
<b>Deferred tax liability</b>				
Property, plant and equipment	(6,085)	2,623	-	(3,462)
	<b>224</b>	<b>3,857</b>	<b>724</b>	<b>4,805</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## b) Amounts recognised in statement of profit and loss

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income tax expenses</b>		
Current tax	60,201	44,643
Deferred tax	(4,900)	(3,858)
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	(792)	618
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,230	(724)
<b>Tax expense for the year</b>	<b>55,739</b>	<b>40,679</b>

## c) The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	192,737	157,072
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	67,350	54,360
<b>Effect of:</b>		
Expenses that are not deductible in determining taxable profit	3,097	446
Income taxes relating to earlier periods	(962)	(811)
Effect of concessions	(12,376)	(10,656)
Tax charge/(credit) on gratuity disclosed in OCI	792	(618)
Others	(2,600)	(1,935)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>55,301</b>	<b>40,785</b>

## d) The following table provides the details of income tax assets and income tax liabilities as of 31 March 2019 and 31 March 2018:

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Income tax assets (net)	12,068	10,067
Current tax liabilities (net)	851	2,170
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>11,217</b>	<b>7,897</b>

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net current income tax asset/ (liability) at the beginning of the year	7,897	8,142
Income tax paid	62,178	45,016
Current income tax expense	(60,201)	(44,643)
Interest income on income-tax refund	551	-
Income tax on other comprehensive income and others	792	(618)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>11,217</b>	<b>7,897</b>



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 8. OTHER NON-CURRENT ASSETS

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Capital advances	1,248	1,496
Balance with revenue authorities	3,974	3,975
Prepaid expenses	2,049	1,607
Other assets (includes deferred lease cost and deferred employee cost)*	7,872	3,522
	<b>15,143</b>	<b>10,600</b>

\*Includes ₹ 4,100 lakhs given to other shareholder of Carat Lane Trading Private Limited ("CTPL") as per the memorandum of understanding dated 28 November 2018 for purchase of additional equity shares of CTPL by the Company.

## 9. INVENTORIES

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	117,558	87,271
Work-in-progress {refer (a) below}	21,670	19,460
Finished goods	393,137	360,015
Stock-in-trade	137,364	106,318
Stores and spares	1,606	1,334
Loose tools	583	522
	<b>671,918</b>	<b>574,920</b>
Included above, goods-in-transit		
Raw materials	671	832
Stock-in-trade	116	137
	<b>787</b>	<b>969</b>
a) Details of inventory of work-in-progress		
Watches	14,750	12,056
Jewellery	6,806	7,388
Others	114	16
	<b>21,670</b>	<b>19,460</b>

- (i) The cost of inventories recognised as an expense during the year is ₹ 1,398,718 lakhs (Previous Year: ₹ 1,138,573 lakhs)
- (ii) The cost of inventories recognised as an expense includes ₹ 112 lakhs (Previous Year: ₹ 135 lakhs) in respect of write down of inventory to net-realisable value.
- (iii) The inventory includes Gold purchased on loan from banks amounting to ₹ 228,763 lakhs (Previous Year: ₹ 160,386 lakhs).
- (iv) Refer point (xv) under significant accounting policies for mode of valuation.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 10. FINANCIAL ASSETS

### 10.1 Investments

Particulars	As at 31 March 2019		As at 31 March 2018	
	No of units	Amount	No of units	Amount
<b>Investments in mutual funds (Unquoted)- {at fair value through profit or loss}</b>				
<b>Name of the Fund</b>				
Axis Liquid Fund - Direct Plan - Growth	333,834	6,922	-	-
		<b>6,922</b>		<b>-</b>
<b>Aggregate value of unquoted investments</b>		<b>6,922</b>		<b>-</b>

### 10.2 Trade receivables

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Considered good- unsecured	35,971	19,563
Less: Allowance for doubtful trade receivables	(148)	(264)
	<b>35,823</b>	<b>19,299</b>
Credit impaired	282	560
Less: Allowance for doubtful trade receivables	(282)	(560)
	<b>-</b>	<b>-</b>
	<b>35,823</b>	<b>19,299</b>

\* Includes dues from related parties - refer note 32.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period as follows:

Age of receivables	Expected credit loss%			
	Watches	Jewellery	Eye-wear	New Category
With in credit period	0%	0%	0%	0%
Less than 1 year	2%	0%	8%	3%
1 to 2 years	21%	1%	33%	18%
2 to 3 years	54%	15%	42%	35%
Over 3 years	100%	100%	75%	75%

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Age of receivables	As at 31 March 2019	As at 31 March 2018
Within credit period	29,795	12,943
Less than 1 year	5,903	6,188
1 to 2 years	232	458
2 to 3 years	43	421
Over 3 years	280	113
	<b>36,253</b>	<b>20,123</b>

## Movement in the expected credit loss allowance

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	824	511
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(394)	313
<b>Balance at the end of the year</b>	<b>430</b>	<b>824</b>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

## 10.3 Cash and bank balances

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Cash and cash equivalents</b>		
Cash on hand	1,638	800
Cheques, drafts on hand	926	732
Balances with banks		
(i) Current account {refer note (a) below}	9,241	10,609
(ii) Demand deposit	24,600	34,503
<b>Total cash and cash equivalents</b>	<b>36,405</b>	<b>46,644</b>
<b>Other bank balances</b>		
(iii) Earmarked accounts		
- Unclaimed dividend	1,174	775
- Unclaimed debenture and debenture interest	-	9
(iv) Demand deposit	41,500	-
(v) Fixed deposits held as margin money against bank guarantee	4	1,800
(vi) Fixed deposits held as deposit reserve fund {refer note (b) below}	21,017	12,000
<b>Total Other bank balances</b>	<b>63,695</b>	<b>14,584</b>
	<b>100,100</b>	<b>61,228</b>

### Notes:

- The balance under current account includes funds in transit primarily for credit card receipts yet to be credited to the Company- ₹ 4,952 lakhs (Previous Year: ₹ 3,447 lakhs).
- This amount represents restricted cash maintained for the gold harvest scheme for compliance with the Companies (Acceptance of Deposit) Rules, 2014 as per the Companies Act 2013, as amended.
- The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2019.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 10.4 Loans receivable

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Inter-corporate deposits	34,500	23,000
Less: Impairment during the year (refer note 35)	(14,500)	-
Inter-corporate deposits, net	<b>20,000</b>	<b>23,000</b>
Security deposits	2,260	1,551
Employee loans	2,144	1,835
	<b>24,404</b>	<b>26,386</b>

## 10.5 Other financial assets

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Refunds due from government authorities	6,663	5,983
Derivative instruments other than in designated hedge accounting	164	5
Receivable from subsidiary (refer note 32)	-	1,658
Other assets (interest accrued on ICDs and fixed deposits)	3,069	1,346
	<b>9,896</b>	<b>8,992</b>

## 11. OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured and considered good</i>		
Advances to suppliers	10,922	8,618
Prepaid expenses	2,774	2,157
Balance with government authorities*	33,108	23,852
Contract asset**	9,568	-
Gratuity {refer note 30 (b) }	-	457
Other assets (includes deferred lease cost and deferred employee cost)	3,091	1,823
	<b>59,463</b>	<b>36,907</b>

\*Balance with government authorities includes GST credits of ₹ 31,783 lakhs (Previous Year: ₹ 21,611) in respect to GST input credit, transitional credit and deemed credit.

\*\*Contract asset represents the amount of goods expected to be received by the Company on account of sales return. Also, refer disclosure made under note 15.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 12.1. SHARE CAPITAL

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
<b>a) Authorised</b>				
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
<b>b) Issued, subscribed and fully paid up</b>				
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

### c) Rights, preferences and restrictions attached to shares

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

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

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

	As at 31 March 2019		As at 31 March 2018	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
<i>Equity shares with voting rights</i>				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

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

₹ in lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares held (in lakhs)	% of total holding	No. of shares held (in lakhs)	% of total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
<b>Tata group</b>				
Tata Sons Private Limited	1,851	20.85	1,851	20.85
Tata Investment Corporation Limited	179	2.01	179	2.01
Tata Chemicals Limited	138	1.56	138	1.56
Ewart Investments Limited	50	0.56	50	0.56
Piem Hotels Limited	5	0.06	5	0.06
<b>Total - Tata Group</b>	<b>2,223</b>	<b>25.04</b>	<b>2,223</b>	<b>25.04</b>
Jhunjhunwala Rakesh Radheshyam	508	5.72	610	6.87

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 12.2. Other equity

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Capital reserve</b>	3	3
(Surplus on re-issue of forfeited shares and debentures)		
<b>Capital redemption reserve</b>	64	64
(Reserve created on redemption of capital)		
<b>Securities premium</b>	13,888	13,888
(Amounts received on issue of shares in excess of the par value has been classified as securities premium)		
<b>General reserve</b>	306,573	306,573
(Represents appropriation of profit by the Company)		
<b>Retained earnings*</b>	287,609	190,309
(Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)		
<b>Other comprehensive income</b>		
- Cash flow hedge reserve	2,741	(527)
- Remeasurement of net defined benefit liability/asset	(1,584)	211
(Items of other comprehensive income consist of cash flow hedge reserve and remeasurement of net defined benefit liability/asset)	<b>1,157</b>	<b>(316)</b>
	<b>609,294</b>	<b>510,521</b>

\* Of the above, ₹ 10 lakhs (2018: ₹ 10 lakhs) relates to the state subsidy received which is not available for dividend as per the terms of subsidy.

## 12.3. Distributions made and proposed

The Board of Directors at its meeting held on 10 May 2018 had proposed a final dividend of ₹ 3.75 per equity share of par value of ₹ 1 each for the financial year ended 31 March 2018. The proposal was approved by shareholders at the Annual General Meeting held on 3 August 2018 and the same was paid during the year ended 31 March 2019. This has resulted in a total outflow of ₹ 40,137 lakhs including corporate dividend tax of ₹ 6,845 lakhs.

The Board of Directors, in its meeting on 8 May 2019, have proposed a final dividend of ₹ 5.00 per equity share for the financial year ended 31 March 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 6 August 2019 and if approved would result in a cash outflow of approximately ₹ 53,516 lakhs, including corporate dividend tax of ₹ 9,127 lakhs.

## 13. PROVISIONS

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences {refer note: 30 (c)}	11,465	10,033
Provision for pension	420	361
	<b>11,885</b>	<b>10,394</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 14. FINANCIAL LIABILITIES

### 14.1 Gold on loan

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Payable to banks*	108,132	71,752
<b>Unsecured</b>		
Payable to banks*	120,631	88,634
	<b>228,763</b>	<b>160,386</b>

(a) Secured against letter of credit.

\* Includes amounts payable against gold purchased from various banks under Gold on loan scheme. The interest rate of the same varies from 1.55% to 2.25% per annum (previous year: 1.70% to 2.25%) and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.

### 14.2 Trade payables

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Total outstanding dues of Micro and small enterprises {Refer note (a) below}	1,483	17
Total outstanding dues of other than micro and small enterprises	75,751	78,615
	<b>77,234</b>	<b>78,632</b>

#### Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	1,483	17
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Amount of payment made to the supplier beyond the appointed day during the year*	259	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	2	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purposes of disallowance of a deductible expenditure under Section 23 of MSMED Act, 2006	2	-

\*The payment was made beyond appointed day due to delay in receipt of invoices. Accordingly, management believes that no interest is payable on the same.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 14.3 Other financial liabilities

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Unclaimed dividends (refer note below)	1,174	775
Unclaimed matured debenture and debenture interest	-	9
Payables on purchase of property, plant and equipment	2,354	2,840
Derivative instruments in designated hedge accounting relationship	113	1,057
Other financial liabilities		
- Employee related	15,880	19,098
- Others (includes dealers deposits, earnest money deposit received)	1,880	1,346
	<b>21,401</b>	<b>25,125</b>

**Note:** Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 4 lakhs (Previous Year: ₹ 3 lakhs) and therefore amounts relating to the same have not been transferred.

## 15. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Advance from customers	17,810	16,013
Golden harvest scheme (deposit)	127,332	104,057
Liability towards award credits for customers	5,855	4,668
Statutory dues (TDS, PF etc.)	1,459	1,378
Contract liability {refer note (a) below}	13,265	-
Other liabilities (gift card liability, deferred revenue)	17,121	15,294
	<b>182,842</b>	<b>141,410</b>

a) Contract liability represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. Thus, it represents the value of sales the Company estimates to be returned on account of sales return.

## 16. PROVISIONS

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences {refer note: 30 (c)}	1,791	1,506
Gratuity {refer note 30 (b) }	3,391	-
Provision for warranty {refer note (a) below}	652	619
	<b>5,834</b>	<b>2,125</b>

### Note (a): Provision for warranty

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Opening balance	619	601
Provisions made during the year	572	544
Utilisations/ reversed during the year	(539)	(526)
<b>Provision at the end of the year</b>	<b>652</b>	<b>619</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 17. REVENUE FROM OPERATIONS

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of products		
Manufactured goods		
Watches	191,793	176,244
Jewellery	1,264,652	1,091,780
Eyewear	8,400	7,206
	<b>1,464,845</b>	<b>1,275,230</b>
Traded goods		
Watches	46,358	29,226
Jewellery	319,916	198,908
Eyewear	42,606	34,183
Others	13,730	9,946
	<b>422,610</b>	<b>272,263</b>
<b>Total - Sale of Products (a)</b>	<b>1,887,455</b>	<b>1,547,493</b>
<b>Income from services provided (b)</b>	<b>1,079</b>	<b>852</b>
Other operating revenue		
Indirect tax incentive {refer note (a) below}	4,862	5,983
Sale of precious / semi-precious stones	8,459	6,828
Sale of gold / platinum	4,703	3,946
Scrap sales	439	483
<b>Total - Other operating revenue (c)</b>	<b>18,463</b>	<b>17,240</b>
<b>Revenue from operations (a+b+c)</b>	<b>1,906,997</b>	<b>1,565,585</b>

- a) Represents benefits accrued on account of budgetary support for the existing eligible units under different industrial promotion schemes.
- b) As per the requirements of Ind AS 115, the Company disaggregates revenue based on line of business, geography (as given in Note 25) and between manufactured and traded goods as given above.
- c) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:

₹ in lakhs

	For the year ended 31 March 2019
Contracted price	2,299,358
Reductions towards variable consideration components	392,361
<b>Revenue recognised</b>	<b>1,906,997</b>

The reduction towards variable consideration comprises of scheme discounts, incentives, taxes etc.

## 18. OTHER INCOME

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets carried at amortised cost	10,278	6,358
Gain on investments carried at fair value through profit and loss	4,459	1,930
Miscellaneous income	3,113	352
	<b>17,850</b>	<b>8,640</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

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

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Closing stock</b>		
Finished goods	393,137	360,015
Work-in progress	21,670	19,460
Stock-in-trade	137,364	106,318
	<b>552,171</b>	<b>485,793</b>
<b>Opening stock</b>		
Finished goods	360,015	303,976
Work-in progress	19,460	18,025
Stock-in-trade	106,318	70,653
	<b>485,793</b>	<b>392,654</b>
(Increase) / decrease in inventory	<b>(66,378)</b>	<b>(93,139)</b>

## 20. EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	76,203	65,083
Contribution to provident and other funds		
- Gratuity {refer Note 30(b)}	1,261	1,670
- Provident and other funds {refer note 30(a) (i) and 30 (b)}	3,821	3,154
Staff welfare expenses	6,594	6,319
	<b>87,879</b>	<b>76,226</b>

## 21. FINANCE COSTS

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on :		
Borrowings	161	387
Gold on loan*	4,254	4,188
Others	30	193
	<b>4,445</b>	<b>4,768</b>

\*Refer note 14.1

## 22. DEPRECIATION AND AMORTISATION EXPENSE

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 3)	12,619	10,226
Amortisation of intangible assets (refer note 5)	1,270	741
	<b>13,889</b>	<b>10,967</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 23. OTHER EXPENSES

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Loose tools, stores and spare parts consumed	5,299	5,492
Agency labour	10,322	8,619
Power and fuel	4,211	3,983
Repairs and maintenance		
- buildings	770	376
- plant and machinery	1,987	1,785
Advertising	52,260	44,099
Selling and distribution expenses	52,791	46,043
Insurance	518	476
Rent (refer note 27)	21,315	20,584
Increase / (decrease) of excise duty on inventory	-	(5,144)
Rates and taxes {refer note (a) below}	681	3,178
Travel	4,413	3,444
Bad trade receivables and advances written off	254	52
Provision for doubtful trade receivables	(394)	315
Loss on sale / disposal / scrapping of Property, plant and equipment (net)	422	219
Expenditure on corporate social responsibility {refer note (e) below}	3,161	2,344
Provision for impairment of investment in ICD {refer note (d) below}	14,500	-
Miscellaneous expenses {refer note (b) and (c) below}	47,205	37,681
Directors' fees	55	32
Commission to non-whole-time Directors	409	421
	<b>220,179</b>	<b>173,999</b>

### Notes:

- Rates and taxes include Nil (Previous Year: ₹ 1,563 lakhs) being the excise duty paid on watch components transferred from Hosur, Dehradun and Roorkee factories to Pantnagar factory.
- Includes exchange (gain) / loss (net) of ₹ Nil (Previous Year: ₹ 228 lakhs)
- Auditors remuneration comprises fees for audit of statutory accounts ₹ 130 lakhs (Previous Year: ₹ 145 lakhs), taxation matters ₹ 15 lakhs (Previous Year: ₹ 15 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous Year: ₹ 10 lakhs), other services ₹ 53 lakhs (Previous Year: ₹ 26 lakhs) and reimbursement of levies and expenses ₹ 14 lakhs (Previous Year: ₹ 14 lakhs).
- The Company, as part of its Treasury operations, invested in intercorporate deposits aggregating ₹ 14,500 lakhs with Infrastructure Leasing & Financial Services Limited and its subsidiary (IL&FS Group), which were due for maturity in November 2018 and December 2018. The aforesaid amounts and the interest thereon have however not been received as on date. As a result of increased credit risk in relation to outstanding balances from IL&FS Group and the uncertainty prevailing on IL&FS Group due to the proceedings pending with the NCLT, Management has provided for full amount of ₹ 14,500 lakhs for impairment in value of deposit. The provision currently reflects the exposure that may arise given the uncertainty. The Company, however, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.
- Corporate Social Responsibility:
  - Gross amount required to be spent towards corporate social responsibility by the Company during the year: ₹ 2,408 lakhs

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

(ii) Amount spent during the year on:

₹ in lakhs

	In cash	Yet to be paid in cash	Total
- On purposes other than above	3,104	57	3,161
	<b>3,104</b>	<b>57</b>	<b>3,161</b>

## 24. EXCEPTIONAL ITEM

Exceptional item includes the following:

- Provision for impairment of investment in a subsidiary (Favre Leuba AG, Switzerland) amounting to ₹ 7,000 lakhs (Previous Year: ₹ 7,500 lakhs).
- Expenses relating to Voluntary Retirement Scheme to its employees amounting to Nil (Previous Year: ₹ 1,665 lakhs).

## 25. SEGMENT INFORMATION

a) Description of segments

The Chief Operating Decision Maker (CODM) of the Company examines the performance both from a product perspective and geography perspective and has identified 4 reportable segments Watches, Jewellery, Eyewear and Others, where 'Others' include Accessories, Fragrances and Indian dress wear. The Company's Managing Director is the CODM.

Corporate (unallocated) represents other income, expenses, assets and liabilities which relate to the company as a whole and are not allocated to segments.

b) Segment revenues and profit and loss

₹ in lakhs

	Revenue		Profit / (loss)	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	244,093	212,643	31,638	25,788
Jewellery	1,602,958	1,303,587	194,800	154,298
Eyewear	51,141	41,498	(238)	240
Others	13,343	9,501	(5,811)	(4,429)
Corporate (unallocated)	13,312	6,996	(23,207)	(14,057)
	<b>1,924,847</b>	<b>1,574,225</b>	<b>197,182</b>	<b>161,840</b>
Finance costs			4,445	4,768
Profit before taxes			<b>192,737</b>	<b>157,072</b>

There is no inter segment revenue.

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ in lakhs

Segment	For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	31,638	27,201
Jewellery	194,800	154,550
Eyewear	(238)	240
Others	(5,811)	(4,429)
Corporate (unallocated)	(16,207)	(6,557)
Total	<b>204,182</b>	<b>171,005</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## d) Segment assets and liabilities

Segment	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Segment assets</b>		
Watches	150,204	135,424
Jewellery	674,225	561,126
Eyewear	39,447	28,695
Others	10,656	5,171
Corporate (unallocated)	272,450	209,225
	<b>1,146,982</b>	<b>939,641</b>
<b>Segment liabilities</b>		
Watches	45,348	44,802
Jewellery	457,048	353,553
Eyewear	12,705	8,122
Others	2,514	1,907
Corporate (unallocated)	11,195	11,858
	<b>528,810</b>	<b>420,242</b>

## e) Other segment information

Segment	₹ in lakhs	
	Depreciation and amortisation For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	3,877	3,626
Jewellery	5,150	4,337
Eyewear	1,698	1,350
Others	272	165
Corporate (unallocated)	2,892	1,489
	<b>13,889</b>	<b>10,967</b>

## f) Geographical information

Revenue	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
India	1,905,514	1,554,839
Others	19,333	19,386
Total	<b>1,924,847</b>	<b>1,574,225</b>

Assets*	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
India	1,145,042	934,854
Others	1,940	4,787
Total	<b>1,146,982</b>	<b>939,641</b>

\*Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

Details of 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.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 26. EARNINGS PER SHARE

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year (₹ lakhs)	137,436	116,287
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	15.48	13.10

## 27. OPERATING LEASES

### 27.1 Payments recognised as an expense

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Minimum lease payments	20,947	20,420
Contingent rentals	368	164
	<b>21,315</b>	<b>20,584</b>

### 27.2 Leasing arrangements

The Company has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent. The Company does not have an option to purchase the leased asset at the expiry of the lease periods.

### 27.3 Non-cancellable operating lease commitments

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

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
For a period not later than one year	3,401	4,509
For a period later than one year but not later than five years	1,077	3,216
For a period later than five years	-	554
	<b>4,478</b>	<b>8,279</b>

## 28. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities not provided for - ₹ 29,198 lakhs (Previous Year: ₹ 26,636 lakhs) comprising of the following:

- Sales tax - ₹ 2,885 lakhs (Previous Year: ₹ 2,777 lakhs)  
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)
- Customs duty - ₹ 68 lakhs (Previous Year: ₹ 68 lakhs)  
(relating to denial of benefit of exemptions)
- Excise duty - ₹ 19,208 lakhs (Previous Year: ₹ 19,214 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)



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- d) Income tax - ₹ 6,083 lakhs (Previous Year: ₹ 3,796 lakhs)  
(relating to disallowance of deductions claimed)

- e) Others - ₹ 954 lakhs (Previous Year: ₹ 781 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.

- f) Corporate guarantees - ₹ 9,000 lakhs (Previous Year: ₹ Nil)  
(relating to guarantee provided for loans taken by Carat Lane Trading Private Limited)

The movement of the guarantees is given:

	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Opening balance	-	-
Given during the year	9,000	2,500
Withdrawn/ revoked during the year	-	(2,500)
Closing balance	9,000	-

- g) Letter of financial support provided to the following:  
Favre Leuba AG

- h) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution based on its interpretation of the said judgement. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

29. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 10,972 lakhs (Previous Year: ₹ 11,367 lakhs).

## 30. EMPLOYEE BENEFITS

- a) Defined Contribution Plans

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

	₹ in lakhs	
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
National pension scheme	153	137
Employee pension fund	1,109	900
	1,262	1,037

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## b) Defined Benefit Plans

The expense recognised in the statement of profit and loss during the year are as under:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident fund*	1,871	1,539
Superannuation fund	688	578
	<b>2,559</b>	<b>2,117</b>

\* 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 recognises such shortfall as an expense. There is no shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet date.

## i) Gratuity (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 plan is a defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that an adverse salary growth or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate (p.a.)	7.70%	7.90%
Salary escalation rate (p.a.)		
- Non-management	7.00%	7.00%
- Management	8.00%	8.00%

- The retirement age of employees of the Company varies from 58 to 65 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Ult table.
- Rates of leaving service (leaving service due to disability included) at specimen ages are as shown below:

₹ in lakhs

Age (Years)	Rate (p.a.) For the year ended 31 March 2019	For the year ended 31 March 2018
21-44	4%	4%
45 and above	2%	2%

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

Components of defined benefit costs recognised in the statement of profit and loss are as follows:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	1,372	1,540
Past service cost	-	7
Interest on net defined benefit liability/ (asset)	(111)	123
<b>Total component of defined benefit costs charged to the statement of profit and loss</b>	<b>1,261</b>	<b>1,670</b>

Components of defined benefit costs recognised in other comprehensive income are as follows:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening amount recognised in other comprehensive income outside the statement of profit and loss	(332)	1,822
<b>Remeasurements during the year due to:</b>		
- Changes in financial assumptions	490	(1,710)
- Changes in demographic assumptions	(5)	(693)
- Experience adjustments	1,033	(42)
- Actual return on plan assets less interest on plan assets	1,069	291
<b>Closing amount recognised in outside the statement of profit and loss</b>	<b>2,255</b>	<b>(332)</b>

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening net defined benefit liability/ (asset)	(457)	2,681
Expense charged to the statement of profit and loss	1,261	1,670
Amount recognised outside the statement of profit and loss	2,587	(2,154)
Employer contributions	-	(2,653)
<b>Closing net defined benefit liability/ (asset)</b>	<b>3,391</b>	<b>(457)</b>

Movements in the present value of the defined benefit obligation are as follows:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening defined benefit obligation	21,675	21,493
Current service cost	1,372	1,540
Past service cost	-	7
Interest on defined benefit obligation	1,657	1,516
Remeasurement due to		
- Actuarial gains and losses arising from changes in demographic assumptions	(5)	(693)
- Actuarial gains and losses arising from changes in financial assumptions	490	(1,710)
- Actuarial gains and losses arising from experience adjustments	1,033	(42)
Benefits paid	(602)	(436)
Impact of liability settled	-	-
<b>Closing defined benefit obligation</b>	<b>25,620</b>	<b>21,675</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

Movements in the fair value of plan assets are as follows:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening fair value of plan assets	22,131	18,812
Employer contributions	-	2,655
Interest on plan assets	1,768	1,392
Remeasurements due to actuarial return on plan assets less interest on plan assets	(1,070)	(292)
Benefits paid	(602)	(436)
<b>Closing fair value of plan assets</b>	<b>22,228</b>	<b>22,131</b>

## Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate, full salary escalation rate and attrition rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:

₹ in lakhs

Particulars	For the year ended 31 March 2019		
	Discount rate	Salary escalation rate	Attrition rate
Defined benefit obligation on plus 50 basis points	24,421	26,905	25,387
Defined benefit obligation on minus 50 basis points	26,908	24,414	25,864

## Maturity profile of defined benefit obligation

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
With in year 1	2,308	1,398
1 year to 2 years	1,348	1,534
2 years to 3 years	1,304	1,215
3 years to 4 years	1,169	1,230
4 years to 5 years	1,523	1,141
Over 5 years	55,707	49,592

The Company is expected to contribute ₹ 1,900 lakhs to the gratuity fund next year.

A split of plan asset between various asset classes is as below:

₹ in lakhs

Particulars	For the year ended 31 March 2019	
	Quoted	Unquoted
Government debt instruments	12,333	-
Other debt instruments	8,812	-
Entity's own equity instruments	803	-
Others	-	280
	<b>21,948</b>	<b>280</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

c) Unfunded

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

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Compensated absences</b>		
Non-current	11,465	10,033
Current	1,791	1,506
	<b>13,256</b>	<b>11,539</b>

## 31. RESEARCH AND DEVELOPMENT EXPENSES

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expenditure at the Department of Scientific and Industrial Research approved Research and development centers		
Capital	377	270
Revenue	2,248	1,681
	<b>2,625</b>	<b>1,951</b>

## 32. RELATED PARTIES

### i) Relationships

a) Promoters	Tamilnadu Industrial Development Corporation Limited Tata Sons Private Limited
b) Subsidiaries	Titan TimeProducts Limited (up to 18 June 2018) Titan Engineering & Automation Limited Carat Lane Trading Private Limited Favre Leuba AG (Switzerland) Titan Watch Company Hongkong Limited (100% subsidiary of Favre Leuba AG)
c) Joint venture	Montblanc India Retail Private Limited
d) Associate	Green Infra Wind Power Theni Limited
e) Key management personnel	Mr. Bhaskar Bhat, Managing Director Mr. S.Subramaniam, Chief Financial Officer Mr. A R Rajaram, Company Secretary (up to 30 June 2018) Mr. Dinesh Shetty, Company Secretary (from 1 July 2018)
	<b>Non - executive Directors</b>
	Mr. Atulya Misra (Chairman) (from 31 March 2017 to 31 January 2018)
	Mr. K. Gnanadesikan (Chairman) (from 1 February 2018 to 14 March 2019)
	Mr. N. Muruganandam (Chairman) (from 14 March 2019)
	Mr. Ramesh Chand Meena (from 3 January 2018)
	Mr. T K Arun (up to 11 November 2017)
	Mr. Harish Bhat
	Mr. N N Tata
	Mr. T K Balaji

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

	Ms. Vinita Bali (up to 31 March 2018)	
	Mrs. Hema Ravichandar	
	Prof. Das Narayandas (up to 25 January 2019)	
	Mrs. Ireena Vittal	
	Ms. Shilpa Prabhakar Satish (from 29 March 2018 to 10 May 2018)	
	Mr. Ashwani Puri	
	Mr. B Santhanam (from 10 May 2018)	
	Mr. V Arun Roy (from 26 November 2018)	
	Mr. Pradyumna Rameshchandra Vyas (from 25 March 2019)	
f) Group entities (Wherever there are transactions)	Tata Capital Financial Services Limited	Tata West Asia FZE
	Tata Capital Housing Finance Limited	Tata Unistore Limited
	Infiniti Retail Limited	Tata Consultancy Services Limited
	Kriday Realty Private Limited	Tata Housing Development Company Limited
	Tata International Limited	Smart Value Homes (Boisar) Private Limited
	Tata Limited	Tata Capital Limited
	Tata AIG General Insurance Company Limited	Tata Sky Limited
	TC Travel and Services Limited (up to 30 October 2017)	Ecofirst Services Limited
	Tata Value Homes Limited	Tata Interactive Systems AG
	Ardent Properties Private Limited	Tata Advanced Material Limited
	Tata AIA Life Insurance Company Limited	Tata Autocomp Systems Limited
	Tata Business Support Services Limited (up to November 2017)	
g) Post employee benefit plan entities	Titan Watches Provident Fund	
	Titan Watches Super Annuation Fund	
	Titan Industries Gratuity Fund	

## ii) Related party transactions during the year :

		₹ in lakhs	
Particulars	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Cost of materials and components consumed</b>			
Titan TimeProducts Limited	Subsidiary	258	1,470
Titan Engineering & Automation Limited	Subsidiary	-	18
Carat Lane Trading Private Limited	Subsidiary	2,827	4,245
Favre Leuba AG	Subsidiary	32	-
<b>Purchase of property, plant and equipment</b>			
Infiniti Retail Limited	Group entity	15	11
Titan Engineering & Automation Limited	Subsidiary	96	-
<b>Purchases of services (other expenses)</b>			
Tata Consultancy Services Limited	Group entity	2,106	1,358
Tata Business Support Services Limited	Group entity	-	394
Tata AIG General Insurance Company Limited	Group entity	221	320

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
Tata Unistore Limited	Group entity	276	8
Carat Lane Trading Private Limited	Subsidiary	251	-
Others	Group entities	-	9
<b>Revenue from operations</b>			
Tata Sons Private Limited	Promoter	29	33
Carat Lane Trading Private Limited	Subsidiary	2,821	2,910
Titan TimeProducts Limited	Subsidiary	11	47
Titan Engineering & Automation Limited	Subsidiary	8	55
Tata Consultancy Services Limited	Group entity	303	195
Others	Group entities	299	105
<b>Rent</b>			
Tata Sons Private Limited	Promoter	62	58
<b>Power and fuel</b>			
Green Infra Wind Power Theni Limited	Associate	261	370
<b>Dividend paid</b>			
Tamilnadu Industrial Development Corporation Limited	Promoter	9,280	6,434
Tata Sons Private Limited	Promoter	6,941	4,812
<b>Key managerial personnel compensation</b>			
Commission and sitting fees	Promoter	115	98
Commission and sitting fees	KMP	328	354
Managerial remuneration	KMP	1,562	1,084
<b>Miscellaneous expense (Royalty)</b>			
Tata Sons Private Limited	Promoter	2,627	2,191
<b>Reimbursement towards rendering of services / expenses</b>			
Tata Sons Private Limited	Promoter	66	81
Carat Lane Trading Private Limited	Subsidiary	271	24
Montblanc India Retail Private Limited	Joint venture	2	44



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
Tata International Limited	Group entity	-	32
Others		10	17
<i>Recovery towards rendering of services / expenses</i>			
Titan TimeProducts Limited	Subsidiary	15	43
Titan Engineering & Automation Limited	Subsidiary	105	79
Carat Lane Trading Private Limited	Subsidiary	57	-
Montblanc India Retail Private Limited	Joint venture	138	122
Others		6	-
<i>Sitting fees received</i>			
Carat Lane Trading Private Limited	Subsidiary	30	45
<i>Inter-corporate deposit placed</i>			
Tata Housing Development Company Limited	Group entity	10,000	10,000
Tata Capital Financial Services	Group entity	13,000	1,500
<i>Inter-corporate deposit redeemed</i>			
Tata Housing Development Company Limited	Group entity	10,000	10,000
Tata Capital Financial Services	Group entity	9,500	-
<i>Interest income</i>			
Tata Housing Development Company Limited	Group entity	495	432
Tata Capital Financial Services	Group entity	396	33
Carat Lane Trading Private Limited	Subsidiary	115	-
<i>Subscription to share capital</i>			
Favre Leuba AG	Subsidiary	4,960	5,952
Titan Engineering & Automation Limited	Subsidiary	-	23,500
Titan TimeProducts Limited	Subsidiary	-	250
Carat Lane Trading Private Limited	Subsidiary	10,000	-
<i>Contribution to Trust funds</i>			
Titan Watches Provident Fund	Others	6,756	5,230
Titan Watches Super Annuation Fund	Others	326	543
Titan Industries Gratuity Fund	Others	-	2,653

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## iii) Related party closing balances as on balance sheet date:

₹ in lakhs

Particulars	Relationship	As at 31 March 2019	As at 31 March 2018
<b>Outstanding - net receivables / (payables)</b>			
Tamilnadu Industrial Development Corporation Limited	Promoter	(108)	(94)
Tata Sons Private Limited	Promoter	(2,065)	(1,650)
Carat Lane Trading Private Limited	Subsidiary	(238)	(110)
Titan TimeProducts Limited	Subsidiary	-	(117)
Favre Leuba AG	Subsidiary	(4)	-
Titan Engineering & Automation Limited	Subsidiary	(45)	-
Tata Consultancy Services Limited	Group entity	(111)	(378)
Bhaskar Bhat	KMP	(660)	(397)
Others		(312)	(343)
Carat Lane Trading Private Limited	Subsidiary	718	668
Titan TimeProducts Limited	Subsidiary	1	3
Titan Engineering & Automation Limited	Subsidiary	-	1,658
Montblanc India Retail Private Limited	Joint venture	2	1
Tata Housing Development Company Limited	Group entity	5,112	5,125
Tata Capital Financial Services	Group entity	5,105	1,533
Others	Group entities	72	46
<b>Corporate Gurantees</b>			
Carat Lane Trading Private Limited	Subsidiary	9,000	-
<b>Letter of financial support provided to the following:</b>			
Favre Leuba AG	Subsidiary		

### Note:

- a) Entities controlled or promoted by Tamilnadu Industrial Development Corporation Limited are not considered as related party since, the same is a Government-related entity.
- b) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

## 33. FINANCIAL INSTRUMENTS

### 33.1 Categories of financial instruments

#### Financial assets

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Designated as FVTPL-Equity investments and mutual funds	8,402	781
<b>Total financial assets measured at FVTPL (a)</b>	<b>8,402</b>	<b>781</b>
<b>Measured at amortised cost</b>		
- Trade receivables	35,823	19,299
- Cash and cash equivalents	36,405	46,644

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	As at	As at
	31 March 2019	31 March 2018
- Bank balances other than cash and cash equivalents	63,695	14,584
- Inter-corporate deposits	20,000	23,000
- Security deposits	11,071	9,620
- Employee loans	5,230	4,534
- Other financial assets	10,436	9,779
<b>Total financial assets measured at amortised cost (b)</b>	<b>182,660</b>	<b>127,460</b>
<b>Derivative instruments in designated hedge accounting relationships (c)</b>	-	-
<b>Derivative instruments other than in designated hedge accounting relationships (d)</b>	164	5
<b>Total financial assets (a + b + c + d)</b>	<b>191,226</b>	<b>128,246</b>

## Financial liabilities

₹ in lakhs

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>Measured at fair value through profit or loss (FVTPL)</b>		
- Derivative instruments other than in designated hedge accounting relationships	-	-
- Gold on loan	228,763	160,386
<b>Total financial liabilities measured at FVTPL (a)</b>	<b>228,763</b>	<b>160,386</b>
<b>Measured at amortised cost</b>		
- Trade payables	77,234	78,632
- Other financial liabilities	21,288	24,068
<b>Total financial liabilities measured at amortised cost (b)</b>	<b>98,522</b>	<b>102,700</b>
<b>Derivative instruments in designated hedge accounting relationships (c)</b>	113	1,057
<b>Total financial liabilities (a + b + c)</b>	<b>327,398</b>	<b>264,143</b>

## 33.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ in lakhs

Particulars	As at			
	31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>(a) Financial assets and liabilities measured at fair value</b>				
<b>Financial assets</b>				
- Investments at FVTPL	41	6,922	-	6,963
- Other unquoted investments	-	-	1,439	1,439
- Derivative instruments in designated hedge accounting relationships	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	164	-	164
<b>Total financial assets</b>	<b>41</b>	<b>7,086</b>	<b>1,439</b>	<b>8,566</b>

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Particulars	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>				
- Gold on loan	228,763	-	-	228,763
- Derivative instruments in designated hedge accounting relationship	-	113	-	113
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
<b>Total financial liabilities</b>	<b>228,763</b>	<b>113</b>	<b>-</b>	<b>228,876</b>

₹ in lakhs

Particulars	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>(b) Financial assets and liabilities measured at fair value</b>				
<b>Financial assets</b>				
- Investments at FVTPL	44	-	-	44
- Other unquoted investments	-	-	737	737
- Derivative instruments in designated hedge accounting relationships	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	5	-	5
<b>Total financial assets</b>	<b>44</b>	<b>5</b>	<b>737</b>	<b>786</b>
<b>Financial liabilities</b>				
- Gold on loan	160,386	-	-	160,386
- Derivative instruments in designated hedge accounting relationship	-	1,057	-	1,057
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
<b>Total financial liabilities</b>	<b>160,386</b>	<b>1,057</b>	<b>-</b>	<b>161,443</b>

## (ii) Valuation technique used to determine fair value

Specific value techniques used to value financial instruments include:

- the use of quoted market prices for listed instruments.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using option prices obtained from banks.
- the fair value of remaining financial instruments is determined using market comparables, discounted cash flow analysis.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## (iii) Fair value of financial assets and liabilities that are not measured at fair value but fair value disclosures are required

The carrying values of financial assets and liabilities approximate the fair values.

### 33.3 Financial risk management objective

The Company has constituted a Risk Management Committee. The Company has in place a Risk management framework to identify, evaluate business risks and challenges across the Company both at corporate level as also separately for each business division. These risks include market risk, credit risk and liquidity risk.

The Company minimises the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of derivative financial instruments and investment of excess liquidity 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.

The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

### 33.4 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Credit risk is managed by the Company through approved credit norms, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. Credit risk arises principally from the Company's receivables from customers. Refer note 10.2 for the disclosures for trade receivables.

Credit risk on liquid funds, Inter Corporate Deposits and derivative financial instruments is limited because the counterparties are banks and companies with high credit-ratings assigned by credit-rating agencies.

### 33.5 Liquidity risk

The Company has an approved policy to invest surplus funds from time-to-time in various short-term instruments. Security of funds and liquidity shall be the primary consideration while deciding on the type of investments.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

#### Liquidity risk tables

The following table below analyses the Company's financial liabilities into relevant maturity groupings based on their maturities for:

- all non-derivative financial liabilities, and
- derivative financial liabilities, that are net settled.

The tables have been drawn on an undiscounted basis based on the earliest date on which the Company can be required to pay.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

₹ in lakhs

	As at 31 March 2019		
	Less than 3 months	3 to 6 months	Total
<b>Contractual maturities of financial liabilities</b>			
<b>Non-derivatives</b>			
Gold on loan	56,937	171,826	228,763
Trade payables	77,234	-	77,234
Other financial liabilities	21,288	-	21,288
<b>Total non-derivative liabilities</b>	<b>155,459</b>	<b>171,826</b>	<b>327,285</b>
<b>Derivatives (net settled)</b>			
Derivative instruments in designated hedge accounting relationship	113	-	113
<b>Total derivative liabilities</b>	<b>113</b>	<b>-</b>	<b>113</b>

₹ in lakhs

	As at 31 March 2018		
	Less than 3 months	3 to 6 months	Total
<b>Contractual maturities of financial liabilities</b>			
<b>Non-derivatives</b>			
Gold on loan	28,067	132,319	160,386
Trade payables	78,632	-	78,632
Other financial liabilities	24,068	-	24,068
<b>Total non-derivative liabilities</b>	<b>130,767</b>	<b>132,319</b>	<b>263,086</b>
<b>Derivatives (net settled)</b>			
Derivative instruments in designated hedge accounting relationship	1,392	(335)	1,057
<b>Total derivative liabilities</b>	<b>1,392</b>	<b>(335)</b>	<b>1,057</b>

## 33.6 Market risk

The market risks to which the Company is exposed are price risk {refer note a) below} and foreign currency risk {refer note b) below}.

### a) Price Risk:

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/sale of gold.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

To manage the variability in cash flows, the Company enters into derivative financial instruments to manage the risk associated with gold price fluctuations relating to all the highly probable forecasted transactions. Such derivative financial instruments are primarily in the nature of future commodity contracts, forward commodity contracts (up to 30 June 2018) and forward foreign exchange contracts. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The use of such 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.

As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

The Company assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Company actually uses. However, this hedge ratio will be rebalanced, when required (i.e., when the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting), by adjusting weightings of the hedged item and the hedging instrument.

Sources of hedge ineffectiveness include mismatch in the weightings of the hedged item and the hedging instrument and the selling rate.

The following table gives details of contracts as at the end of the reporting period:

## Cash flow hedges Sell forward/future contracts:

₹ in lakhs

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
31 March 2019	3,202	6,286	201,283
31 March 2018	2,897	5,854	169,600

- The line item in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

As at 31 March 2019 the aggregate amount of gains under forward/future contracts is recognised in "Other Comprehensive Income" and accumulated in the cash flow hedging reserve. It is anticipated that the sales will take place during 6 months of the next financial year, at which time the amount deferred in equity will be reclassified to the statement of profit and loss. Details of movements in hedging reserve is as follows:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at beginning of the year (net of taxes)	(527)	1,318
Changes in fair value of effective portion of cash flow hedges	1,673	499
Deferred tax on fair value of effective portion of cash flow hedges	(458)	(130)
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	2,825	(2,993)
Deferred tax on gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	(773)	778
Balance at end of the year (net of taxes)	2,741	(527)



# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## b) Foreign currency risk management

The company is exposed to foreign exchange risk arising through its sales and purchases denominated in various foreign currencies.

- (i) The risk management strategy on foreign currency exchange fluctuation arising on account of purchase/ sale of gold is covered in Note 33.6 above.
- (ii) In respect of normal purchase and sale transactions denominated in foreign currency, the Company enters into forward foreign exchange contracts and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These contracts are measured at fair value through profit and loss.

### Foreign currency sensitivity analysis:

The Company is mainly exposed to USD, CHF and EURO currencies. The Company's sensitivity to a 1% increase and decrease in ₹ against the relevant foreign currencies is presented below:

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. There is a decrease in profit and equity by ₹ 21 lakhs where INR weakens by 1% against the relevant currencies. For a 1% strengthening of the ₹ against the relevant currencies there would be a comparable increase in profit and equity.

**33.7** The Company's exposure to Forward foreign exchange contracts and option contracts at the end of the reporting year are as follows:

The Company has 3 forward exchange contracts for US Dollars 6 lakhs equivalent to ₹ 411 lakhs (Previous Year: 9 forward exchange contracts for US Dollars 42 lakhs equivalent to ₹ 2,746 lakhs).

In addition to the above, the Company has 15 Option contract in USD 329 Lakhs equivalent to ₹ 23,837 Lakhs (Previous Year : 24 Option contracts in USD 194 lakhs equivalent to ₹ 12,904 lakhs).

## 34. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. Gold on loan as disclosed in the financial statements represents amounts due to banks for the procurement of gold under 'Gold (Metal) loan scheme' by the Company. The Company is not subject to any externally imposed capital requirements.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## 35. DETAILS OF INTER-CORPORATE DEPOSITS GIVEN AND INVESTMENTS MADE DURING THE YEAR:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1 April 2018	Given during the year	Receipt during the year	Impaired during the year	As at 31 March 2019
<b>Inter-corporate deposits</b>										
IL & FS Financial Services Limited	Others	Unsecured	Trade deposits	8.75%	6 months	-	9,500	-	9,500	-
Infrastructure Leasing & Financial Services Limited	Others	Unsecured	Trade deposits	8.55%	6 months	-	5,000	-	5,000	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.10%- 8.40%	6 months	5,000	10,000	10,000	-	5,000
Shriram Transport Finance Company Limited	Others	Unsecured	Trade deposits	8.10%	4 months	-	5,000	5,000	-	-
Kotak Mahindra Investments Limited	Others	Unsecured	Trade deposits	8.05%	6 months	-	5,000	5,000	-	-
Kotak Mahindra Prime Limited	Others	Unsecured	Trade deposits	7.95%	6 months	-	5,500	5,500	-	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.15%-8.15%	6 months	3,000	7,000	5,000	-	5,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.3%-7.8%	6 months	5,000	5,000	10,000	-	-
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.55%-8.10%	3 to 6 months	-	10,000	10,000	-	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%-8.45%	6 months	1,500	13,000	9,500	-	5,000
Bajaj Finance Limited	Others	Unsecured	Trade deposits	7.20% - 8.20%	3 to 9 months	8,500	11,000	14,500	-	5,000
Piramal Enterprises Limited	Others	Unsecured	Trade deposits	7.50%	4 months	-	5,000	5,000	-	-
						<b>23,000</b>	<b>91,000</b>	<b>79,500</b>	<b>14,500</b>	<b>20,000</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2018	Investment made during the year	Investment sold/ impaired during the year	As at 31 March 2019
<b>Investments</b>						
<b>Investment in equity instruments (unquoted)</b>						
Titan TimeProducts Limited	Subsidiary	Strategic investment	1,363	-	1,363	-
Titan Engineering & Automation Limited	Subsidiary	Strategic investment	23,505	-	-	23,505
Carat Lane Trading Private Limited	Subsidiary	Strategic investment	37,403	10,000	-	47,403
Favre Leuba AG	Subsidiary	Strategic investment	7,061	4,959	7,000	5,020
Montblanc India Retail Private Limited	Joint venture	Strategic investment	3,112	-	-	3,112
Green Infra Wind Power Theni Limited	Associate	Strategic investment	150	-	-	150
<b>Investments in equity instruments (quoted)</b>						
National Radio Electronics Company Limited*	Others	Wealth creation	2	1	-	3
Tata Steel Limited*	Others	Wealth creation	12	-	-	12
Tata Global Beverages Limited*	Others	Wealth creation	16	-	4	12
Tata Chemicals Limited*	Others	Wealth creation	4	-	1	3
Trent Limited*	Others	Wealth creation	10	1	-	11
<b>Other investments in equity instruments (unquoted)</b>						
Innoviti Payment Solutions Private Limited (formerly known as Innoviti Embedded Solutions Private Limited)*	Others	Strategic investment	726	702	-	1,428
Green Infra Wind Generation Limited	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			<b>73,375</b>	<b>15,663</b>	<b>8,368</b>	<b>80,670</b>

\* The movement is on account of fair valuation as at the year end.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

## Details of Inter-corporate deposits given and investments made during the Previous Year:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1 April 2017	Given during the year	Receipt during the year	Impaired during the year	As at 31 March 2018
<b>Inter-corporate deposits</b>										
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	5,000	10,000	-	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.55%- 9.00%	6 months	5,000	10,000	10,000	-	5,000
Fortis Healthcare Ltd	Others	Unsecured	Trade deposits	10.25%	6 months	2,500	-	2,500	-	-
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	-	5,000	-	-
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	2,000	-	2,000	-	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.50%	6 months	-	3,000	-	-	3,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.30%	6 months	-	5,000	-	-	5,000
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.60%	3 months	-	9,500	9,500	-	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%	6 months	-	1,500	-	-	1,500
Bajaj Finance Limited	Others	Unsecured	Trade deposits	6.35% - 7.70%	3 to 9 months	-	33,000	24,500	-	8,500
						<b>19,500</b>	<b>67,000</b>	<b>63,500</b>	<b>-</b>	<b>23,000</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2017	Investment made during the year	Investment sold/ impaired during the year	As at 31 March 2018
<b>Investments</b>						
<b>Investment in equity instruments (unquoted)</b>						
Titan TimeProducts Limited	Subsidiary	Strategic investment	1,113	250	-	1,363
Titan Engineering & Automation Limited	Subsidiary	Strategic investment	5	23,500	-	23,505
Carat Lane Trading Private Limited	Subsidiary	Strategic investment	37,403	-	-	37,403
Favre Leuba AG	Subsidiary	Strategic investment	8,609	5,952	7,500	7,061
Montblanc India Retail Private Limited	Joint venture	Strategic investment	3,112	-	-	3,112
Green Infra Wind Power Theni Limited	Associate	Strategic investment	150	-	-	150
<b>Investments in equity instruments (quoted)</b>						
National Radio Electronics Company Limited*	Others	Wealth creation	1	1	-	2
Tata Steel Limited*	Others	Wealth creation	10	2	-	12
Tata Global Beverages Limited*	Others	Wealth creation	9	7	-	16
Tata Chemicals Limited*	Others	Wealth creation	3	1	-	4
Trent Limited*	Others	Wealth creation	8	2	-	10
<b>Other investments in equity instruments (unquoted)</b>						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited*	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			<b>51,160</b>	<b>29,715</b>	<b>7,500</b>	<b>73,375</b>

\* The movement is on account of fair valuation as at the year end.

# Notes to the Standalone Financial Statements

for the year ended 31 March 2019

- 36.** The financial statements are presented in ₹ lakhs (rounded off). Those items which are required to be disclosed and which were not presented in the financial statements due to rounding off to the nearest ₹ lakhs are given below:

Particulars	Note	Amount in ₹	
		31 March 2019	31 March 2018
Other bank balances			
- Unclaimed debenture and debenture interest	10.3	13,256	-
Other financial liabilities			
- Unclaimed debenture and debenture interest	14.3	13,256	-
Related party transactions			
- Purchase of services (other expenses)- Others	32	14,908	-

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248WW-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

# Consolidated Financial Statements

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# Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture

## Part "A": Subsidiaries

1	Name of the subsidiary	Favre Leuba AG	Titan Watch Company Hong Kong Limited	Titan Engineering & Automation Limited	Carat Lane Trading Private Limited
2	Reporting period	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019
3	Reporting currency	CHF	HKD	INR	INR
4	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	1 CHF = Rs. 69.43	1 HKD = Rs. 8.29	Not applicable	Not applicable
5	Share capital	10,852	1	4,705	665
6	Reserves & surplus	(6,732)	(1)	24,212	3,946
7	Total assets	5,238	-	39,615	28,093
8	Total liabilities	1,118	-	10,698	23,482
9	Investments	1	-	-	-
10	Turnover	682	-	34,321	41,639
11	Profit/(loss) before taxation	(5,201)	-	5,806	(4,613)
12	Provision for taxation	18	-	1,502	-
13	Profit after taxation	(5,219)	-	4,304	(4,613)
14	Proposed dividend	-	-	-	-
15	% of shareholding	100%	100%	100%	69.47%

### Name of subsidiary which are yet to commence operations:

Sl. No.	Name of the Company
1	Titan Watch Company Hong Kong Limited

### Name of subsidiary which have been sold during the year:

Sl. No.	Name of the Company
1	Titan TimeProducts Limited (sold on 18 <sup>th</sup> June 2018)

## Part "B": Associate and Joint Venture

Name of Associate		Green Infra Wind Power Theni Limited
1	Latest audited Balance Sheet date	31 <sup>st</sup> March 2019
2	Shares of Associate held by the company on the year end	
	- No.	1,500,000
	- Amount of Investment in Associate (₹ Lakhs)	150
	- Extent of Holding %	26.79%
3	Description of how there is significant influence	There is a significant influence due to percentage of Share Capital held
4	Reason why the associate is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	179
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	7
	- Not Considered in Consolidation (₹ Lakhs)	-
Name of Joint Venture		Montblanc India Retail Private Limited
1	Latest audited Balance Sheet Date	31 <sup>st</sup> March 2019
2	Shares of Associate held by the company on the year end	
	- No.	31,115,000
	- Amount of Investment in Joint Venture (₹ Lakhs)	3,112
	- Extend of Holding %	49.00%
3	Description of how there is significant influence	There is a significant influence by virtue of joint control
4	Reason why the joint venture is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	2,261
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(223)
	- Not Considered in Consolidation (₹ Lakhs)	-

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019



# Independent Auditor's Report

## To the Members of Titan Company Limited

### REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS OPINION

We have audited the consolidated financial statements of Titan Company Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of such joint venture as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the

Group, its associate and joint venture as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### REVENUE RECOGNITION

Refer note 2(viii) and 18 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no other unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.	In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence:
We identified revenue recognition as a key audit matter because the Group and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognised before control has been transferred.	<ol style="list-style-type: none"> <li>1. We assessed the appropriateness of the revenue recognition accounting policies and its compliances with applicable accounting standards. We read the contracts with customer, distributors and franchisees to determine appropriateness of revenue recognition.</li> <li>2. We evaluated the design of key internal financial controls and operating effectiveness of the relevant key controls with respect to revenue recognition on selected transactions.</li> </ol>

The key audit matter	How the matter was addressed in our audit
Additionally, the Group has adopted Ind AS 115 – Revenue from Contracts with Customers, which is the new revenue accounting standard. The application and transition to the accounting standard is complex and is an area of focus in the audit.	<ol style="list-style-type: none"> <li>3. We evaluated the design, and operating effectiveness of management's general IT controls and application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems.</li> <li>4. We performed substantive testing by selecting samples of sales made at the retail outlets using statistical sampling and tested the underlying sales to collection reports and bank statements. For other sales (excluding retail sales), we performed substantive testing for the revenue transactions using statistical sampling and tested the underlying documentation supporting the sales.</li> <li>5. We assessed the adequacy of disclosures made.</li> <li>6. We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.</li> </ol>

## INVENTORIES

Refer note 2(xviii) and 9 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Jewelry and Watches divisions of the Group hold inventory at various locations including factories, stores and third party locations. The Group has a plan wherein inventory is verified on a periodic basis to ascertain the existence of inventory. Inventory valuation involves significant assumptions and estimations made by the Management. Management also makes an estimate for slow moving inventory based on the age of the inventory.</p> <p>We have identified inventory as a key audit matter because of the number of locations that inventory is held at and the judgement applied in the valuation of inventory and provision for inventory.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> <li>1. We assessed the appropriateness of the inventories accounting policies and its compliances with applicable accounting standards.</li> <li>2. We evaluated the design of key internal financial controls and operating effectiveness of the relevant key controls with respect to physical verification of inventory, valuation of inventory and provision for inventory.</li> <li>3. We evaluated the design, and operating effectiveness of management's general IT controls and application controls over the Company's IT systems which govern inventories, including access controls, controls over program changes, interfaces between different systems.</li> <li>4. For locations selected using statistical sampling, we attended physical verification of stocks conducted by the management as at the year end. We also performed surprise stock counts at select stores on a sample basis.</li> <li>5. For samples selected using statistical sampling, we obtained independent confirmations of inventories held with third parties.</li> <li>6. We tested, on a sample basis, the valuation of inventories as at the year end and the Management's assessment of provision required for obsolete and slow moving inventories held as at the balance sheet date.</li> <li>7. We considered the adequacy and appropriateness of the disclosures in the financial statements, relating to the inventories.</li> </ol>

## IMPAIRMENT OF INTER CORPORATE DEPOSITS

Refer note 2(xx), 10.4 and 36 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group invested its surplus funds in Short term Inter Corporate Deposits ("ICDs") in an infrastructure conglomerate. The ICDs are carried at cost less provisions for impairment.</p> <p>The Management is required to make significant judgement with respect to the provision required based on the information available with the Management.</p> <p>We have identified impairment of ICDs as a key audit matter because of significant judgement in assessing the recoverability of the respective assets.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among other procedures, to obtain sufficient appropriate audit evidence:</p> <ol style="list-style-type: none"> <li>1. We tested the design of key internal financial controls and operating effectiveness of the relevant key controls around the review of the assessment of impairment of ICDs</li> <li>2. We tested Management's assessment of the provision required for ICDs. We also read the minutes with respect to the deliberations held in the Audit Committee of the Board and the Board Meetings with respect to the recoverability of the ICDs.</li> <li>3. We evaluated the appropriateness of the disclosure in the financial statements relating to the impairment of investments.</li> </ol>

## OTHER INFORMATION

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the Financial Statements and our Auditor's Report thereon. The other information is expected to be made available to us after the date of the Auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the

consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture is responsible for overseeing the financial reporting process of each company.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on

the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate and joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

(a) The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹ 223 Lakhs for the year ended 31 March 2019, in respect of one joint venture whose financial statements has not been audited by us. These financial statements has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint venture is based solely on the audit report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor .

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of such joint venture as were audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary companies, associate company and joint venture incorporated in India, none of the directors of the Group companies, its associate company and joint venture incorporated in India is disqualified as at 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, associate company and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on

separate financial statements of the joint venture, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group, its associate and joint venture. Refer Note 29 to the consolidated financial statements.
- ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
- iii.
  - a) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company (excluding disputed legal cases as explained in Note 15.4) of the accompanying consolidated financial statements during the year ended 31 March 2019.
  - b) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary companies, associate company and joint venture incorporated in India during the year ended 31 March 2019.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from

8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditor of such joint venture incorporated in India which was not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, associate company and joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate company and joint venture is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Supreet Sachdev**

*Partner*

Membership No: 205385

Place: Bengaluru

Date: 8 May 2019



# Annexure A to the Independent Auditor's Report

on the consolidated financial statements of Titan Company Limited ("the Company") for the year ended 31 March 2019

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

## OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Titan Company Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, its associate and joint venture, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. 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.

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

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements



for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any

evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OTHER MATTERS**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one joint venture company, which is a company incorporated in India, is based on the report of the auditor of such company incorporated in India.

for **B S R & Co LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

**Supreet Sachdev**

*Partner*

Membership No: 205385

Place: Bengaluru

Date: 8 May 2019

# Consolidated Balance Sheet

as at 31 March 2019

₹ in lakhs

	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	118,231	110,204
(b) Capital work-in-progress	3	2,895	4,301
(c) Investment property	4.1	2,402	2,268
(d) Goodwill	4.2	12,301	12,301
(e) Other intangible assets	5	23,729	22,608
(f) Intangible assets under development		282	36
(g) Financial assets			
(i) Investments	6.1	3,920	3,438
(ii) Loans receivable	6.2	12,913	11,590
(iii) Other financial assets	6.3	812	915
(h) Deferred tax asset (net)	7	7,418	3,606
(i) Income tax assets (net)	7	12,171	10,219
(j) Other non-current assets	8	15,721	10,834
		<b>212,795</b>	<b>192,320</b>
<b>(2) Current assets</b>			
(a) Inventories	9	703,882	592,484
(b) Financial assets			
(i) Investments	10.1	6,922	161
(ii) Trade receivables	10.2	42,045	29,569
(iii) Cash and cash equivalents	10.3	42,953	47,205
(iv) Bank balances other than (iii) above	10.3	63,695	14,586
(v) Loans receivable	10.4	24,660	26,632
(vi) Other financial assets	10.5	9,898	7,334
(c) Other current assets	11	64,675	42,130
		<b>958,730</b>	<b>760,101</b>
<b>TOTAL ASSETS</b>		<b>1,171,525</b>	<b>952,421</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12.1	8,878	8,878
(b) Other equity	12.2	598,137	500,110
Equity attributable to the equity holders of the Company		607,015	508,988
Non-controlling interest		1,408	(182)
		<b>608,423</b>	<b>508,806</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13.1	3,167	-
(ii) Other financial liabilities	13.2	133	126
(b) Provisions	14	13,068	11,634
(c) Deferred tax liability (net)	7	541	317
		<b>16,909</b>	<b>12,077</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15.1	8	7,899
(ii) Gold on loan	15.2	235,290	161,202
(iii) Trade payables			
- Total outstanding dues of micro and small enterprises	15.3	1,573	20
- Total outstanding dues of creditors other than micro and small enterprises	15.3	89,025	87,754
(iv) Other financial liabilities	15.4	23,843	25,462
(b) Other current liabilities	16	188,950	144,529
(c) Provisions	17	6,534	2,473
(d) Current tax liabilities (net)	7	970	2,199
		<b>546,193</b>	<b>431,538</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,171,525</b>	<b>952,421</b>

Significant accounting policies

2

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru  
Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru  
Date : 8 May 2019

# Statement of Consolidated Profit and Loss

for the year ended 31 March 2019

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
₹ in lakhs			
I. Revenue from operations	18	1,977,852	1,615,595
II. Other income	19	18,294	8,886
III. Total income (I + II)		1,996,146	1,624,481
IV. Expenses:			
Cost of materials and components consumed		1,223,063	1,045,282
Excise duty		-	3,618
Purchase of stock-in-trade		294,003	221,201
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	(77,641)	(97,861)
Employee benefit expenses	21	101,927	88,508
Finance costs	22	5,254	5,292
Depreciation and amortisation expense	23	16,284	13,143
Other expenses	24	237,351	190,378
IV. Total expenses		1,800,241	1,469,561
V. Profit before share of profit/(loss) of an associate and a joint venture and exceptional item and tax (III - IV)		195,905	154,920
VI. Share of profit/ (loss) of:			
- Associate		7	(37)
- Joint venture		(223)	(240)
VII. Profit before exceptional item and tax (V - VI)		195,689	154,643
VIII. Exceptional item	25	-	1,665
IX. Profit before tax (VII - VIII)		195,689	152,978
X. Tax expense:			
Current tax	7	61,750	44,996
Deferred tax	7	(4,926)	(2,209)
X. Total tax		56,824	42,787
XI. Profit for the year (IX-X)		138,865	110,191
XII. Other comprehensive income			
(i) Items that will not be reclassified to the statement of profit and loss			
- Remeasurement of employee defined benefit plans		(2,857)	2,273
- Income-tax on (i) above		836	(665)
(ii) Items that will be reclassified to the statement of profit and loss			
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		4,498	(2,570)
- Exchange differences in translating the financial statements of foreign operations		(5)	410
- income-tax on (ii) above		(1,230)	724
Total other comprehensive income		1,242	172
XIII. Total comprehensive income (XI + XII)		140,107	110,363
Profit for the year attributable to:			
- Owners of the Company		140,415	113,009
- Non-controlling interest		(1,550)	(2,818)
		138,865	110,191
Other comprehensive income for the year attributable to:			
- Owners of the Company		1,259	191
- Non-controlling interest		(17)	(19)
		1,242	172
Total comprehensive income for the year attributable to:			
- Owners of the Company		141,674	113,200
- Non-controlling interest		(1,567)	(2,837)
		140,107	110,363
XIV. Earnings per equity share of ₹ 1			
Basic	27	15.82	12.73
Diluted		15.82	12.73
Significant accounting policies	2		

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

# Statement of Consolidated Changes in Equity

as at 31 March 2019

₹ in lakhs

	As at 31 March 2019	As at 31 March 2018
<b>(a) Equity share capital</b>		
Opening balance	8,878	8,878
Changes in equity share capital during the year	-	-
<b>Closing balance</b>	<b>8,878</b>	<b>8,878</b>

**(b) Other equity**

₹ in lakhs

Particulars	Capital reserve	Capital redemption reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Reserves and Surplus				Capital reserve on consolidation	Attributable to the Owners of the Company	Non-controlling interest	Total
							Items of Other Comprehensive Income (refer note 12.2)	Employee defined benefit obligation	Foreign currency translation reserve	Cash flow hedge reserve*	Total			
<b>Balance as at 1 April 2017</b>	<b>3</b>	<b>74</b>	<b>14,072</b>	<b>(66)</b>	<b>281,573</b>	<b>118,968</b>	<b>(1,422)</b>	<b>(205)</b>	<b>1,326</b>	<b>(301)</b>	<b>37</b>	<b>414,360</b>	<b>2,636</b>	<b>416,996</b>
Profit for the year (net of taxes)	-	-	-	-	-	113,009	-	-	-	-	-	113,009	(2,818)	110,191
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	1,627	410	(1,846)	191	-	191	(19)	172
Addition during the year	-	-	-	330	-	-	-	-	-	-	-	330	19	349
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>-</b>	<b>113,009</b>	<b>1,627</b>	<b>410</b>	<b>(1,846)</b>	<b>191</b>	<b>-</b>	<b>113,531</b>	<b>(2,818)</b>	<b>110,713</b>
Payment of dividends (refer note 12.3)	-	-	-	-	-	(23,081)	-	-	-	-	-	(23,081)	-	(23,081)
Tax on dividends (refer note 12.3)	-	-	-	-	-	(4,699)	-	-	-	-	-	(4,699)	-	(4,699)
Transfer to General reserve from Retained earnings	-	-	-	-	25,000	(25,000)	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>3</b>	<b>74</b>	<b>14,072</b>	<b>264</b>	<b>306,573</b>	<b>179,196</b>	<b>205</b>	<b>205</b>	<b>(520)</b>	<b>(110)</b>	<b>37</b>	<b>500,110</b>	<b>(182)</b>	<b>499,928</b>
<b>Balance as at 1 April 2018</b>	<b>3</b>	<b>74</b>	<b>14,072</b>	<b>264</b>	<b>306,573</b>	<b>179,196</b>	<b>205</b>	<b>205</b>	<b>(520)</b>	<b>(110)</b>	<b>37</b>	<b>500,110</b>	<b>(182)</b>	<b>499,928</b>
Profit for the year (net of taxes)	-	-	-	-	-	140,415	-	-	-	-	-	140,415	(1,550)	138,865
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	(2,004)	(5)	3,268	1,259	-	1,259	(17)	1,242
Employee stock compensation	-	-	-	107	-	-	-	-	-	-	-	107	-	107
Acquisition of non-controlling interests in subsidiary (refer note 39)	-	-	-	-	-	(3,157)	-	-	-	-	-	(3,157)	3,157	-
Sale of subsidiary (refer note 40)	-	(10)	-	-	-	(420)	8	-	-	8	(37)	(460)	-	(460)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>136,838</b>	<b>(1,996)</b>	<b>(5)</b>	<b>3,268</b>	<b>1,267</b>	<b>(37)</b>	<b>138,164</b>	<b>1,590</b>	<b>139,754</b>
Payment of dividends (refer note 12.3)	-	-	-	-	-	(33,292)	-	-	-	-	-	(33,292)	-	(33,292)
Tax on dividends (refer note 12.3)	-	-	-	-	-	(6,845)	-	-	-	-	-	(6,845)	-	(6,845)
Transfer to General reserve from Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>3</b>	<b>64</b>	<b>14,072</b>	<b>371</b>	<b>306,573</b>	<b>275,897</b>	<b>(1,791)</b>	<b>200</b>	<b>2,748</b>	<b>1,157</b>	<b>-</b>	<b>598,137</b>	<b>1,408</b>	<b>599,545</b>

Significant accounting policies Note 2

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru  
Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru  
Date : 8 May 2019

# Statement of Consolidated Cash Flow

as at 31 March 2019

₹ in lakhs

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A. Cash flow from operating activities</b>			
Net profit before tax		195,689	152,978
Adjustments for :			
- Depreciation and amortisation expense		16,284	13,143
- Net unrealised exchange gain/loss		(144)	(126)
- Share of profit/(loss) of the associate and joint venture		216	277
- Employee stock compensation expense		107	431
- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		446	228
- Provision for doubtful trade receivables (net) and bad trade receivables written off		729	332
- Interest income		(10,369)	(6,422)
- Gain on investments carried at fair value through profit and loss		(4,459)	(1,954)
- Impairment of investment in inter-corporate deposits		14,500	-
- Finance costs		5,254	5,292
Operating profit before working capital changes		<b>218,253</b>	<b>164,179</b>
Adjustments for :			
- (increase)/ decrease in trade receivables		(13,908)	(9,032)
- (increase)/ decrease in inventories		(111,986)	(99,593)
- (increase)/ decrease in financial assets-loans receivable		(2,351)	273
- (increase)/ decrease in other financial assets		(1,153)	(3,144)
- (increase)/ decrease in other assets		(27,621)	(27,016)
- (increase)/ decrease in other bank balances		(390)	(41)
- increase/ (decrease) in gold on loan		74,088	(27,041)
- increase/ (decrease) in trade payables		3,232	9,482
- increase/ (decrease) in other financial liabilities		2,093	(1,867)
- increase/ (decrease) in other liabilities		44,642	34,306
- increase/ (decrease) in provisions		2,997	(10)
<b>Cash generated from operating activities before taxes</b>		<b>187,896</b>	<b>40,496</b>
- Direct taxes paid		(63,604)	(45,608)
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>124,292</b>	<b>(5,112)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and investment property		(26,472)	(30,485)
Proceeds from sale of property, plant and equipment		137	558
Inter-corporate deposits placed		(91,000)	(67,000)
Proceeds from inter-corporate deposits		79,500	63,500
Bank deposits placed, net		(48,719)	(4,452)
Purchases of mutual funds, net		(3,587)	41,152
Proceeds from sale of investment in subsidiaries net of cash		1,821	-
Interest received		8,486	6,363
<b>Net cash from/ (used in) investing activities</b>	<b>B</b>	<b>(79,834)</b>	<b>9,636</b>

# Statement of Consolidated Cash Flow

as at 31 March 2019

₹ in lakhs

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>C. Cash flow from financing activities</b>			
Borrowings taken/ (repayment), net		(3,891)	7,899
Dividends paid including dividend distribution tax		(39,738)	(27,739)
Finance costs		(5,254)	(5,405)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(48,883)</b>	<b>(25,245)</b>
<b>Net cash (used in)/generated during the year (A+B+C)</b>		<b>(4,425)</b>	<b>(20,721)</b>
Cash and cash equivalents (opening balance)	10.3	47,205	67,800
Add/ (Less): Unrealised exchange (gain)/ loss		173	126
<b>Cash and cash equivalents (closing balance)</b>	<b>10.3</b>	<b>42,953</b>	<b>47,205</b>
<b>Debt reconciliation statement in accordance with Ind AS 7</b>			
<b>Current borrowings</b>			
Opening balance		7,899	-
(Repayment) of / proceeds from borrowings		(7,891)	7,899
Closing balance		<b>8</b>	<b>7,899</b>
<b>Non current borrowings and current maturities of long term borrowings</b>			
Opening balance		-	-
Proceeds from borrowings		4,000	-
Closing balance		<b>4,000</b>	-
Significant accounting policies	2		

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248W/W-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 1. BACKGROUND

Titan Company Limited ('Titan' or 'the Company'), and its subsidiaries (collectively, the "Group"), associate and joint venture is primarily involved in manufacturing and sale of watches, jewelry, eyewear and other accessories and products.

Titan is a public Company domiciled in India, with its registered office situated at 3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and BSE Ltd. in India.

## 2. BASIS OF PREPARATION

### i. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

### ii. Basis of measurement

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

- a) Certain financial assets and liabilities (including derivative instruments).
- b) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.
- c) Brand and goodwill on business combination measured at fair value.
- d) Valuation of grants under Employees Share Options (ESOPs).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Use of estimates and judgement

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may diverge from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statement is included in the following notes:

- Note 28 – Leases – whether an arrangement contains a lease
- Note 28 – Lease classification (including the expected general inflation rates)

### Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- Note 3 – Useful life of the Property, Plant and Equipment;
- Note 5 – Useful life of the Intangible assets;
- Note 7 – Valuation of deferred tax assets
- Note 29 – Contingent liabilities
- Note 31 – Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 35.1 and note 35.2 – Fair value measurement of financial instruments.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## iii. Basis of consolidation

The consolidated financial statements relate to Titan Company Limited and entities controlled by the Company. Control is achieved when the Company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect the entity's returns by using its power over the entity.

The standalone 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 profit or losses. These financial statements are prepared by applying uniform accounting policies in use at the Group. 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.

## iii. Basis of consolidation (continued)

Investment in associate and joint venture are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of consolidated profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Entities controlled by the Company are consolidated from the date the control commences until the date control ceases.

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 March 2019	Ownership interest 31 March 2018
Titan Engineering & Automation Limited ("TEAL")	India	100%	100%
Favre Leuba AG	Switzerland	100%	100%
Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG)	Hong Kong	100%	100%
Carat Lane Trading Private Limited ("Caratlane")	India	69.47%	66.39%
Titan TimeProducts Limited ("TTPL") (until 18 June 2018)	India	-	100%

The jointly controlled entity and associate company 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 March 2019	Ownership interest 31 March 2018
Montblanc India Retail Private Limited - Jointly controlled entity	India	49.00%	49.00%
Green Infra Wind Power Theni Limited - Associate company	India	26.79%	26.79%

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The financial statements of the subsidiary companies, joint venture and associate company which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2019. The figures used in consolidation for equity accounting of the investment in joint venture and the associate companies are audited.

## iv. Business combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of consolidated profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at their acquisition dates.

Purchase consideration paid in excess of the net assets acquired is recognised as Goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair value of the net assets and contingent liabilities, the excess is recognised as Capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfer of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entities are recorded in shareholders' equity.

## v. Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities incurred. The same is measured initially at cost.

## vi. Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

## vii. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 4 – Investment property
- Note 35 - financial instruments.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## viii. Revenue recognition

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Ind AS 115 replaces Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. The Company has adopted Ind AS 115 using the cumulative effect method (without the practical expedient), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Under this transition method, the standard is applied retrospectively only to contracts that are not completed as at the date of initial application, and the comparative information is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact on the consolidated financial statements of the Group.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

- a) Sale of goods: Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for services

are reported as liabilities until all conditions for revenue recognition are met.

### Customer loyalty programmes

The Group has a customer loyalty programme for selected customers. The Group grants credit points to those customers as part of a sales transaction which allows them to accumulate and redeem those credit points. The consideration is allocated between the loyalty programme and the goods based on their relative standalone selling prices. The credit points have been deferred and will be recognised as revenue when the reward points are redeemed or lapsed.

- b) Service income: Service income is recognised on rendering of services.
- c) Dividend and interest income: Dividend income from investments is recognised when the Group's right to receive the payment has been established i.e., either when the dividend is declared or when shareholders approve the dividend in case of equity investments.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

### Use of significant judgements in revenue recognition:

- a) The Group's contracts with customers could include promises to transfer multiple goods to a customer. The Company assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.
- c) The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Interest income is recognised as it accrues in the consolidated statement of profit and loss using effective interest rate method.

Commission income is generally recognised when the related sale is executed as per the terms of the agreement.

The Group has determined that the revenues as disclosed in Note 18 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

## ix. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

## x. Foreign currencies

### a) Transactions and balances:

In preparing the consolidated financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of consolidated profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge (refer note xxi(b)).

### b) Foreign operations:

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and held in foreign

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognised in FCTR is transferred to the statement of consolidated profit and loss as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

## xi. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## xii. Employee benefits

### Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plan

The Group's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund

administered by Regional Provident Fund Commissioner and Group's contribution to National pension Scheme are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

### Defined benefit plan

The contribution to the Group's Gratuity Trust and liability towards pension of retired deceased managing director are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of consolidated profit and loss.

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

### Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the consolidated balance sheet date.

## xiii. Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the statement of consolidated profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

- a) Current tax: The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of consolidated profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- b) Deferred tax: Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognised, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

For operations carried out in notified units covered under Section 80 IC of the Income Tax Act 1961,

deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

## xiv. Property, Plant and Equipment

### a) Recognition and measurement:

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses,



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

if any. The cost of Property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date the asset is ready for its intended use. Machine spare parts are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	5 to 15 years	10 to 15 years
Computers and server	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 to 10 years	10 years
Office equipment	5 years	5 years
Vehicles	4 to 5 years	8 years

Leasehold improvements are depreciated over the lease term ranging from 1-9 years.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of consolidated profit and loss.

## b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognised in the statement of consolidated profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold land is not depreciated.

Repairs and maintenance costs are recognised in the statement of consolidated profit and loss when incurred.

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of consolidated profit and loss. Advance paid towards acquisition of fixed assets outstanding at each consolidated balance sheet date is disclosed as capital



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

advances under non-current assets. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the consolidated balance sheet date.

## xv. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of consolidated profit and loss in the period in which the property is derecognised. The investment property includes only land held by the Company and accordingly no amortization of the investment property is recorded in the statement of consolidated profit and loss.

The fair values of the investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

## xvi. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets are as follows:

Software - License period or 5 years, whichever is lower.

Brand and trademark – Infinite period.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

## xvii. Impairment

### Impairment of financial assets:

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of consolidated profit and loss.

### Impairment of non-financial assets:

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use,

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of consolidated profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of consolidated profit and loss.

## Impairment of Goodwill:

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the statement of consolidated profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## xviii. 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 determined on an item-by-item basis. Cost is determined as follows:

- a) Gold is valued on first-in-first-out basis.
- b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.
- c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the moving average cost of production.
- d) Traded goods are valued on a moving weighted average rate/ cost of purchases.

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

Unfixed gold is valued at the provisional gold price prevailing on the date of delivery of gold.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

## xix. Provisions and contingencies

Provisions: A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

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

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Contingent liabilities: A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the consolidated financial statements.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

## xx. Financial instruments

### Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value.

Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of consolidated profit and loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

## A) Financial Assets

### Classification of financial assets:

On initial recognition, a financial asset is classified at

- (i) Amortised cost
- (ii) Fair value through other comprehensive income (FVOCI)
- (iii) Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

### i) Financial assets at amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

### Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- ii) Investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value either in the statement of consolidated profit and loss or in other comprehensive income pertaining to equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of consolidated profit and loss on disposal of the investment.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Currently, the Group has not elected to present subsequent changes in investments in equity instruments in OCI. Accordingly, the same are considered as investments measured at FVTPL.

- iii) Investments in equity instruments at FVTPL

A financial asset that meets the amortised cost criteria may be designated as at FVTPL

upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of consolidated profit and loss. The net gain or loss recognised in the statement of consolidated profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of the cost of the investment and the amount of dividend can be measured reliably.

## Derecognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Whether the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

# Notes to the Consolidated Financial Statements

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Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. When the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

The Group has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

## Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the statement of consolidated profit and loss except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the statement of consolidated profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## B) Financial liabilities: classification, subsequent measurement and derecognition:

### Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments

issued by a group entity are recognised at the proceeds received, net of direct issue costs.

### Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

### Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such in initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of consolidated profit and loss. The net gain or loss recognised in the statement of consolidated profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

The Group has designated amount payable for gold taken on loan from banks on initial recognition as fair value through profit and loss.

### Financial liabilities subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

# Notes to the Consolidated Financial Statements

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of consolidated profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of consolidated profit and loss.

## Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

## xxi. Derivative financial instruments

### a) Derivative instruments not designated as Cash flow hedges:

The Group enters into a variety of derivative financial instruments to manage its exposure to

foreign exchange rate risks, including foreign exchange forward contracts, future contracts and Options.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in the statement of consolidated profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### b) Cash flow hedges

The Group 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. The Group has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated,



# Notes to the Consolidated Financial Statements

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

The Group has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

## c) Fair Value Hedge:

The Group designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the statement of consolidated profit and loss with an adjustment to the carrying value of the hedged item. The Group has designated the trade payables pertaining to gold taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

## xxii. Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

The Group's primary segments consist of Watch, Jewellery, Eyewear, Corporate and Others, where 'Others' include Aerospace & Defence, Automation Solutions, Fragrances, Accessories and Indian dress wear. Secondary information is reported geographically.

Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income

and expenditure. Corporate (unallocated) represents other income and expenses which relate to the Group as a whole and are not allocated to segments.

## xxiii. Consolidated cash flow statement

Consolidated cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The consolidated cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

## xxiv. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## xxv. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

## xxvi. Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## xxvii. New accounting standards not yet adopted

The Group has not applied the following new and revised Ind AS that have been issued but are not yet effective:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

### a) Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Group will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (1 April 2019). Accordingly, the Group will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. On that date, the Group will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at 1 April 2019. In accordance with the standard, the Group will elect not to apply

the requirements of Ind AS 116 to leases for which the underlying asset is of low value.

On transition, the Group will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Group has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

With effect from 1 April 2019, the Group will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization for the right-to-use asset, and b) interest accrued on lease liability.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

### b) Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation

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authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgment, to determine whether each tax treatment should be

considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

# Notes to the Consolidated Financial Statements

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## 3. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Computer and servers	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Owned Assets</b>									
As at 1 April 2017	8,530	19,506	47,315	4,570	293	13,839	2,435	1,029	97,517
Additions	-	14,071	9,993	3,419	261	7,999	1,170	1,028	37,941
Disposals	-	-	959	770	31	1,508	191	423	3,882
<b>As at 31 March 2018</b>	<b>8,530</b>	<b>33,577</b>	<b>56,349</b>	<b>7,219</b>	<b>523</b>	<b>20,330</b>	<b>3,414</b>	<b>1,634</b>	<b>131,576</b>
As at 1 April 2018	8,530	33,577	56,349	7,219	523	20,330	3,414	1,634	131,576
Additions	-	4,799	8,737	2,128	117	5,957	1,712	950	24,400
Deletion due to sale of subsidiary*	-	317	992	-	-	14	24	7	1,354
Disposals	-	2	1,134	156	70	1,159	142	380	3,043
<b>As at 31 March 2019</b>	<b>8,530</b>	<b>38,057</b>	<b>62,960</b>	<b>9,191</b>	<b>570</b>	<b>25,114</b>	<b>4,960</b>	<b>2,197</b>	<b>151,579</b>
<b>Accumulated depreciation</b>									
As at 1 April 2017	-	1,116	5,382	528	44	3,786	1,002	343	12,201
Depreciation expense	-	829	4,595	1,760	146	3,846	627	464	12,267
Disposals	-	-	652	718	2	1,224	118	382	3,096
<b>As at 31 March 2018</b>	<b>-</b>	<b>1,945</b>	<b>9,325</b>	<b>1,570</b>	<b>188</b>	<b>6,408</b>	<b>1,511</b>	<b>425</b>	<b>21,372</b>
As at 1 April 2018	-	1,945	9,325	1,570	188	6,408	1,511	425	21,372
Depreciation expense	-	1,001	6,305	2,088	180	3,860	770	595	14,799
Deletion due to sale of subsidiary*	-	40	301	-	-	3	16	3	363
Disposals	-	1	835	142	69	964	105	344	2,460
<b>As at 31 March 2019</b>	<b>-</b>	<b>2,905</b>	<b>14,494</b>	<b>3,516</b>	<b>299</b>	<b>9,301</b>	<b>2,160</b>	<b>673</b>	<b>33,348</b>
<b>Net carrying value</b>									
<b>As at 31 March 2018</b>	<b>8,530</b>	<b>31,632</b>	<b>47,024</b>	<b>5,649</b>	<b>335</b>	<b>13,922</b>	<b>1,903</b>	<b>1,209</b>	<b>110,204</b>
<b>As at 31 March 2019</b>	<b>8,530</b>	<b>35,152</b>	<b>48,466</b>	<b>5,675</b>	<b>271</b>	<b>15,813</b>	<b>2,800</b>	<b>1,524</b>	<b>118,231</b>

\* refer note no 40 for deletion due to sale of subsidiary

₹ in lakhs

Particulars	Capital work-in-progress
As at 1 April 2017	14,324
Additions	27,918
Capitalisations	37,941
<b>As at 31 March 2018</b>	<b>4,301</b>
As at 1 April 2018	4,301
Additions	22,994
Capitalisations	24,400
<b>As at 31 March 2019</b>	<b>2,895</b>

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## 4.1 INVESTMENT PROPERTY

₹ in lakhs	
Particulars	Land
As at 1 April 2017	1,065
Additions	1,203
Disposals	-
<b>As at 31 March 2018</b>	<b>2,268</b>
As at 1 April 2018	2,268
Additions	134
Disposals	-
<b>As at 31 March 2019</b>	<b>2,402</b>
<b>Net carrying value</b>	
<b>As at 31 March 2018</b>	<b>2,268</b>
<b>As at 31 March 2019</b>	<b>2,402</b>

- a) The Company's investment properties consist of freehold land and therefore no depreciation is chargeable.
- b) Fair market value of land at ₹ 10,143 lakhs (Previous year: ₹ 7,767 lakhs) have been arrived at on the basis of valuations carried out by Chartered Engineer during year ended 31 March 2019 (previous year performed by the Company internally).
- c) No rental income has been accrued against these properties.

## 4.2 GOODWILL

₹ in lakhs	
Particulars	
Opening Goodwill as at 1 April 2018	12,301
Movement during the year	-
<b>Closing Goodwill as at 31 March 2019</b>	<b>12,301</b>

Name of the CGU	Operating Segment
Jewellery business of Titan Company Limited	Jewellery
Carat Lane Trading Private Limited	Jewellery
Watches business of Titan Company Limited	Watches
Favre Leuba AG	Watches
Eyewear business of Titan Company Limited	Eyewear
Other business of Titan Company Limited	Other business
Titan Engineering & Automation Limited	Other business
Titan TimeProducts Limited (sold on 18 June 2018)	Other business

Goodwill is tested for impairment at least annually in accordance with the Company's procedure for determining the recoverable value of such assets. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level/ group of CGUs within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Company's operating segment. The goodwill as at 31 March 2019 has been entirely allocated to the Carat Lane CGU.

The recoverable amount of the Carat Lane CGU is determined on the basis of value-in-use (VIU). The VIU of the CGU is determined based on discounted cash flow projections. Key assumptions on which the Company has based its determination of VIU include estimated cash flows, terminal value and discount rates.

Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

- a) Terminal value growth rate 5%
- b) Discount rate post tax 14.4%

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging applicable to the region at a market interest rate applicable to the respective region.

The cash flow projections include specific estimates for ten years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. Revenue growth has been projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the coming years. It has been assumed that the sales price would increase in line with forecast inflation over the next ten years.

An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's/group of CGU's recoverable amount would fall below its carrying amount.

## 5. OTHER INTANGIBLE ASSETS

₹ in lakhs

Particulars	Trademarks	Computer softwares	Brand on consolidation	Total
<b>Owned</b>				
As at 1 April 2017	1,451	1,488	18,000	20,939
Additions	163	3,131	-	3,294
Disposals	-	-	-	-
<b>As at 31 March 2018</b>	<b>1,614</b>	<b>4,619</b>	<b>18,000</b>	<b>24,233</b>
As at 1 April 2018	1,614	4,619	18,000	24,233
Additions	-	2,606	-	2,606
Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>1,614</b>	<b>7,225</b>	<b>18,000</b>	<b>26,839</b>
<b>Accumulated amortisation</b>				
As at 1 April 2017	324	425	-	749
Amortisation expense	6	870	-	876
Disposals	-	-	-	-
<b>As at 31 March 2018</b>	<b>330</b>	<b>1,295</b>	<b>-</b>	<b>1,625</b>
As at 1 April 2018	330	1,295	-	1,625
Amortisation expense	-	1,485	-	1,485
Disposals	-	-	-	-
<b>As at 31 March 2019</b>	<b>330</b>	<b>2,780</b>	<b>-</b>	<b>3,110</b>
<b>Net carrying value</b>				
<b>As at 31 March 2018</b>	<b>1,284</b>	<b>3,324</b>	<b>18,000</b>	<b>22,608</b>
<b>As at 31 March 2019</b>	<b>1,284</b>	<b>4,445</b>	<b>18,000</b>	<b>23,729</b>

# Notes to the Consolidated Financial Statements

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## 6. FINANCIAL ASSETS

### 6.1 Investments

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>1) Investment in equity instruments - unquoted</b>		
<b>i) In joint venture company (at cost unless stated otherwise)</b>		
31,115,000 (Previous year: 31,115,000) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited	2,261	2,484
<b>ii) In associate company (at cost unless stated otherwise)</b>		
1,500,000 (Previous year: 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note a) below}	179	172
	<b>2,440</b>	<b>2,656</b>
<b>2) Other investments</b>		
<b>i) Investments in equity instruments - quoted (at fair value through profit or loss)</b>		
1,000 (Previous year: 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	3	2
2,349 (Previous year: 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	12	12
6,000 (Previous year: 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	12	16
560 (Previous year: 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	3	4
3,000 (Previous year: 3000) fully paid equity shares of ₹ 1 each in Trent Limited	11	10
	<b>41</b>	<b>44</b>
<b>ii) Investments in equity instruments - unquoted (at fair value through profit or loss)</b>		
114,663 (Previous year: 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (Previous year: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (Previous year: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-
100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-
525,000 (Previous year: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Payment Solutions Private Limited	1,428	727
91,200 (Previous year: 91,200) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	9
18,000 (Previous year: 18,000) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	2
	<b>1,439</b>	<b>738</b>
<b>Aggregate value of investments</b>	<b>3,920</b>	<b>3,438</b>
<b>Aggregate book value of quoted investments</b>	<b>41</b>	<b>44</b>
<b>Aggregate market value of quoted investments</b>	<b>41</b>	<b>44</b>
<b>Aggregate value of unquoted investments</b>	<b>3,879</b>	<b>3,394</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## Note:

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

## 6.2 Loans receivable

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Security deposits	9,591	8,673
Employee loans	3,322	2,917
	<b>12,913</b>	<b>11,590</b>

## 6.3 Other financial assets

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Other assets	812	915
	<b>812</b>	<b>915</b>

## 7. INCOME TAX

a) The following is the analysis of deferred tax assets/(liabilities):

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	7,418	3,606
Deferred tax liabilities	(541)	(317)
<b>Net deferred tax asset</b>	<b>6,877</b>	<b>3,289</b>

Particulars	As at 1 April 2018	Recognised in the consolidated statement of profit and loss	Reduction due to sale of subsidiary	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax assets</b>					
Provision for doubtful trade receivables	288	(86)	-	-	202
Employee benefits	4,312	781	(94)	-	4,999
Compensation towards voluntary retirement of employees	2,562	(705)	(73)	-	1,784
MAT credit entitlement	39	252	(39)	-	252
Fair value of investments	(115)	4,955	-	-	4,840
Others	390	(229)	-	-	161
<b>Sub-total</b>	<b>7,476</b>	<b>4,968</b>	<b>(206)</b>	<b>-</b>	<b>12,238</b>



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars	As at 1 April 2018	Recognised in the consolidated statement of profit and loss	Reduction due to sale of subsidiary	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax liability</b>					
Property, plant and equipment	(4,372)	(42)	98	-	(4,316)
Cash flow hedges	185	-	-	(1,230)	(1,045)
	<b>(4,187)</b>	<b>(42)</b>	<b>98</b>	<b>(1,230)</b>	<b>(5,361)</b>
	<b>3,289</b>	<b>4,926</b>	<b>(108)</b>	<b>(1,230)</b>	<b>6,877</b>

Particulars	As at 1 April 2017	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred tax assets</b>				
Provision for doubtful trade receivables	177	111	-	288
Employee benefits	4,428	(116)	-	4,312
Compensation towards voluntary retirement of employees	2,843	(281)	-	2,562
MAT credit entitlement	-	39	-	39
Cash flow hedges	(539)	-	724	185
Fair value of investments	(225)	110	-	(115)
Others	372	18	-	390
<b>Sub-total</b>	<b>7,056</b>	<b>(119)</b>	<b>724</b>	<b>7,661</b>
<b>Deferred tax liability</b>				
Property, plant and equipment	(6,730)	2,358	-	(4,372)
	<b>(6,730)</b>	<b>2,358</b>	<b>-</b>	<b>(4,372)</b>
	<b>326</b>	<b>2,239</b>	<b>724</b>	<b>3,289</b>

## b) Amounts recognised in statement of profit and loss and other comprehensive income.

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income tax expenses</b>		
Current tax	61,750	44,996
Deferred tax	(4,926)	(2,209)
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	(836)	665
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1,230	(724)
<b>Tax expense for the year</b>	<b>57,218</b>	<b>42,728</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- c) The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	195,905	153,255
Enacted income tax rate in India	34.94%	34.61%
Computed expected tax expense	68,449	53,042
<b>Effect of:</b>		
Expenses that are not deductible in determining taxable profit	654	455
Income taxes relating to earlier periods	(935)	(811)
Effect of concessions	(12,818)	(11,336)
Unrecognised deferred tax assets for losses of subsidiaries	3,428	4,641
Income taxed at lower rate for subsidiary	(338)	-
Tax charge/(credit) on gratuity disclosed in OCI	(836)	665
Others	(780)	(3,869)
<b>Income tax expense recognised in the statement of profit and loss and other comprehensive income</b>	<b>56,824</b>	<b>42,787</b>

- d) The following table provides the details of income tax assets and income tax liabilities as of 31 March 2019 and 31 March 2018:

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Income tax assets (net)	12,171	10,219
Current tax liabilities (net)	970	2,199
Net current income tax asset/ (liability) at the end of the year	<b>11,201</b>	<b>8,020</b>

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Net current income tax asset/ (liability) at the beginning of the year	8,020	8,073
Income tax paid	63,604	45,608
Current income tax expense	(61,750)	(44,996)
Deletion from opening balance due to sale of subsidiary	(61)	-
Interest on income tax refund	552	-
Income tax on other comprehensive income and others	836	(665)
Net current income tax asset/ (liability) at the end of the year	<b>11,201</b>	<b>8,020</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 8. OTHER NON-CURRENT ASSETS

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Capital advances	1,665	1,644
Balance with revenue authorities	3,974	4,023
Prepaid expenses	2,049	1,608
Other assets (includes deferred lease cost and deferred employee cost)*	8,033	3,559
	<b>15,721</b>	<b>10,834</b>

\*Includes ₹ 4,100 lakhs given to other shareholder of Carat Lane Trading Private Limited (CTPL) as per the memorandum of understanding dated 28 November 2018 for purchase of additional equity shares of CTPL by the Company.

## 9. INVENTORIES

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Raw materials	125,140	91,878
Work-in-progress {Refer (i) below}	27,775	22,866
Finished goods	400,565	363,787
Stock-in-trade	147,456	111,534
Stores and spares	2,363	1,897
Loose tools	583	522
	<b>703,882</b>	<b>592,484</b>
Included above, goods-in-transit		
Raw materials	794	1,056
Stock-in-trade	116	321
	<b>910</b>	<b>1,377</b>
i) Details of inventory of work-in-progress		
Watches	14,750	12,056
Jewellery	6,872	7,431
Others	6,153	3,379
	<b>27,775</b>	<b>22,866</b>

- (i) The cost of inventories recognised as an expense during the year is ₹ 1,439,425 lakhs (Previous year: ₹ 1,168,622 lakhs).
- (ii) The cost of inventories recognised as an expense includes ₹ 161 lakhs (Previous year: ₹ 135 lakhs) in respect of write down of inventory to net-realizable value.
- (iii) The inventory includes Gold purchased on loan from banks amounting to ₹ 235,290 lakhs (Previous year: ₹ 161,202 lakhs).
- (iv) Refer point (xviii) under significant accounting policies for mode of valuation.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 10. FINANCIAL ASSETS

### 10.1 Investments

Particulars	As at 31 March 2019		As at 31 March 2018	
	No of units	Amount	No of units	Amount
<b>Investments in mutual funds (Unquoted)- {at fair value through profit or loss}</b>				
<b>Name of the fund</b>				
DSP Blackrock Liquidity Fund-Direct Growth	-	-	4,327	108
HDFC Short Term Opportunities Fund - Growth	-	-	1,476	53
Axis Liquid Fund - Direct Plan - Growth	333,834	6,922	-	-
		<b>6,922</b>		<b>161</b>
<b>Aggregate value of unquoted investments</b>		<b>6,922</b>		<b>161</b>

### 10.2 Trade receivables

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Considered good- unsecured	42,969	30,105
Less: Allowance for doubtful trade receivables	(924)	(536)
	<b>42,045</b>	<b>29,569</b>
Credit impaired	252	560
Less: Allowance for doubtful trade receivables	(252)	(560)
	-	-
	<b>42,045</b>	<b>29,569</b>

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period as follows:

Age of receivables	Expected credit loss (%) Titan Company Limited			
	Watches	Jewellery	Eye-wear	Aerospace and Defence, Automation Solutions
With in credit period	0%	0%	0%	5%
Less than 1 year	2%	0%	8%	6%
1 to 2 years	21%	1%	33%	46%
2 to 3 years	54%	15%	42%	44%
Over 3 years	100%	100%	75%	95%

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

₹ in lakhs

Age of receivables	As at 31 March 2019	As at 31 March 2018
With in credit period	31,763	14,224
Less than 1 year	10,605	14,792
1 to 2 years	444	908
2 to 3 years	126	531
Over 3 years	283	209
	<b>43,221</b>	<b>30,665</b>

## Movement in the expected credit loss allowance

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	1,096	832
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	80	264
<b>Balance at the end of the year</b>	<b>1,176</b>	<b>1,096</b>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

## 10.3 Cash and bank balances

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Cash and cash equivalents</b>		
Cash on hand	1,689	828
Cheques, drafts on hand	926	732
Balances with banks		
(i) Current account {refer note (a) below}	9,988	11,112
(ii) Demand deposit	30,350	34,533
<b>Total cash and cash equivalents</b>	<b>42,953</b>	<b>47,205</b>
<b>Other bank balances</b>		
<b>(iii) Earmarked accounts</b>		
- Unclaimed dividend	1,174	775
- Unclaimed debenture and debenture interest	-	9
(iv) Demand deposit	41,500	-
(v) Fixed deposits held as margin money against bank guarantee	4	1,802
(vi) Fixed deposits held as deposit reserve fund {refer note (b) below}	21,017	12,000
<b>Total other bank balances</b>	<b>63,695</b>	<b>14,586</b>
	<b>106,648</b>	<b>61,791</b>

- (a) The balance under current account includes funds in transit primarily for credit card receipts yet to be credited to the Company- ₹ 4,952 lakhs (Previous year: ₹ 3,447 lakhs).
- (b) This amount represents restricted cash maintained for the gold harvest scheme for compliance with the Companies (Acceptance of Deposit) Rules, 2014 as per the Companies Act 2013 as amended.
- (c) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 have not been made since the requirement does not pertain to financial year ended 31 March 2019.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 10.4 Loans receivable

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Inter-corporate deposits (ICDs)	34,500	23,000
Less: Impairment during the year	(14,500)	-
Inter-corporate deposits, net (refer note 36)	20,000	23,000
Security deposits	2,277	1,601
Employee loans	2,383	2,031
	<b>24,660</b>	<b>26,632</b>

## 10.5 Other financial assets

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured, considered good</i>		
Refunds due from government authorities	6,663	5,983
Derivative instruments other than in designated hedge accounting relationships	164	5
Other assets (includes interest accrued on ICDs and fixed deposits)	3,071	1,346
	<b>9,898</b>	<b>7,334</b>

## 11. OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Unsecured and considered good</i>		
Advances to suppliers	11,436	9,694
Prepaid expenses	3,162	2,395
Balance with revenue authorities*	36,996	27,343
Contractual asset**	9,780	-
Gratuity {refer note 31 (b)}	-	482
Other assets (includes deferred lease cost and deferred employee cost)	3,301	2,216
	<b>64,675</b>	<b>42,130</b>

\* Balance with revenue authorities includes GST credits of ₹ 34,757 lakhs (Previous year: ₹ 24,435 lakhs) in respect to GST input credit, transitional credit and deemed credit.

\*\* Contract asset represents the amount of goods expected to be received by the Company on account of sales return. Also, refer disclosure made under note 16.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 12.1. SHARE CAPITAL

₹ in lakhs

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
<b>a) Authorised</b>				
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
<b>b) Issued, subscribed and fully paid up</b>				
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

### c) Rights, preferences and restrictions attached to shares

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

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

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

	As at 31 March 2019		As at 31 March 2018	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
<i>Equity shares with voting rights</i>				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares held (in lakhs)	% of total holding	No. of shares held (in lakhs)	% of total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
<b>Tata Group</b>				
Tata Sons Private Limited	1,851	20.84	1,851	20.84
Tata Investment Corporation Limited	179	2.01	179	2.01
Tata Chemicals Limited	138	1.56	138	1.56
Ewart Investments Limited	50	0.56	50	0.56
Piem Hotels Limited	5	0.06	5	0.06
<b>Total - Tata Group</b>	<b>2,222</b>	<b>25.03</b>	<b>2,222</b>	<b>25.03</b>
Jhunjhunwala Rakesh Radheshyam	508	5.72	610	6.87



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 12.2. OTHER EQUITY

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Capital reserve</b>	3	3
(Surplus on re-issue of forfeited shares and debentures)		
<b>Capital redemption reserve</b>	64	74
(Reserve created on redemption of capital)		
<b>Capital reserve on consolidation</b>	-	37
(Reserve arising on consolidation of a subsidiary)		
<b>Securities premium reserve</b>	14,072	14,072
(Amounts received on issue of shares in excess of the par value has been classified as securities premium)		
<b>General reserve</b>	306,573	306,573
(Represents appropriation of profit by the Company)		
<b>Retained earnings*</b>	275,897	179,196
(Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)		
<b>Other comprehensive income</b>	1,157	(110)
(Items of other comprehensive income consist of cash flow hedge reserve, foreign currency translation reserve and remeasurement of net defined benefit obligation.)		
<b>Share options outstanding</b>	371	264
(Share options granted by a subsidiary to its employees)		
	<b>598,137</b>	<b>500,110</b>

\* Of the above, ₹ 10 lakhs (2018: ₹ 10 lakhs) relates to the state subsidy received which is not available for dividend as per the terms of subsidy.

## 12.3. Distributions made and proposed

The Board of Directors at its meeting held on 10 May 2018 had proposed a final dividend of ₹ 3.75 per equity share of par value of ₹ 1 each for the financial year ended 31 March 2018. The proposal was approved by shareholders at the Annual General Meeting held on 3 August 2018 and the same was paid during the year ended 31 March 2019. This has resulted in a total outflow of ₹ 40,137 lakhs including corporate dividend tax of ₹ 6,845 lakhs.

The Board of Directors, in its meeting on 8 May 2019, have proposed a final dividend of ₹ 5.00 per equity share for the financial year ended 31 March 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 6 August 2019 and if approved would result in a cash outflow of approximately ₹ 53,516 lakhs, including corporate dividend tax of ₹ 9,127 lakhs.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 13. FINANCIAL LIABILITIES

### 13.1 Borrowings

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Borrowings*	3,167	-
	<b>3,167</b>	<b>-</b>

\*The interest rate of the term loan was 8.6% per annum and is payable over 48 equal monthly installments beginning 1 June 2019.

### 13.2 Other financial liabilities

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Other financial liabilities	133	126
	<b>133</b>	<b>126</b>

## 14. PROVISIONS

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences {refer note 31 (c)}	12,465	10,934
Provision for pension	420	361
Provision for gratuity {refer note 31 (b) }	183	339
	<b>13,068</b>	<b>11,634</b>

## 15. FINANCIAL LIABILITIES

### 15.1 Borrowings

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Secured		
Loans repayable on demand from banks*	8	7,899
	<b>8</b>	<b>7,899</b>

\* Secured against the CTPL's inventory, receivables and fixed assets

### 15.2 Gold on loan

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
<b>Secured</b>		
Payable to banks* {refer note (a) below}	114,659	72,568
<b>Unsecured</b>		
Payable to banks*	120,631	88,634
	<b>235,290</b>	<b>161,202</b>

(a) Secured against letter of credit, inventories and receivables.

\* Includes amounts payable against gold purchased from various banks under Gold on loan scheme. The interest rate of the same varies from 1.55% to 2.82% per annum (previous year 1.70% to 3.50%) and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 15.3 Trade payables

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of Micro and small enterprises (Refer note (a) below)	1,573	20
Total outstanding dues of other than micro and small enterprises	89,025	87,754
	<b>90,598</b>	<b>87,774</b>

### Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	1,573	20
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.*	428	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	4	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006.	4	-

\* The payment was made beyond appointed day due to delay in receipt of invoices. Accordingly, management believes that no interest is payable on the same.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## 15.4 Other financial liabilities

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Unclaimed dividends (refer note below)	1,174	775
Unclaimed matured debenture and debenture interest	-	9
Payables on purchase of property, plant and equipment	2,623	3,011
Current maturities of long term debt*	833	-
Derivative instruments in designated hedge accounting relationship	113	1,057
Other financial liabilities		
- Employee related	17,123	19,098
- Others	1,977	1,512
	<b>23,843</b>	<b>25,462</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

**Note:** Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 4 lakhs (Previous year: ₹ 3 lakhs) and therefore amounts relating to the same have not been transferred.

\*The interest rate of the term loan was 8.60% per annum and is payable over 48 equal monthly installments beginning 1 June 2019.

## 16. OTHER CURRENT LIABILITIES

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Advance from customers	23,158	18,666
Golden harvest scheme (deposit)	127,332	104,057
Liability towards award credit for customers	5,855	4,668
Statutory dues (TDS, PF etc.)	1,835	1,704
Contract liability {refer note (a) below}	13,265	-
Other liabilities	17,505	15,434
	<b>188,950</b>	<b>144,529</b>

a) Contract liability represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. Thus, it represents the value of sales the Company estimates to be returned on account of sales return.

## 17. PROVISIONS

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences {refer note 31 (c)}	1,953	1,644
Provision for warranty { refer note (a) below}	868	802
Provision for gratuity {refer note 31 (b)}	3,713	27
	<b>6,534</b>	<b>2,473</b>

### Note (a): Provision for warranty

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
Opening balance	802	687
Provisions made during the year	1,365	727
Utilisations/ reversed during the year	(1,299)	(612)
<b>Provision at the end of the year</b>	<b>868</b>	<b>802</b>

## 18. REVENUE FROM OPERATIONS

	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue from operations</b>		
Sale of products		
Manufactured goods		
Watches	191,782	176,198
Jewellery	1,300,097	1,099,353
Eyewear	8,400	7,206
Others	33,899	27,092

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
	<b>1,534,178</b>	<b>1,309,849</b>
Traded goods		
Watches	46,969	29,831
Jewellery	319,916	213,198
Eyewear	42,606	34,183
Others	13,729	9,946
	<b>423,220</b>	<b>287,158</b>
<b>Total - Sale of products (a)</b>	<b>1,957,398</b>	<b>1,597,007</b>
<b>Income from services provided (b )</b>	<b>1,808</b>	<b>1,260</b>
Other operating revenue		
Indirect tax incentive { refer note (a) below}	4,862	5,983
Sale of precious / semi-precious stones	8,459	6,828
Sale of gold / platinum	4,703	3,946
Scrap sales	622	571
<b>Total - Other operating revenue (c)</b>	<b>18,646</b>	<b>17,328</b>
<b>Revenue from operations (a+b+c)</b>	<b>1,977,852</b>	<b>1,615,595</b>

- a) Represents benefits accrued on account of budgetary support for the existing eligible units under different industrial promotion schemes.
- b) As per the requirements of Ind AS 115, the Group disaggregates revenue based on line of business, geography (as given in Note 26) and between manufactured and traded goods as given above.
- c) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:

₹ in lakhs

	For the year ended 31 March 2019
Contracted price	2,376,097
Reductions towards variable consideration components	398,245
Revenue recognised	1,977,852

The reduction towards variable consideration comprises of scheme discounts, incentives, taxes etc.

## 19. OTHER INCOME

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income on financial assets carried at amortised cost	10,369	6,422
Gain on investments carried at fair value through profit and loss	4,459	1,954
Miscellaneous income	3,466	510
	<b>18,294</b>	<b>8,886</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 20. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Closing stock</b>		
Finished goods	400,565	363,787
Work-in progress	27,775	22,866
Stock-in-trade	147,456	111,534
	<b>575,796</b>	<b>498,187</b>
<b>Opening stock</b>		
Finished goods	363,787	306,934
Work-in progress	22,866	20,217
Stock-in-trade	111,534	73,175
Less: Adjustment on account of sale of subsidiary	(32)	-
	<b>498,155</b>	<b>400,326</b>
(Increase) / decrease in inventory	<b>(77,641)</b>	<b>(97,861)</b>

## 21. EMPLOYEE BENEFIT EXPENSES

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	88,406	75,246
Contribution to provident and other funds		
- Gratuity {refer note 31 (b)}	1,419	1,828
- Provident and other funds {refer note 31 (a) and 31 (b) }	4,465	3,692
Staff welfare expenses	7,530	7,311
Employee stock compensation expense (refer note 33)	107	431
	<b>101,927</b>	<b>88,508</b>

## 22. FINANCE COSTS

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on :		
Borrowings	1,069	616
Gold on loan*	4,254	4,188
Others	(69)	488
	<b>5,254</b>	<b>5,292</b>

\*Refer note 15.2

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 23. DEPRECIATION AND AMORTISATION EXPENSE

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 3)	14,799	12,267
Amortisation of intangible assets (refer note 5)	1,485	876
	<b>16,284</b>	<b>13,143</b>

## 24. OTHER EXPENSES

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Loose tools, stores and spare parts consumed	5,320	5,627
Agency labour	10,692	9,270
Power and fuel	4,851	4,532
Repairs and maintenance		
- buildings	876	448
- plant and machinery	2,263	2,163
- others	177	119
Advertising	59,920	49,399
Selling and distribution expenses	55,489	47,566
Insurance	618	540
Rent (refer note 28)	22,739	21,697
Increase / (decrease) of excise duty on inventory	-	(5,144)
Rates and taxes {refer note (a) below}	894	4,325
Travel	5,480	4,254
Bad trade receivables and advances written off	490	120
Less : Provision released	216	1
	274	119
Provision for doubtful trade receivables	455	213
Loss on sale / disposal / scrapping of property, plant and equipment (net)	446	228
Gold price hedge ineffectiveness	-	74
Expenditure on corporate social responsibility {refer note (d) below}	3,178	2,347
Provision for impairment of investment in ICD {refer note (e) below}	14,500	-
Miscellaneous expenses {refer note (b) & (c) below}	48,662	42,148
Directors' fees	108	32
Commission to non Whole-time Directors	409	421
	<b>237,351</b>	<b>190,378</b>

### Notes:

- Rates and taxes include ₹ Nil lakhs (Previous year: ₹ 1,563 lakhs) being the excise duty paid on watch components transferred from Hosur, Dehradun and Roorkee factories to Pantnagar factory.
- Includes exchange (gain) / loss (net) of ₹ Nil lakhs (Previous year: ₹ 325 lakhs)
- Auditors remuneration comprises fees for audit of statutory accounts ₹ 162 lakhs (Previous year: ₹ 179 lakhs), taxation matters ₹ 22 lakhs (Previous year: ₹ 23 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 10 lakhs), other services ₹ 84 lakhs (Previous year: ₹ 31 lakhs) and reimbursement of levies and expenses ₹ 15 lakhs (Previous year: ₹ 16 lakhs).



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

d) Corporate Social Responsibility:

- (i) Gross amount required to be spent towards corporate social responsibility by the group during the year: ₹ 2,424 lakhs
- (ii) Amount spent during the year on:

	In cash	Yet to be paid in cash	Total
- Construction/acquisition of any asset	-	-	-
- On purposes other than above	3,121	57	3,178
	<b>3,121</b>	<b>57</b>	<b>3,178</b>

- e) The Group, as part of its Treasury operations, invested in inter corporate deposits aggregating ₹ 14,500 lakhs with Infrastructure Leasing & Financial Services Limited and its subsidiary (IL&FS Group), which were due for maturity in November 2018 and December 2018. The aforesaid amounts and the interest thereon have however not been received as on date. As a result of increased credit risk in relation to outstanding balances from IL&FS Group and the uncertainty prevailing on IL&FS Group due to the proceedings pending with the NCLT, Management has provided for full amount of ₹ 14,500 lakhs for impairment in value of deposit. The provision currently reflects the exposure that may arise given the uncertainty. The Group, however, continues to monitor developments in this matter and is committed to take steps including legal actions that may be necessary to ensure full recoverability.

## 25. EXCEPTIONAL ITEM

Exceptional item pertains to Voluntary Retirement Scheme to its employees amounting to ₹ Nil lakhs (Previous year: ₹ 1,665 lakhs).

## 26. SEGMENT INFORMATION

### a) Description of segments

The Company's Chief Operating Decision Maker (CODM) examines the performance both from a product perspective and geography perspective and has identified the reportable segments Watches, Jewellery, Eyewear and Others, where 'Others' include Aerospace & Defence, Automation Solutions, Accessories, Fragrances and Indian dress wear. The CODM is Managing Director.

Corporate (unallocated) represents other income, expenses, assets and liabilities which relate to the Company as a whole and are not allocated to segments.

### b) Segment revenues and profit and loss

₹ in lakhs

	Revenue		Profit / (loss)	
	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	244,749	213,153	26,675	20,861
Jewellery	1,639,006	1,325,685	190,804	146,267
Eyewear	50,879	41,498	(238)	240
Others	48,335	37,194	125	(2,544)
Corporate (unallocated)	13,177	6,951	(16,423)	(6,554)
	<b>1,996,146</b>	<b>1,624,481</b>	<b>200,943</b>	<b>158,270</b>
Finance costs			5,254	5,292
Profit before taxes			<b>195,689</b>	<b>152,978</b>

There is no inter segment revenue.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ in lakhs

Segment	For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	26,675	22,274
Jewellery	190,804	146,519
Eyewear	(238)	240
Others	125	(2,544)
Corporate (unallocated)	(16,423)	(6,554)
<b>Total</b>	<b>200,943</b>	<b>159,935</b>

## d) Segment assets and liabilities

₹ in lakhs

Segment	As at 31 March 2019	As at 31 March 2018
<b>Segment assets</b>		
Watches	155,956	139,796
Jewellery	731,507	602,453
Eyewear	39,447	28,695
Others	50,226	43,499
Corporate (unallocated)	194,389	137,978
	<b>1,171,525</b>	<b>952,421</b>
<b>Segment liabilities</b>		
Watches	46,462	46,035
Jewellery	479,574	365,515
Eyewear	12,705	8,122
Others	13,166	12,085
Corporate (unallocated)	11,195	11,858
	<b>563,102</b>	<b>443,615</b>

## e) Other segment information

₹ in lakhs

Segment	Depreciation and amortisation	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Watches	4,118	3,853
Jewellery	5,733	4,781
Eyewear	1,698	1,350
Others	1,843	1,669
Corporate (unallocated)	2,892	1,489
	<b>16,284</b>	<b>13,143</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## f) Geographical information

₹ in lakhs

Revenue	For the year ended 31 March 2019	For the year ended 31 March 2018
India	1,955,310	1,586,398
Others	40,836	38,083
<b>Total</b>	<b>1,996,146</b>	<b>1,624,481</b>

Assets*	As at 31 March 2019	As at 31 March 2018
India	1,164,318	941,898
Others	7,207	10,523
<b>Total</b>	<b>1,171,525</b>	<b>952,421</b>

\*Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

Details of 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.

## 27. EARNINGS PER SHARE

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit for the year (₹ lakhs)	140,415	113,009
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	15.82	12.73

## 28. OPERATING LEASES

### 28.1 Payments recognised as expense

₹ in lakhs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Minimum lease payments	22,371	21,533
Contingent rentals	368	164
	<b>22,739</b>	<b>21,697</b>

### 28.2 Leasing arrangements

The Group has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent. The Group does not have an option to purchase the leased asset at the expiry of the lease periods.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 28.3 Non-cancellable operating lease commitments

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

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
For a period not later than one year	3,809	5,577
For a period later than one year but not later than five years	2,054	6,549
For a period later than five years	331	2,131
<b>Total</b>	<b>6,194</b>	<b>14,257</b>

## 29. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities not provided for - ₹ 29,280 lakhs (Previous year: ₹ 27,613 lakhs) comprising of the following:

- a) Sales tax - ₹ 2,885 lakhs (Previous year: ₹ 2,777 lakhs)  
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)
- b) Customs duty - ₹ 68 lakhs (Previous year: ₹ 68 lakhs)  
(relating to denial of benefit of exemptions)
- c) Excise Duty - ₹ 19,289 lakhs (Previous year: ₹ 19,295 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)
- d) Income Tax - ₹ 6,083 lakhs (Previous year: ₹ 3,823 lakhs)  
(relating to disallowance of deductions claimed)
- e) Others - ₹ 954 lakhs (Previous year: ₹ 781 lakhs)  
(relating to miscellaneous claims)
- f) Claims not acknowledged as debts ₹ 1 lakh (Previous year: ₹ 1 lakh)  
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 Group is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Group's rights for future appeals before the judiciary. No reimbursements are expected.
- g) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group has made a provision for provident fund contribution based on its interpretation of the said judgement, wherever applicable. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

30. Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 13,332 lakhs (Previous year: ₹ 12,966 lakhs).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 31. EMPLOYEE BENEFITS

### a) Defined Contribution Plans

The contributions recognised in the statement of profit and loss during the year are as under:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
National Pension Scheme	152	137
Employee Pension Fund	1,208	987
	<b>1,360</b>	<b>1,124</b>

### b) Defined Benefit Plans

The expense recognised in the statement of profit and loss during the year are as under:

Particulars	₹ in lakhs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident fund*	2,371	1,946
Superannuation fund	734	622
	<b>3,105</b>	<b>2,568</b>

\* Contributions are made to the Group'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 Group 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.

### i) Gratuity (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 Group's Gratuity Scheme. Vesting occurs upon completion of five years of service.

The gratuity benefit of the Caratlane is non-funded.

The plan is defined benefit plan which is sponsored by the Group and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Group that an adverse salary growth or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at	
	31 March 2019	31 March 2018
Discount rate (p.a.)	6.88% - 7.70%	7.13% - 7.90%
Salary escalation rate (p.a.)		
- Non-management	7.00% - 10.00%	7.00% - 10.00%
- Management	8% - 10%	8.00%

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- The retirement age of employees of the Company varies from 58 to 65 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult table.
- Rates of leaving service (leaving service due to disability included) at specimen ages for the Company and Titan Engineering & Automation Limited ('TEAL') are as shown below:

Age (Years)	Rates (p.a.)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
21-44	4%	4%
45 and above	2%	2%

- Rate of leaving service (leaving service due to disability included) for Caratlane is 25% (Previous year: 27%).

Components of defined benefit costs recognised in the consolidated statement profit and loss are as follows:

Particulars	₹ in lakhs			
	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Funded	Non Funded	Funded	Non Funded
Current service cost	1,476	41	1,649	13
Past service cost	-	9	7	15
Interest on net defined benefit liability/ (asset)	(117)	10	129	15
(Gains) / losses on settlement	-	-	-	-
<b>Total component of defined benefit costs charge to the statement of consolidated profit and loss</b>	<b>1,359</b>	<b>60</b>	<b>1,785</b>	<b>43</b>

Components of defined benefit costs recognised in other comprehensive income are as follows:

Particulars	₹ in lakhs			
	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Funded	Non Funded	Funded	Non Funded
Opening amount recognised in Other comprehensive Income outside the consolidated statement of profit and loss	(391)	40	1,878	43
<b>Remeasurements during the period due to:</b>				
- Adjustment on account of sale of Subsidiary	-	(40)	-	-
- Changes in financial assumptions	521	-	(1,814)	1
- Changes in demographic assumptions	(5)	-	(747)	(1)
- Experience adjustments	1,137	56	35	(4)
- Actual return on plan assets less interest on plan assets	1,148	-	257	-
<b>Closing amount recognised in outside the statement of consolidated profit and loss</b>	<b>2,410</b>	<b>56</b>	<b>(391)</b>	<b>40</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the consolidated statement of profit and loss. The remeasurement of the net defined liability is included in other comprehensive income.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	For the year ended		For the year ended	
	31 March 2019		31 March 2018	
	Funded	Non Funded	Funded	Non Funded
Opening net defined benefit liability/ (asset)	(482)	366	2,816	296
On sale of Subsidiary	-	(224)	-	-
Expense charged to the consolidated statement of profit and loss	1,359	51	1,785	94
Amount recognised outside the consolidated statement of profit and loss	2,802	28	(2,269)	(18)
Benefits paid	(0)	-	(2,653)	-
Employer contributions	-	(4)	(161)	(6)
<b>Closing net defined benefit liability/ (asset)</b>	<b>3,679</b>	<b>217</b>	<b>(482)</b>	<b>366</b>

₹ in lakhs

Movements in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended		For the year ended	
	31 March 2019		31 March 2018	
	Funded	Non Funded	Funded	Non Funded
Opening defined benefit obligation	22,859	366	22,573	296
On sale of Subsidiary	-	(224)	-	-
Current service cost	1,476	41	1,649	46
Past service cost	-	-	7	28
Interest cost	1,746	10	1,594	21
Remeasurement due to				
- Actuarial gains and losses arising from changes in demographic assumptions	27	-	(747)	(18)
- Actuarial gains and losses arising from changes in financial assumptions	489	-	(1,814)	(1)
- Actuarial gains and losses arising from experience adjustments	1,137	28	34	0
Benefits paid	(613)	(4)	(438)	(6)
<b>Closing defined benefit obligation</b>	<b>27,121</b>	<b>217</b>	<b>22,859</b>	<b>366</b>

₹ in lakhs

Movements in the fair value of plan assets are as follows:

Particulars	For the year ended		For the year ended	
	31 March 2019		31 March 2018	
	Funded	Non Funded	Funded	Non Funded
Opening fair value of plan assets	23,341	-	19,757	-
Employer contributions	0	-	2,815	-
Interest on plan assets	1,862	-	1,463	-
Remeasurements due to actuarial return on plan assets less interest on plan assets	(1,148)	-	(257)	-
Benefits paid	(613)	-	(438)	-
<b>Closing fair value of plan assets</b>	<b>23,442</b>	<b>-</b>	<b>23,341</b>	<b>-</b>

₹ in lakhs



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:

₹ in lakhs

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Discount rate	Salary growth	Discount rate	Salary growth
Defined benefit obligation on plus 50 basis points	26,059	28,712	22,148	24,471
Defined benefit obligation on minus 50 basis points	28,715	26,051	24,471	22,138

## Maturity profile of defined benefit obligation

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
With in year 1	2,474	1,515
1 year to 2 years	1,420	1,568
2 years to 3 years	1,437	1,258
3 years to 4 years	1,311	1,332
4 years to 5 years	1,645	1,237
Over 5 years	59,573	53,332

The Company is expected to contribute ₹ 1,900 lakhs to the gratuity fund next year.

A split of plan asset between various asset classes is as below:

₹ in lakhs

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Quoted	Unquoted	Quoted	Unquoted
Government debt instruments	13,007	-	12,391	-
Other debt instruments	9,294	-	8,839	-
Entity's own equity instruments	847	-	822	-
Others	-	296	-	1,289
	<b>23,148</b>	<b>296</b>	<b>22,052</b>	<b>1,289</b>

## c) Unfunded

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

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Compensated absences</b>		
Non-current	12,465	10,934
Current	1,953	1,644
	<b>14,418</b>	<b>12,578</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 32. RESEARCH AND DEVELOPMENT EXPENSES

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expenditure at the Department of Scientific and Industrial Research approved Research and development centers		
Capital	377	270
Revenue	2,248	1,681
	<b>2,625</b>	<b>1,951</b>

## 33. NOTE ON EMPLOYEE STOCK OPTION PLAN

During the financial year 2017-18, CTPL introduced Carat Lane Stock Option Plan 2017 ('the Plan'). This Plan supersedes the following stock options and stock option plans:

- Executive Management Stock Option Scheme 2009
- CaratLane Trading India Private Limited Stock Option Scheme for Consultants, 2013
- Senior Management Stock Option Scheme, 2012

As per the plan, Board of Directors grants options to the employees of the Company (CTPL). The vesting period of the option is one to four years from the date of grant. Options granted under the Scheme can be exercised within a period of six years from the date of vesting. For employees leaving the organisation, an option can be exercised within 3 months from the date of resignation.

During the year the Company granted Nil options to employees.

A maximum of 714,017 options are issuable under this plan. The movement in options issued are as below:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Outstanding at the beginning of the year</b>	<b>468,000</b>	<b>322,000</b>
Options granted during the year	-	214,000
Options forfeited during the year	5,400	56,600
Options exercised during the year	-	11,400
<b>Outstanding at the end of the year</b>	<b>462,600</b>	<b>468,000</b>
Options exercisable at the end of the year	259,180	152,500
Weighted average exercise price per option (₹)	2	2

### Fair value measurement

The fair value at grant date is determined using the Black-Scholes-Merton Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black -Scholes model for calculating fair value of options under the scheme as on the date of grant are as follows:

The weighted average remaining contractual life of the options outstanding as of 31 March 2019 and 31 March 2018 under the Carat Lane stock Options Plan was 7 years and 7 years respectively.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton Model with the following assumptions:

Particulars	₹ in lakhs	
	As at 31 March 2019	As at 31 March 2018
No of options granted	-	214,000
Date of grant	-	1 April 2017
Vesting period	-	1-3 years
Expected life of options (years)	-	7
Expected volatility	-	1.53%
Risk free rate	-	7.68%
Weighted average fair value of options per share (₹)	-	185

The stock price of the CTPL is arrived using the last round of funding closest to the grant date. Implied volatility is the unit at which the price of shares of peer listed companies has fluctuated during the past period. The expected time to maturity/ expected life of the options is the period for which the CTPL expects the options to be alive, which has been taken as 10 years subject to adjustment of time lapses from the date of grant. The risk free rate considered for calculation is based on the yield on Government Securities for 10 years as on the date of valuation.

During the year ended March 31, 2019, the Group recorded employee compensation of ₹ 107 lakhs (previous year : ₹ 431 lakhs) in the Statement of Profit and Loss towards options granted / forfeited / expired.

## 34. RELATED PARTY DISCLOSURES :

### i) Relationships

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

a) Promoters	Tamilnadu Industrial Development Corporation Limited Tata Sons Private Limited
b) Joint venture	Montblanc India Retail Private Limited
c) Associate	Green Infra Wind Power Theni Limited
d) Key Management Personnel	Mr. Bhaskar Bhat, Managing Director Mr. S. Subramaniam, Chief Financial Officer Mr. A R Rajaram, Company Secretary (up to 30 June 2018) Mr. Dinesh Shetty, General Counsel and Company Secretary (from 1 July 2018)
	<b>Non - executive Directors</b>
	Mr. Atulya Misra (Chairman) (from 31 March 2017 to 31 January 2018)
	Mr. K. Gnanadesikan (Chairman) (from 1 February 2018 to 14 March 2019)
	Mr. N. Muruganandam (Chairman) (from 14 March 2019)
	Mr. Ramesh Chand Meena (from 3 January 2018)
	Mr. T K Arun (up to 11 November 2017)
	Mr. Harish Bhat
	Mr. N N Tata
	Mr. T K Balaji
	Ms. Vinita Bali (up to 31 March 2018)
	Mrs. Hema Ravichandar
	Prof. Das Narayandas (up to 25 January 2019)
	Mrs. Ireena Vittal
	Ms. Shilpa Prabhakar Satish (from 29 March 2018 to 10 May 2018)

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for the year ended 31 March 2019

	Mr. Ashwani Puri	
	Mr. B Santhanam (from 10 May 2018)	
	Mr. V Arun Roy (from 26 November 2018)	
	Mr. Pradyumna Rameshchandra Vyas (from 25 March 2019)	
e) Group entities	Tata Capital Financial Services Limited	Tata West Asia FZE
(Wherever there are transactions)	Tata Capital Housing Finance Limited	Tata Unistore Limited
	Infiniti Retail Limited	Tata Consultancy Services Limited
	Kriday Realty Private Limited	Tata Housing Development Company Limited
	Tata International Limited	Smart Value Homes (Boisar) Private Limited
	Tata Limited	Tata Capital Limited
	Tata AIG General Insurance Company Limited	Tata Sky Limited
	TC Travel and Services Limited (up to 30 October 2017)	Ecofirst Services Limited
	Tata Value Homes Limited	Tata Interactive Systems AG
	Ardent Properties Private Limited	Tata Advanced Material Limited
	Tata AIA Life Insurance Company Limited	Tata Autocomp Systems Limited
	Tata Business Support Services Limited (up to November 2017)	
f) Post employee benefit plan entities	Titan Watches Provident Fund	
	Titan Watches Super Annuation Fund	
	Titan Industries Gratuity Fund	

ii) Related party transactions during the year :	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Purchase of property, plant and equipment</b>			
Infiniti Retail Limited	Group entity	15	11
<b>Purchases of services (other expenses)</b>			
Tata Consultancy Services Limited	Group entity	2,106	1,358
Tata Business Support Services Limited	Group entity	-	394
Tata AIG General Insurance Company Limited	Group entity	221	320
Tata Unistore Limited	Group entity	276	8
Others		-	9
<b>Revenue from operations</b>			
Tata Sons Private Limited	Promoter	29	33
Tata Consultancy Services Limited	Group entity	303	195
Others	Group entities	299	105
<b>Rent</b>			
Tata Sons Private Limited	Promoter	62	58
<b>Power and fuel</b>			
Green Infra Wind Power Theni Limited	Associate	261	370
<b>Dividend paid</b>			
Tamilnadu Industrial Development Corporation Limited	Promoter	9,280	6,434
Tata Sons Private Limited	Promoter	6,941	4,812
<b>Key managerial personnel compensation</b>			
Commission and sitting fees	Promoter	115	98
Commission and sitting fees	KMP	328	354

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

ii) Related party transactions during the year :	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
Managerial remuneration	KMP	1,562	1,084
<b>Miscellaneous expense (Royalty)</b>			
Tata Private Sons Limited	Promoter	2,627	2,191
<b>Reimbursement towards rendering of services / expenses</b>			
Tata Sons Private Limited	Promoter	66	81
Montblanc India Retail Private Limited	Joint venture	2	44
Tata International Limited	Group entity	-	32
Others		10	17
<b>Recovery towards rendering of services</b>			
Montblanc India Retail Private Limited	Joint venture	138	122
Others		6	-
<b>Inter-corporate deposit placed</b>			
Tata Housing Development Company Limited	Group entity	10,000	10,000
Tata Capital Financial Services	Group entity	13,000	1,500
<b>Inter-corporate deposit redeemed</b>			
Tata Housing Development Company Limited	Group entity	10,000	10,000
Tata Capital Financial Services	Group entity	9,500	-
<b>Interest income</b>			
Tata Housing Development Company Limited	Group entity	495	432
Tata Capital Financial Services	Group entity	396	33
<b>Contribution to Trust funds</b>			
Titan Watches Provident Fund	Others	6,756	5,230
Titan Watches Super Annuation Fund	Others	326	543
Titan Industries Gratuity Fund	Others	-	2,653

## iii) Related party closing balances as on balance sheet date:

	Relationship	As at 31 March 2019	As at 31 March 2018
<b>Outstanding - net receivables / (payables)</b>			
Tamilnadu Industrial Development Corporation Limited	Promoter	(108)	(94)
Tata Sons Private Limited	Promoter	(2,065)	(1,650)
Tata Consultancy Services Limited	Group entity	(111)	(378)
Bhaskar Bhat	KMP	(660)	(397)
Others		(312)	(343)
Montblanc India Retail Private Limited	Joint venture	2	1
Tata Housing Development Company Limited	Group entity	5,112	5,125
Tata Capital Financial Services	Group entity	5,105	1,533
Others	Group entities	72	46

### Note:

- Entities controlled or promoted by Tamilnadu Industrial Development Corporation Limited are not considered as related party since, the same is a Government-related entity.
- The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 35. FINANCIAL INSTRUMENTS

### 35.1 Categories of financial instruments

#### Financial assets

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Measured at fair value through profit or loss (FVTPL)</b>		
Designated as FVTPL-Equity investments and mutual funds	8,402	943
<b>Total financial assets measured at FVTPL (a)</b>	<b>8,402</b>	<b>943</b>
<b>Measured at amortised cost</b>		
- Trade receivables	42,045	29,569
- Cash and cash equivalents	42,953	47,205
- Bank balances other than cash and cash equivalents	63,695	14,586
- Inter-corporate deposits	20,000	23,000
- Security deposits	11,868	10,274
- Employee loans	5,705	4,948
- Other financial assets	10,546	8,244
<b>Total financial assets measured at amortised cost (b)</b>	<b>196,812</b>	<b>137,826</b>
Derivative instruments in designated hedge accounting relationships (c)	-	-
Derivative instruments other than in designated hedge accounting relationships (d)	164	5
<b>Total financial assets (a + b + c + d)</b>	<b>205,378</b>	<b>138,774</b>

#### Financial liabilities

₹ in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Measured at fair value through profit or loss (FVTPL)</b>		
- Gold on loan	235,290	161,202
<b>Total financial liabilities measured at FVTPL (a)</b>	<b>235,290</b>	<b>161,202</b>
<b>Measured at amortised cost</b>		
- Borrowings	3,175	7,899
- Trade payables	90,598	87,774
- Other financial liabilities	23,863	24,531
<b>Total financial liabilities measured at amortised cost (b)</b>	<b>117,636</b>	<b>120,204</b>
Derivative instruments in designated hedge accounting relationships (c)	113	1,057
<b>Total financial liabilities (a+b+c)</b>	<b>353,039</b>	<b>282,463</b>

# Notes to the Consolidated Financial Statements

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## 35.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ in lakhs

Particulars	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value</b>				
<b>Financial assets</b>				
- Quoted investments at FVTPL	41	6,922	-	6,963
- Other unquoted investments	-	-	1,439	1,439
- Derivative instruments other than in designated hedge accounting relationships	-	164	-	164
<b>Total financial assets</b>	<b>41</b>	<b>7,086</b>	<b>1,439</b>	<b>8,566</b>
<b>Financial liabilities</b>				
- Gold on loan	235,290	-	-	235,290
- Derivative instruments in designated hedge accounting relationship	-	113	-	113
<b>Total financial liabilities</b>	<b>235,290</b>	<b>113</b>	<b>-</b>	<b>235,403</b>

₹ in lakhs

Particulars	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value</b>				
<b>Financial assets</b>				
- Quoted investments at FVTPL	44	161	-	205
- Other unquoted investments	-	-	738	738
- Derivative instruments other than in designated hedge accounting relationships	-	5	-	5
<b>Total financial assets</b>	<b>44</b>	<b>166</b>	<b>738</b>	<b>948</b>
<b>Financial liabilities</b>				
- Gold on loan	161,202	-	-	161,202
- Derivative instruments in designated hedge accounting relationship	-	1,057	-	1,057
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
<b>Total financial liabilities</b>	<b>161,202</b>	<b>1,057</b>	<b>-</b>	<b>162,259</b>

## (ii) Valuation technique used to determine fair value

Specific value techniques used to value financial instruments include:

- the use of quoted market prices for listed instruments.
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using option prices obtained from banks.
- the fair value of remaining financial instruments is determined using market comparables, discounted cash flow analysis.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## (iii) Fair value of financial assets and liabilities that are not measured at fair value but fair value disclosures are required

The carrying values of financial assets and liabilities approximate the fair values.

### 35.3 Financial risk management objective

The Group has constituted a Risk Management Committee. The group has in place a Risk management framework to identify, evaluate business risks and challenges across the Companies both at corporate level as also separately for each business division. These risks include market risk, credit risk and liquidity risk.

The Group minimises the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of derivative financial instruments and investment of excess liquidity is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy.

The Group does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

### 35.4 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Credit risk is managed by the Group through approved credit norms, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. Credit risk arises principally from the Group's receivables from customers. Refer Note 10.2 for the disclosures for trade receivables.

Credit risk on liquid funds, Inter Corporate deposits and derivative financial instruments is limited because the counterparties are banks and Companies with high credit-ratings assigned by credit-rating agencies.

### 35.5 Liquidity risk

The Group has an approved policy to invest surplus funds from time-to-time in various short-term instruments. Security of funds and liquidity shall be the primary consideration while deciding on the type of investments.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

#### Liquidity risk tables

The following table below analyses the Group's financial liabilities into relevant maturity groupings based on their maturities for:

- all non-derivative financial liabilities, and
- derivative financial liabilities, that are net settled.

The tables have been drawn on an undiscounted basis based on the earliest date on which the Group can be required to pay.

# Notes to the Consolidated Financial Statements

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₹ in lakhs

	As at 31 March 2019			
	Less than 3 months	3 to 12 months	More than 12 months	Total
<b>Contractual maturities of financial liabilities</b>				
Borrowings	-	8	3,167	3,175
Gold on loan	59,164	176,126	-	235,290
Trade payables	90,291	307	-	90,598
Other financial liabilities	23,730	-	133	23,863
<b>Total non-derivative liabilities</b>	<b>173,185</b>	<b>176,441</b>	<b>3,300</b>	<b>352,926</b>
<b>Derivatives (net settled)</b>				
Derivative instruments in designated hedge accounting relationship	113	-	-	113
<b>Total derivative liabilities</b>	<b>113</b>	<b>-</b>	<b>-</b>	<b>113</b>

₹ in lakhs

	As at 31 March 2018			
	Less than 3 months	3 to 12 months	More than 12 months	Total
<b>Contractual maturities of financial liabilities</b>				
Borrowings	7,899	-	-	7,899
Gold on loan	28,551	132,651	-	161,202
Trade payables	87,774	-	-	87,774
Other financial liabilities	24,405	-	126	24,531
<b>Total non-derivative liabilities</b>	<b>148,629</b>	<b>132,651</b>	<b>126</b>	<b>281,406</b>
<b>Derivatives (net settled)</b>				
Derivative instruments in designated hedge accounting relationship	1,057	-	-	1,057
<b>Total derivative liabilities</b>	<b>1,057</b>	<b>-</b>	<b>-</b>	<b>1,057</b>

## 35.6 Market risk

The market risks to which the Group is exposed are price risk {Refer note a) below} and foreign currency risk {Refer note (b) below}.

### a) Price Risk:

The Group is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/sale of gold.

To manage the variability in cash flows, the Group enters into derivative financial instruments to manage the risk associated with gold price fluctuations relating to all the highly probable forecasted transactions. Such derivative

# Notes to the Consolidated Financial Statements

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financial instruments are primarily in the nature of future commodity contracts, forward commodity contracts (up to 30 June 2018) and forward foreign exchange contracts. The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenor of the loan.

The use of such derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

The Group assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Group actually uses. However, this hedge ratio will be rebalanced, when required (i.e., when the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting), by adjusting weightings of the hedged item and the hedging instrument. Sources of hedge ineffectiveness include mismatch in the weightings of the hedged item and the hedging instrument and the selling rate.

The following table gives details of contracts as at the end of the reporting period.

## Cash flow hedges Sell forward/future contracts:

₹ in lakhs

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
31 March 2019	3,202	6,286	201,283
31 March 2018	2,897	5,854	169,600

- The line items in the Balance Sheet that include the above hedging instruments are other financial assets and other financial liabilities.

As at 31 March 2019 the aggregate amount of gains under forward/future contracts is recognised in "Other Comprehensive Income" and accumulated in the cash flow hedging reserve. It is anticipated that the sales will take place during 6 months of the next financial year, at which time the amount deferred in equity will be reclassified to the statement of profit and loss. Details of movements in hedging reserve is as follows:

₹ in lakhs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Balance at beginning of the year (Net of tax)</b>	(520)	1,326
Changes in fair value of effective portion of cash flow hedges	1,673	499
Deferred tax on fair value of effective portion of cash flow hedges	(458)	(130)
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to the consolidated statement of profit and loss	2,825	(2,993)
Deferred tax on gain/(loss) arising on changes in fair value of cash flow hedges reclassified to the consolidated statement of profit and loss	(772)	778
<b>Balance at end of the year (Net of tax)</b>	<b>2,748</b>	<b>(520)</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## b) Foreign currency risk management

The company is exposed to foreign exchange risk arising through its sales and purchases denominated in various foreign currencies.

- (i) The risk management strategy on foreign currency exchange fluctuation arising on account of purchase/ sale of gold is covered in Note 35.6 above.
- (ii) In respect of normal purchase and sale transactions denominated in foreign currency, the Company enters into forward foreign exchange contracts and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These contracts are measured at fair value through profit and loss.

### Foreign currency sensitivity analysis:

The Company is mainly exposed to USD, CHF and EURO currencies. The Company's sensitivity to a 1% increase and decrease in ₹ against the relevant foreign currencies is presented below:

Particulars	% variance	Impact on equity (Increase/ decrease)
Titan Company Limited	1.0%	21
Titan Engineering & Automation Limited	0.5%	24
Carat Lane Trading Private Limited	1.0%	1

**35.7** The Company's exposure to Forward foreign exchange contracts at the end of the reporting year are as follows:

The Company has 3 forward exchange contracts for US Dollars 6 lakhs equivalent to ₹ 411 lakhs (Previous year: 9 forward exchange contracts for US Dollars 42 lakhs equivalent to ₹ 2,746 lakhs).

In addition to the above, the Company has 15 Option contract in USD 329 lakhs equivalent to ₹ 23,837 lakhs (Previous year : 24 Option contracts in USD 194 lakhs equivalent to ₹ 12,904 lakhs).

## 36. DETAILS OF INTER-CORPORATE DEPOSITS GIVEN AND INVESTMENTS MADE DURING THE YEAR:

										₹ in lakhs
Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1 April 2018	Given during the year	Receipt during the year	Impaired during the year	As at 31 March 2019
Inter-corporate deposits										
IL & FS Financial Services Limited	Others	Unsecured	Trade deposits	8.75%	6 months	-	9,500	-	9,500	-
Infrastructure Leasing & Financial Services Limited	Others	Unsecured	Trade deposits	8.55%	6 months	-	5,000	-	5,000	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.10%-8.40%	6 months	5,000	10,000	10,000	-	5,000
Shriram Transport Finance Company Ltd	Others	Unsecured	Trade deposits	8.10%	4 months	-	5,000	5,000	-	-
Kotak Mahindra Investments Ltd	Others	Unsecured	Trade deposits	8.05%	6 months	-	5,000	5,000	-	-
Kotak Mahindra Prime Ltd	Others	Unsecured	Trade deposits	7.95%	6 months	-	5,500	5,500	-	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.15%-8.15%	6 months	3,000	7,000	5,000	-	5,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.3%-7.8%	6 months	5,000	5,000	10,000	-	-

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₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1 April 2018	Given during the year	Receipt during the year	Impaired during the year	As at 31 March 2019
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.55%-8.10%	3 to 6 months	-	10,000	10,000	-	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%-8.45%	6 months	1,500	13,000	9,500	-	5,000
Bajaj Finance Limited	Others	Unsecured	Trade deposits	7.20% - 8.20%	3 to 9 months	8,500	11,000	14,500	-	5,000
Piramal Enterprises Ltd	Others	Unsecured	Trade deposits	7.50%	4 months	-	5,000	5,000	-	-
						<b>23,000</b>	<b>91,000</b>	<b>79,500</b>	<b>14,500</b>	<b>20,000</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2018	Investment made during the year	Share of Profit/(loss) during the year	As at 31 March 2019
<b>Investments</b>						
<i>Investment in equity instruments (unquoted)</i>						
Montblanc India Retail Private Limited	Joint venture	Strategic investment	2,484	-	(223)	2,261
Green Infra Wind Power Theni Limited	Associate	Strategic investment	172	-	7	179
			<b>2,656</b>	<b>-</b>	<b>(216)</b>	<b>2,440</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2018	Investment made during the year	Investment sold/ impaired during the year	As at 31 March 2019
<b>Investments</b>						
<i>Investments in equity instruments (quoted)</i>						
National Radio Electronics Company Limited*	Others	Wealth creation	2	1	-	3
Tata Steel Limited*	Others	Wealth creation	12	-	-	12
Tata Global Beverages Limited*	Others	Wealth creation	16	-	4	12
Tata Chemicals Limited*	Others	Wealth creation	4	-	1	3
Trent Limited*	Others	Wealth creation	10	1	-	11
<i>Other investments in equity instruments (unquoted)</i>						
Innoviti Payment Solutions Private Limited (formerly known as Innoviti Embedded Solutions Private Limited)*	Others	Strategic investment	726	702	-	1,428
Green Infra Wind Generation Limited	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			<b>781</b>	<b>704</b>	<b>5</b>	<b>1,480</b>

\* The movement is on account of fair valuation as at the year end.

# Notes to the Consolidated Financial Statements

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## Details of Inter-corporate deposits given and investments made during the previous year:-

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1 April 2017	Given during the year	Receipt during the year	Impaired during the year	As at 31 March 2018
<b>Inter-corporate deposits</b>										
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	5,000	10,000	-	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.55%-9.00%	6 months	5,000	10,000	10,000	-	5,000
Fortis Healthcare Ltd	Others	Unsecured	Trade deposits	10.25%	6 months	2,500	-	2,500	-	-
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	-	5,000	-	-
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	2,000	-	2,000	-	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.50%	6 months	-	3,000	-	-	3,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.30%	6 months	-	5,000	-	-	5,000
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.60%	3 months	-	9,500	9,500	-	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%	6 months	-	1,500	-	-	1,500
Bajaj Finance Limited	Others	Unsecured	Trade deposits	6.35% - 7.70%	3 to 9 months	-	33,000	24,500	-	8,500
						<b>19,500</b>	<b>67,000</b>	<b>63,500</b>	<b>-</b>	<b>23,000</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2017	Investment made during the year	Share of Profit/(loss) during the year	As at 31 March 2018
<b>Investments</b>						
<b>Investment in equity instruments (unquoted)</b>						
Montblanc India Retail Private Limited	Joint venture	Strategic investment	2,724	-	(240)	2,484
Green Infra Wind Power Theni Limited	Associate	Strategic investment	209	-	(37)	172
			<b>2,933</b>	<b>-</b>	<b>(277)</b>	<b>2,656</b>

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1 April 2017	Investment made during the year	Investment sold/ impaired during the year	As at 31 March 2018
<b>Investments</b>						
<b>Investments in equity instruments (quoted)</b>						
National Radio Electronics Company Limited*	Others	Wealth creation	1	1	-	2
Tata Steel Limited*	Others	Wealth creation	10	2	-	12
Tata Global Beverages Limited*	Others	Wealth creation	9	7	-	16
Tata Chemicals Limited*	Others	Wealth creation	3	1	-	4
Trent Limited*	Others	Wealth creation	8	2	-	10
<b>Other investments in equity instruments (unquoted)</b>						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited*	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			<b>768</b>	<b>13</b>	<b>-</b>	<b>781</b>

\*The movement is on account of fair valuation as at the year end.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

## 37. ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act.

₹ in lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated profit / (loss)	Amount
Parent : Titan Company Limited	94.26%	618,172	104.19%	137,436	118.60%	1,473	104.33%	138,909
<b>Subsidiaries:</b>								
<u>Indian</u>								
1) Titan Engineering & Automation Limited	4.41%	28,917	3.26%	4,304	-13.70%	(170)	3.10%	4,134
2) Carat Lane Trading Private Limited	0.70%	4,611	-3.50%	(4,613)	-4.53%	(56)	-3.51%	(4,669)
<u>Foreign</u>								
1) Favre Leuba AG	0.63%	4,120	-3.96%	(5,219)	-0.38%	(5)	-3.92%	(5,224)
2) Titan Watch Company Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>100.00%</b>	<b>655,820</b>	<b>100.00%</b>	<b>131,908</b>	<b>100.00%</b>	<b>1,242</b>	<b>100.00%</b>	<b>133,150</b>
Adjustment arising out of consolidation		(46,575)		8,723		17		8,740
		<b>609,245</b>		<b>140,631</b>		<b>1,259</b>		<b>141,890</b>
<b>Associate:</b>								
Green Infra Wind Power Theni Limited		29		7		-		7
<b>Jointly controlled entity:</b>								
Montblanc India Retail Private Limited		(851)		(223)		-		(223)
<b>Sub-total</b>		<b>608,423</b>		<b>140,415</b>		<b>1,259</b>		<b>141,674</b>
<b>Non controlling interest in subsidiary</b>								
Carat Lane Trading Private Limited		(1,408)		(1,550)		(17)		(1,567)
		<b>607,015</b>		<b>138,865</b>		<b>1,242</b>		<b>140,107</b>

## 38. CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. Gold on loan as disclosed in the financial statements represents amounts due to banks for the procurement of gold under 'Gold (Metal) loan scheme' by the Company. The Company is not subject to any externally imposed capital requirements.

- 39.** During the year, the Group increased its stake in one of its subsidiaries i.e., Carat Lane Trading Private Limited by 3.08%, increasing the total ownership to 69.47%. The increase in percentage holding is on account of private placement of shares done by Carat Lane Trading Private Limited to Titan Company limited. Total cash consideration of ₹ 10,000 Lakhs was paid to Carat Lane Trading Private Limited on account of this transaction. This transaction is accounted as an equity transaction and is recognised in retained earnings with the corresponding change in non-controlling interest.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- 40.** The Group has disposed off its entire shareholding in Titan TimeProducts Limited to Danlaw Technologies India Limited on 18 June 2018 at a consideration of ₹ 1,850 lakhs. Consequently, the Group has recognised profit on sale of investment amounting to ₹ 487 lakhs under the head “Other income” during the year ended 31 March 2019.
- 41.** The consolidated financial statements are presented in ₹ lakhs (rounded off). Those items which are required to be disclosed and which were not presented in the financial statements due to rounding off to the nearest ₹ lakhs are given below:

Particulars	Note No.	Amount in ₹	
		31 March 2019	31 March 2018
Other bank balances			
- Unclaimed debenture and debenture interest	10.3	13,256	-
Other financial liabilities			
- Unclaimed matured debenture and debenture interest	15.4	13,256	-
Related party transactions			
- Purchase of services (other expenses)- Others	34	14,908	-

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. : 101248WW-100022

**Supreet Sachdev**

Partner

Membership Number: 205385

Place : Bengaluru

Date : 8 May 2019

for and on behalf of the Board of Directors

**N. N. Tata**

Vice Chairman

**Ashwani Puri**

Director

**Bhaskar Bhat**

Managing Director

**S. Subramaniam**

Chief Financial Officer

**Dinesh Shetty**

General Counsel and Company Secretary

Place : Bengaluru

Date : 8 May 2019

## Financial Statistics (Standalone) under Ind AS since 2015

₹ crores

BALANCE SHEET	April 1, 2015	2015-16	2016-17	2017-18	2018-19
<b>(1) Non-current assets</b>					
Property, plant and equipment, Capital Work-in-progress, Investment property and Intangible assets	628	741	855	1,015	1,095
Financial assets					
- Investments	39	80	512	734	807
- Other financial assets	93	103	83	116	126
Deferred tax asset (net)	-	-	2	48	85
Tax assets (net)	69	103	81	101	121
Other non-current assets	95	103	93	106	151
<b>(2) Current assets</b>					
Inventories	3,986	4,382	4,806	5,749	6,719
Financial assets					
- Investments	-	-	375	-	69
- Trade receivables	140	135	115	193	358
- Cash and bank balance	210	112	773	612	1,001
- Other financial assets	441	436	512	354	343
Other current assets	116	114	110	369	595
<b>TOTAL APPLICATION OF FUNDS</b>	<b>5,816</b>	<b>6,308</b>	<b>8,318</b>	<b>9,396</b>	<b>11,470</b>
Equity share capital	89	89	89	89	89
Other equity	3,268	3,446	4,223	5,105	6,093
<b>Non-current liabilities</b>					
- Provisions	81	100	109	104	119
- Deferred tax liability (net)	10	16	-	-	-
<b>Current liabilities</b>					
Financial liabilities					
- Borrowings	100	113	-	-	-
- Gold on loan	-	-	1,867	1,604	2,288
- Trade payables	1,874	1,629	711	786	772
- Other financial liabilities	26	70	235	251	214
Other current liabilities	355	828	1,065	1,414	1,828
Provisions	15	18	18	21	58
Current tax liabilities (net)	-	-	-	22	9
<b>TOTAL SOURCES OF FUNDS</b>	<b>5,816</b>	<b>6,308</b>	<b>8,318</b>	<b>9,396</b>	<b>11,470</b>

₹ crores

STATEMENT OF PROFIT & LOSS	2015-16	2016-17	2017-18	2018-19
Revenue from operations	11,105	12,999	15,656	19,070
Expenses	10,161	11,804	13,922	17,069
Interest	42	37	48	44
Depreciation/Amortisation	87	93	110	139
Operating Profit/ (loss)	815	1,065	1,576	1,819
Add: Other income	73	65	86	179
Less: Exceptional Item	-	96	92	70
Profit before tax	888	1,033	1,571	1,927
Tax expense	191	272	408	553
Profit for the year	698	762	1,163	1,374
Other comprehensive income	(39)	15	(3)	15
<b>Total comprehensive income</b>	<b>659</b>	<b>777</b>	<b>1,160</b>	<b>1,389</b>
Equity Dividend (%)	220%	260%	375%	500%
Equity Dividend (Rs.)	195	231	333	444
Employee costs (excluding VRS)	623	696	762	879
% to Sales Income	5.6%	5.4%	4.9%	4.6%
Advertising	429	445	441	523
% to Sales Income	3.9%	3.4%	2.8%	2.7%

# NOTICE

Notice is hereby given pursuant to Section 96 and 101 of the Companies Act, 2013 (the "Act") that the Thirty Fifth Annual General Meeting ("the Meeting" or "AGM") of TITAN COMPANY LIMITED ("the Company") will be held at the Registered Office of the Company at No.3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu, on Tuesday, 6<sup>th</sup> August 2019 at 2:30 P.M. to transact the following businesses:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2019 together with the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March 2019 together with the Report of the Auditors thereon.
3. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2019.
4. To appoint a Director in place of Mr. Harish Bhat (DIN: 00478198), who retires by rotation and, being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS

5. **Appointment of Mr. N Muruganandam as a Director**  
To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. N Muruganandam, IAS (DIN: 00540135) who was appointed as a Director by the Board of Directors with effect from 14<sup>th</sup> March 2019 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013 (the "Act") read with Article 117 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013 from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **Appointment of Mr. V Arun Roy as a Director**  
To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. V Arun Roy, IAS (DIN: 01726117) who was appointed as a Director by

the Board of Directors with effect from 26<sup>th</sup> November 2018 and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, 2013 (the "Act") read with Article 117 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Companies Act, 2013 from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Appointment of Mr. Pradyumna Vyas as an Independent Director**

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Pradyumna Vyas, (DIN: 02359563) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 25<sup>th</sup> March 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (the "Act") read with Article 117 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."

**"RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, the appointment of Mr. Pradyumna Vyas, who meets the criteria for independence as provided in Section 149(6) of the Act read along with the rules framed thereunder, and Regulation 16(1)(b) of LODR Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years

commencing 25<sup>th</sup> March 2019 to 24<sup>th</sup> March 2024, be and is hereby approved."

**8. Re-appointment of Mrs. Hema Ravichandar as an Independent Director**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Mrs. Hema Ravichandar (DIN: 00032929), who was appointed as an Independent Director at the Thirtieth Annual General Meeting of the Company and who holds office up to 31<sup>st</sup> July 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act read along with the rules framed thereunder and Regulation 16(1)(b) of LODR Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, to hold office for a second term with effect from 1<sup>st</sup> August 2019 upto 31<sup>st</sup> July 2020."

**9. Re-appointment of Mrs. Ireena Vittal as an Independent Director**

To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, Mrs. Ireena Vittal (DIN: 05195656), who was appointed as an Independent Director at the Thirtieth Annual General Meeting of the Company and who holds office up to 31<sup>st</sup> July 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of

LODR Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term with effect from 1<sup>st</sup> August 2019 upto 29<sup>th</sup> January 2023."

**10. Appointment of Branch Auditors**

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

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

**11. Appointment of Dr. Mohanasankar Sivaprakasam as an Independent Director**

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

**"RESOLVED THAT** Dr. Mohanasankar Sivapraksam, (DIN: 08497296) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 3<sup>rd</sup> July 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (the "Act") read with Article 117 of the Articles of Association of the Company, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time, the appointment of

Dr. Mohanasankar Sivapraksham, who meets the criteria for independence as provided in Section 149(6) of the Act read along with the rules framed thereunder, and Regulation 16(1)(b) of LODR Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing 3<sup>rd</sup> July 2019 to 2<sup>nd</sup> July 2024, be and is hereby approved."

#### NOTES:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 5 to 11 of the Notice, is annexed hereto. The relevant details pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/reappointment at this Annual General Meeting ("AGM") are also annexed.
2. **A Member of the Company entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company.** A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A Proxy form is enclosed herewith. The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than Forty Eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.
3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 31<sup>st</sup> July 2019 up to Tuesday, 6<sup>th</sup> August 2019 (both days inclusive).**
4. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

Pursuant to Sections 124 and 125 and other applicable provisions, if any, of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority

(Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years from the date of transfer to Unclaimed Dividend Account of the Company. Accordingly, all unclaimed / unpaid dividend remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the Members whose dividends are lying unpaid / unclaimed against their name for seven consecutive years or more. Necessary steps will be initiated by the Company to transfer shares held by the Members to IEPF as per applicable regulations. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules. Members who have not yet claimed their dividend for the financial year 2011-12 onwards are requested to lodge their claims with the Company's Registrar and Transfer Agent TSR Darashaw Limited (TSRDL).

It may be noted that the unclaimed dividend for the financial year 2011-12 declared by the Company is due to be transferred to IEPF by September 2019. The same can, however, be claimed by the Members by 5<sup>th</sup> August 2019.

The Ministry of Corporate Affairs ('MCA') on 10<sup>th</sup> May 2012 notified the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amount lying with Companies) Rules, 2012. In terms of the above Rules, the Company has uploaded the information in respect of the Unclaimed Dividends, as on the date of last AGM on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under 'Investors' section on the website of the Company viz. [www.titancompany.in](http://www.titancompany.in).

5. Subject to the provisions of Section 126 of the Companies Act, 2013, dividend on equity shares as recommended by the Directors, if declared at the Meeting, **will be paid on or after 13<sup>th</sup> August 2019** to those Members whose names appear on the Register of Members of the Company as on 30<sup>th</sup> July 2019. 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 30<sup>th</sup> July 2019.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent, TSRDL to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
7. To support the Green Initiative, Members who have not registered their e-mail addresses are requested to register the same with TSRDL/Depositories. This will assist the Company in redressing shareholders' grievances expeditiously.
8. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members may contact the Company or TSRDL, for assistance in this regard.  
  
SEBI had vide Notification directed that transfer of securities can be carried out only in dematerialised form with effect from 1<sup>st</sup> April 2019, except in case of transmission or transposition of securities. In view of the above and to avail free transferability of shares and the benefits of dematerialisation, Members are requested to consider dematerialization of shares held by them in physical form. Members may note that, Transfer deed(s) once lodged prior to 1<sup>st</sup> April 2019 and returned due to deficiency in the document may be re-lodged even after the 1<sup>st</sup> April 2019 with the office of TSRDL, Mumbai or at their Branch Offices or at the Registered Office of the Company.
9. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
10. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
11. As per the provisions of Section 72 of the Companies Act, 2013 the facility for making nominations is available to the shareholders in respect of the equity shares held by them.
12. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Company Secretary, Titan Company Limited, "Integrity" #193, Veerasandra, Electronics City P.O, Off Hosur Main Road, Bengaluru 560100. (E-mail: investor@titan.co.in) Members are requested to bring their copies of the Annual Report to the Meeting.
13. **For the convenience of Members, the Company will provide a coach service from Bengaluru on the day of the Meeting.**  
**The coaches will leave for Hosur at 12.00 noon from the following four locations:**
  - A. Jayanagar - Ashoka Pillar, 1<sup>st</sup> Block, Siddapura Police Station Road, Bengaluru - 560 011.
  - B. Rajajinagar - near ISKCON temple, Opp. Varasidhi Vinayaka Temple, Government School Grounds, Bengaluru - 560 010.
  - C. Golden Palm Station, near BRV theatre, Bengaluru - 560 001.
  - D. Near Krupanidhi College, Koramangala (Opposite Madivala Santhe ) Bengaluru - 560034.**For queries pertaining to pick up, shareholders may contact 080 – 6704 6646 on or after 2<sup>nd</sup> August 2019.**
14. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their dematerialized account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account



Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their Depository Participants with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company.

16. Electronic copy of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 35<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. Members may note that the Notice of the 35<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website [www.titancompany.in](http://www.titancompany.in) to download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hosur for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor E-mail id: [investor@titan.co.in](mailto:investor@titan.co.in).
18. Shareholders may note that the bank details registered against their account in physical form will not be applicable to their electronic account and vice versa. The Company or TSRDL will not be in a position to act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the shareholders.  
  
It is in the interest of shareholders to register their bank details against their account and avail of facility being extended by the Company of receiving the credit of dividend directly to their bank account through electronic means. The facility is available at all bank branches who have registered themselves as participating banks with National Payment Corporation of India and have joined the Core Banking System.
19. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited (NSDL), on all resolutions set forth in this Notice.
20. Shareholders may note that the share transfers, dividend payments and all other investor-related activities are attended to and processed at the office of the Registrar and Transfer Agents (RTA).
21. Mr. Vijayakrishna K T, Practicing Company Secretary (Membership No. FCS No: 1788), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
22. The facility for voting, either through electronic voting system or polling paper shall also be made available at the Meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
23. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
24. **The Shareholders are informed that the Company will be providing a facility to view the live streaming of the AGM Webcast on the NSDL website. You may access the same at <https://www.evoting.nsdl.com> by using your remote e-voting credentials.**  
  
In case of any queries, you may refer the Frequently Asked Questions (FAQs) and remote e-voting user manual for Shareholders available at downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no 1800-222-990. In order to address any grievances relating to e-voting or Webcast, you may write to Ms. Pallavi Mhatre, Asst. Manager, National Securities Depository Limited, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 at the designated email id [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or mail to: [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at the following telephone no. 022 2499 4600.  
  
The procedure to login to e-Voting website consists of two steps as detailed hereunder:

**Step 1 : Login to NSDL e-Voting system**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can Login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you Login to NSDL e-services after using your Login credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details will be as per details given below:

a.	<b>Members holding shares in demat account with NSDL:</b>	8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
b.	<b>Members holding shares in demat account with CDSL:</b>	16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
c.	<b>Members holding shares in Physical Form:</b>	EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is _____ then user ID is 101456001***).

5. Your password details are given below:
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your

email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a. Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b. **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, which is 110759.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for

which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### GENERAL GUIDELINES FOR SHAREHOLDERS:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail vijaykt@vjkt.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads sections of <http://www.evoting.nsdl.com> or contact NSDL at the following toll free no.: 1800-222-990.

### OTHER INSTRUCTIONS

- i. **The e-voting period commences on Friday, 2<sup>nd</sup> August 2019 (9.00 a.m. IST) and ends on Monday, 5<sup>th</sup> August 2019 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 30<sup>th</sup> July 2019, i.e. the cut-off date may cast their vote electronically. The e-voting module shall be**

**disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.**

- ii. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting either through remote e-voting or voting at the AGM through electronic voting system or poll paper.
- iii. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the notice and holding shares as of the cut-off date may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing user ID and password for casting their vote.
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- v. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.titancompany.in](http://www.titancompany.in) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

By Order of the Board of Directors

**Dinesh Shetty**  
General Counsel & Company Secretary

4<sup>th</sup> July 2019  
Bengaluru  
CIN: L74999TZ1984PLC001456

Registered Office:  
No.3, SIPCOT Industrial Complex  
Hosur 635 126, Tamil Nadu

## EXPLANATORY STATEMENT

As required under Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to business mentioned under Item Nos. 5 to 10 of the accompanying Notice:

### Item No.5

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. N Muruganandam, IAS, Principal Secretary, Industries Department, Government of Tamil Nadu as a Nominee Director of TIDCO on the Board of the Company in place of Mr. K Gnanadesikan and accordingly was appointed as an Additional Director of the Company by the Board of Directors effective from 14<sup>th</sup> March 2019. As such, Mr. N Muruganandam holds office as Director up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member indicating his intention to propose Mr. N Muruganandam for the office of Director at the forthcoming Annual General Meeting.

Further details of Mr. N Muruganandam have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 5 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel or their respective relatives other than Mr. N Muruganandam is concerned or interested in the Resolution at Item No. 5 of the Notice.

### Item No.6

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. V Arun Roy, IAS, Additional Secretary, Industries Department, Government of Tamil Nadu as a Nominee Director of TIDCO on the Board of the Company and was appointed as an Additional Director of the Company by the Board of Directors effective from 26<sup>th</sup> November 2018. As such, Mr. V Arun Roy holds office as Director up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member indicating his intention to propose Mr. V Arun Roy for the office of Director at the forthcoming Annual General Meeting.

Further details of Mr. V Arun Roy have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 6 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel or their respective relatives other than Mr. V Arun Roy is concerned or interested in the Resolution at Item No. 6 of the Notice.

### Item No.7

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Pradyumna Vyas as an Additional Director and also as an Independent Director on 25<sup>th</sup> March 2019.

The Company has also received declarations from Mr. Pradyumna Vyas that he meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations. In the opinion of the Board, Mr. Pradyumna Vyas meets the criteria

of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b), 17 and 17A of LODR Regulations. Mr. Vyas is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has consented to act as Independent Director of the Company.

Mr. Vyas acquired a Masters in Industrial Design from the Indian Institute of Technology, Bombay.

Mr. Vyas has more than 33 years of professional and teaching experience in different spheres of design. He had been associated with the National Institute of Design (NID) as a faculty in the Industrial Design discipline.

In compliance with the provisions of Section 149 read with Schedule IV of the Act and Regulations 17 and 17A of the LODR Regulations, the appointment of Mr. Pradyumna Vyas as an Independent Director with effect from 25<sup>th</sup> March 2019 for a period of 5 consecutive years is now being placed before the Members for their approval.

In the opinion of the Board, he fulfills the conditions specified in the Act and the LODR Regulations for appointment as an Independent Director and is independent of the Management of the Company and he is not debarred from accessing the capital markets and/or restrained from holding position of directors in any listed company.

The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

Further details of Mr. Pradyumna Vyas have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 7 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel or their respective relatives other than Mr. Pradyumna Vyas is concerned or interested in the Resolution at Item No. 7 of the Notice.

### Item No.8

Mrs. Hema Ravichandar was appointed as an Independent Director with effect from 1<sup>st</sup> August 2014 and her current term as Independent Director is set to expire on 31<sup>st</sup> July 2019. Mrs. Ravichandar meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b), 17 and 17A of the LODR Regulations.

The Board at its meeting held on 8<sup>th</sup> May 2019, based on the outcome of the performance evaluation exercise, recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Mrs. Hema Ravichandar during her tenure, specifically in the areas of leadership development and succession planning has approved the re-appointment for a second term commencing from 1<sup>st</sup> August 2019 upto 31<sup>st</sup> July 2020, subject to approval of shareholders of the Company. The Board of Directors state that the re-appointment of Mrs. Ravichandar would be in the interest of the Company and its Members.

Mrs. Ravichandar is an alumnus of the Indian Institute of Management, Ahmedabad and a Strategic HR Advisor with

over 30 years of industry experience advising several Indian and multinational corporations and is on the Board of several companies. Mrs. Hema Ravichandar until 2005 was the Senior Vice-President and Global Head of Human Resources for Infosys Technologies Limited. In this capacity she designed and drove the HR agenda for Infosys globally, as it scaled up from 250 employees in 1992 to 40,000 employees in 2005. Under her HR Leadership, Infosys won several 'Best Employer of the Year' awards in India and was placed in Top 100 rankings overseas.

Mrs. Hema Ravichandar is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has consented to continue to act as Independent Director of the Company. The Company has also received declarations from Mrs. Ravichandar that she meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations.

In the opinion of the Board, Mrs. Ravichandar meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b), 17 and 17A of the LODR Regulations. Details of Mrs. Ravichandar whose re-appointment as Independent Directors is proposed at Resolution No. 8 is provided in the Annexure to this Notice.

Other than Mrs. Hema Ravichandar and her relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in Resolution at Item No.8, except to the extent of their shareholding, if any, in the Company.

The terms and conditions of her re-appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Hema Ravichandar as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolutions set out at Resolution No. 8 of the Notice for approval by the Members.

#### Item No.9

Mrs. Ireena Vittal was appointed as an Independent Director on 1<sup>st</sup> August 2014 and her current term as Independent Director is set to expire on 31<sup>st</sup> July 2019. Mrs. Vittal meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b), 17 and 17A of the LODR Regulations.

Mrs. Ireena Vittal is an independent strategic advisor, with significant knowledge in agriculture and urban development in India and emerging markets. Mrs. Ireena Vittal holds a B.Sc. in Electronics from Osmania University and a PGDM from IIM, Calcutta and has co-authored several studies relating to agriculture and urbanization. Mrs. Vittal who served as a Partner with McKinsey & Co., was a founding member of their economic development practice and the global emerging-markets practice.

The Board at its meeting held on 8<sup>th</sup> May 2019, based on the outcome of the performance evaluation exercise, recommendations of the Nomination and Remuneration Committee, background, experience and contributions made by Mrs. Ireena Vittal during her tenure, has approved the re-

appointment for a second term commencing from 1<sup>st</sup> August 2019 upto 29<sup>th</sup> January 2023 subject to approval of shareholders of the Company. The Board of Directors state that the re-appointment of Mrs. Ireena Vittal would be in the interest of the Company and its Members.

Mrs. Ireena Vittal is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has consented to act as Independent Directors of the Company. The Company has also received declarations from Mrs. Vittal that she meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations.

In the opinion of the Board, Mrs. Vittal meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b), 17 and 17A of the LODR Regulations. Details of Mrs. Vittal whose reappointment as Independent Directors is proposed at Resolution No. 9 is provided in the Annexure to this Notice.

Other than Mrs. Ireena Vittal and her relatives, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in Resolution at Item No.9, except to the extent of their shareholding, if any, in the Company.

The terms and conditions of her re-appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Ireena Vittal as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolutions set out at Resolution No. 9 of the Notice for approval by the Members.

#### Item No.10

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

The Board recommends the Resolution at Item No. 10 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No.10 of the Notice.

#### Item No. 11

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Dr. Mohanasankar Sivaprakasam as an Additional Director and also as an Independent Director on 3<sup>rd</sup> July 2019.

The Company has also received declarations from Dr. Mohanasankar Sivaprakasam that he meets the criteria of independence as prescribed under Section 149 of the Act and the LODR Regulations. In the opinion of the Board, Dr. Mohanasankar Sivaprakasam meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations



16(1)(b), 17 and 17A of LODR Regulations. Dr. Sivaprakasam is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has consented to act as Independent Director of the Company.

Dr. Mohanasankar Sivaprakasam is currently the Associate Professor in the Department of Electrical Engineering and director in Healthcare Technology Innovation Centre, IIT Madras. He had acquired a Ph.D. in Electrical Engineering from University of California, M.S. in Electrical Engineering from North California State University and B. Tech in Instrumentation Engineering from Anna University, India. He has won the Indian National Academy of Engineering (INAE) Young Engineer Award and IITM's Institute R&D Early Career Award in the year 2015. His research interest lies in medical devices and diagnostics, biomedical instrumentation, affordable healthcare technologies, healthcare delivery models for resource constrained settings. He has published over 180 peer reviewed papers in leading journals and conferences.

In compliance with the provisions of Section 149 read with Schedule IV of the Act and Regulations 17 and 17A of the LODR Regulations, the appointment of Dr. Mohanasankar Sivaprakasam as an Independent Director with effect from 3<sup>rd</sup> July 2019 for a period of 5 consecutive years is now being placed before the Members for their approval.

In the opinion of the Board, he fulfils the conditions specified in the Act and the LODR Regulations for appointment as an Independent Director and is independent of the Management of the Company and he is not debarred from accessing the capital

markets and/or restrained from holding position of directors in any listed company.

The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

Further details of Dr. Mohanasankar Sivaprakasam have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 11 of this Notice for approval of the Members. None of the Directors or Key Managerial Personnel or their respective relatives other than Dr. Mohanasankar Sivaprakasam is concerned or interested in the Resolution at Item No. 11 of the Notice.

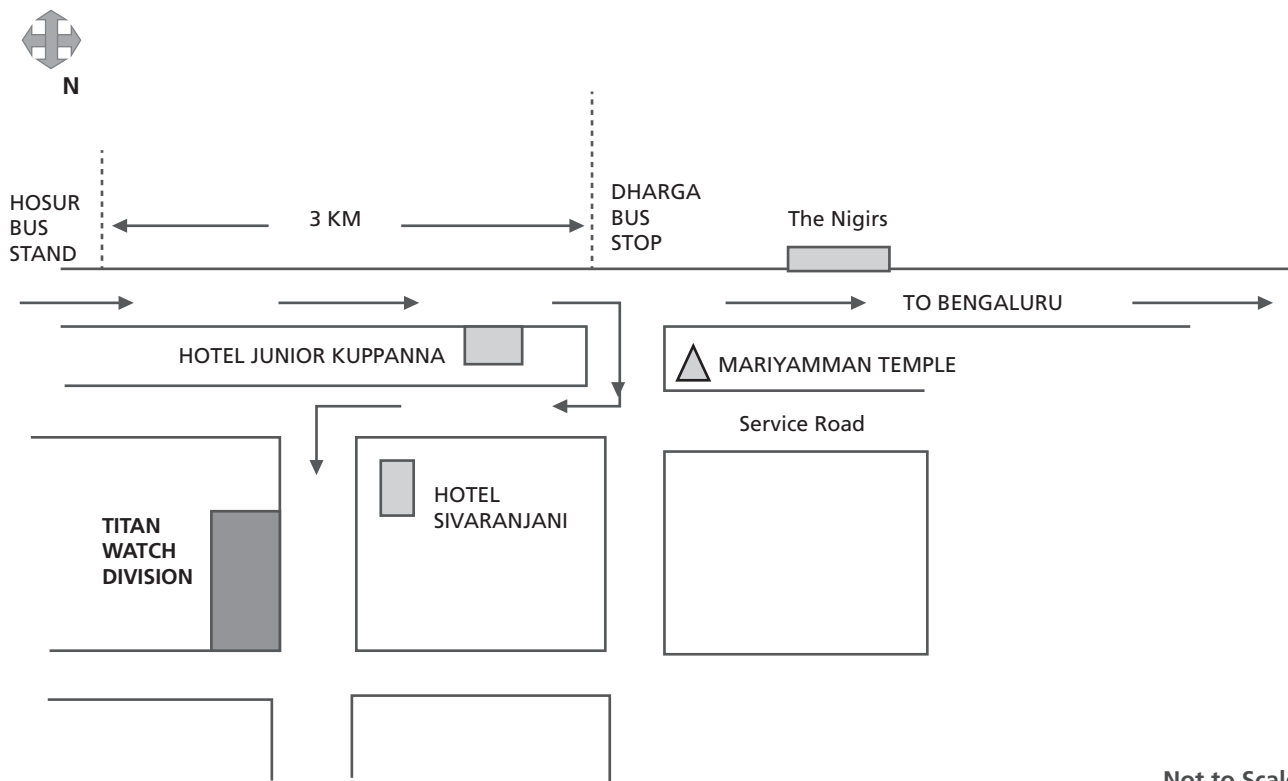
By Order of the Board of Directors

**Dinesh Shetty**  
General Counsel & Company Secretary

4<sup>th</sup> July 2019  
Bengaluru  
CIN: L74999TZ1984PLC001456

**Registered Office:**  
No.3, SIPCOT Industrial Complex  
Hosur 635 126, Tamil Nadu

#### Route Map to the Venue of the 35<sup>th</sup> Annual General Meeting from Hosur Bus Stand



Not to Scale

## ANNEXURE TO NOTICE

### Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting

(In pursuance of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name of Director</b>	Mr. Harish Bhat	Mr. N Muruganandam
<b>Director Identification Number (DIN)</b>	00478198	00540135
<b>Date of Birth</b>	08 <sup>th</sup> November 1962	23 <sup>rd</sup> December 1967
<b>Age</b>	57	52
<b>Date of Appointment</b>	20 <sup>th</sup> April 2015	14 <sup>th</sup> March 2019
<b>Qualifications</b>	Post Graduate Diploma in Management (PGDM) from the Indian Institute of Management, Ahmedabad and B.E. (Hons.) degree in Electrical and Electronics from Birla Institute of Technology and Science, Pilani.	B.E (Computer Science), M.B.A (IIM, Ahmedabad)
<b>Expertise in specific functional areas</b>	Mr. Harish Bhat is the Brand Custodian of Tata Sons. Mr. Harish Bhat has been with the Tata Group since 1987 and has completed over 30 years of service with the Group. His expertise is in overall business management including functional expertise in sales, marketing and corporate management.	Mr. N Muruganandam is the Principal Secretary, Industries Department Government of Tamil Nadu. During his career spanning more than 25 years, he has held key positions of Collector, Coimbatore, Karur and Chennai, Managing Director of Poompuhar Shipping Corporation. He has worked in Government of India as Joint Secretary looking after Ports, Joint Secretary in Rural Development. He was also the Project Director of World Bank funded poverty alleviation programme Pudhu Vaazhvu. He was the Principal Resident Commissioner of Tamil Nadu House at New Delhi before taking up the current assignment.
<b>Directorships held in other companies (excluding foreign companies and Titan)</b>	<ul style="list-style-type: none"> <li>i. Tata Coffee Limited</li> <li>ii. Tata Global Beverages Limited</li> <li>iii. Trent Limited</li> <li>iv. Infiniti Retail Limited</li> <li>v. Tata AIA Life Insurance Company Limited</li> <li>vi. Tata Starbucks Private Limited</li> <li>vii. Tata Unistore Limited</li> <li>viii. The Advertising Standards Council of India</li> </ul>	<ul style="list-style-type: none"> <li>i. Tamilnadu Industrial Development Corporation Limited</li> <li>ii. Tamilnadu Industrial Investment Corporation Limited</li> <li>iii. Tamilnadu Generation and Distribution Corporation Limited</li> <li>iv. Tidel Park Limited</li> <li>v. Tamilnadu Minerals Limited</li> </ul>
<b>Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship)</b>	<b>Audit Committee:</b> <ul style="list-style-type: none"> <li>i. Tata Global Beverages Limited</li> </ul> <b>Stakeholder Relationship Committee:</b> <ul style="list-style-type: none"> <li>i. Trent Limited (Chairman)</li> <li>ii. Tata Coffee Limited</li> </ul>	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil	Nil
<b>Number of shares held in the Company</b>	80,000	Nil



<b>Name of Director</b>	Mr. V Arun Roy	Mr. Pradyumna Vyas
<b>Director Identification Number (DIN)</b>	01726117	02359563
<b>Date of Birth</b>	11 <sup>th</sup> March 1979	7 <sup>th</sup> December 1958
<b>Age</b>	40	61
<b>Date of Appointment</b>	26 <sup>th</sup> November 2018	25 <sup>th</sup> March 2019
<b>Qualifications</b>	B.A., LLB	Masters in Industrial Design from the Indian Institute of Technology, Bombay.
<b>Expertise in specific functional areas</b>	<p>Mr. V Arun Roy is the Additional Secretary to Government of Tamil Nadu, Industries Department. Earlier, Mr. V Arun Roy served as the State Commissioner for the Differently Abled and Deputy Secretary to Government Finance Department, Managing Director, Chennai Metropolitan Water Supply and Sewerage Board and Registrar, Tamilnadu National Law School. He is also on the Board of several other investee Companies of Tamil Nadu Government.</p>	<p>Mr. Pradyumna Vyas has more than 33 years of professional and teaching experience in different spheres of design. He had been associated with the National Institute of Design (NID) as a faculty in the Industrial Design discipline. In April 2009, he was appointed as the Director of the National Institute of Design.</p> <p>Prior to joining NID, Mr. Vyas acquired three years overseas experience at the Kilkenny Design Centre, Republic of Ireland. He has been at the helm of design promotion events in India and has represented NID in various international and national events. He was elected as an ICSID (International Council of Societies of Industrial Design) Executive Board Member for 2009–11.</p>
<b>Directorships held in other companies (excluding foreign companies)</b>	<ul style="list-style-type: none"> <li>i. Southern Structurals Limited</li> <li>ii. Tamilnadu Industrial Development Corporation Limited</li> <li>iii. Tamilnadu Road Infrastructure Development Corporation</li> <li>iv. Tamilnadu Water Investment Company Limited</li> <li>v. Tamilnadu Transmission Corporation Limited</li> </ul>	<ul style="list-style-type: none"> <li>i. Dynamatic Technologies Limited</li> </ul>
<b>Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)</b>	Nil	Nil
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil	Nil
<b>Number of shares held in the Company</b>	Nil	Nil

<b>Name of Director</b>	Mrs. Hema Ravichandar	Mrs. Ireena Vittal
<b>Director Identification Number (DIN)</b>	00032929	05195656
<b>Date of Birth</b>	14 <sup>th</sup> May 1961	2 <sup>nd</sup> October 1968
<b>Age</b>	58	51
<b>Date of Appointment</b>	30 <sup>th</sup> March 2009	30 <sup>th</sup> January 2013
<b>Qualifications</b>	B.A. Economics and Post Graduate Diploma in Business Management from Indian Institute of Management, Ahmedabad	B.Sc. in Electronics from Osmania University and a Post Graduate Diploma in Management from Indian Institute of Management, Calcutta
<b>Expertise in specific functional areas</b>	Mrs. Ravichandar is an alumnus of the Indian Institute of Management, Ahmedabad and a Strategic HR Advisor with over 30 years of industry experience advising several Indian and multinational corporations and is on the Board of several companies. Mrs. Ravichandar until 2005 was the Senior Vice-President and Global Head of Human Resources for Infosys Technologies Limited. In this capacity she designed and drove the HR agenda for Infosys globally, as it scaled up from 250 employees in 1992 to 40,000 employees in 2005. Under her HR Leadership, Infosys won several 'Best Employer of the Year' awards in India and was placed in Top 100 rankings overseas.	Mrs. Ireena Vittal is an independent strategic advisor, with significant knowledge in agriculture and urban development in India and emerging markets. Mrs. Vittal holds a B.Sc. in Electronics from Osmania University and a PGDM from IIM, Calcutta and has co-authored several studies relating to agriculture and urbanization. Mrs. Vittal who served as a Partner with McKinsey & Co., was a founding member of their economic development practice and the global emerging-markets practice.
<b>Directorships held in other companies (excluding foreign companies)</b>	<ul style="list-style-type: none"> <li>i. Marico Limited</li> <li>ii. Bosch Limited</li> <li>iii. Feedback Business Consulting Services Private Limited</li> <li>iv. Tata Consulting Engineers Limited</li> <li>v. Vidal Healthcare Services Private Limited</li> <li>vi. ONZE Technologies (India) Private Limited</li> <li>vii. VBHC Value Homes Private Limited</li> <li>viii. JuriMatrix Services India Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>i. Godrej Consumer Products Limited</li> <li>ii. Wipro Limited</li> <li>iii. Housing Development Finance Corporation Limited</li> <li>iv. The Indian Hotels Company Limited</li> <li>v. Foundation to Educate Girls Globally</li> <li>vi. Jal Seva Charitable Foundation</li> <li>vii. Vidhi Centre for Legal Policy</li> </ul>
<b>Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)</b>	<p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>i. Marico Limited</li> <li>ii. Bosch Limited</li> <li>iii. Tata Consulting Engineers Limited</li> </ul> <p><b>Stakeholders Relationship Committee</b></p> <ul style="list-style-type: none"> <li>i. Bosch Limited</li> </ul>	<p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>i. Godrej Consumer products Limited</li> <li>ii. Wipro Limited</li> <li>iii. The Indian Hotels Company Limited</li> <li>iv. Housing Development Corporation Limited</li> </ul> <p><b>Stakeholders Relationship Committee</b></p> <ul style="list-style-type: none"> <li>i. Wipro Limited</li> </ul>
<b>Inter-se relationship with other Directors and Key Managerial Personnel</b>	Nil	Nil
<b>Number of shares held in the Company</b>	Nil	Nil

<b>Name of Director</b>	Dr. Mohanasankar Sivaprakasam
<b>Director Identification Number (DIN)</b>	08497296
<b>Date of Birth</b>	23 <sup>rd</sup> May 1980
<b>Age</b>	39
<b>Date of Appointment</b>	3 <sup>rd</sup> July 2019
<b>Qualifications</b>	Ph.D. – Electrical Engineering M.S – Electrical Engineering B. Tech – Instrumentation Engineering
<b>Expertise in specific functional areas</b>	Dr. Mohanasankar Sivaprakasam had acquired a Ph.D. in Electrical Engineering from University of California, M.S. in Electrical Engineering from North California State University and B. Tech in Instrumentation Engineering from Anna University, India. He is currently the Associate Professor in the Department of Electrical Engineering and director in Healthcare Technology Innovation Centre, IIT Madras. He has won Indian National Academy of Engineering (INAE) Young Engineer Award and IITM's Institute R&D Early Career Award in the year 2015. His research interest lies in medical devices and diagnostics, biomedical instrumentation, affordable healthcare technologies, healthcare delivery models for resource constrained settings. He has published over 180 peer reviewed papers in leading journals and conferences.
<b>Directorships held in other companies (excluding foreign companies)</b>	Nil
<b>Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)</b>	Nil
<b>Number of shares held in the Company</b>	Nil

## NOTES

## NOTES

## NOTES

## NOTES

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## TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456  
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126  
Phone: 91 80 6704 7000 E-mail: investor@titan.co.in Website: www.titancompany.in



### ATTENDANCE SLIP

(To be presented at the entrance)

**35<sup>th</sup> ANNUAL GENERAL MEETING ON TUESDAY, 6<sup>th</sup> AUGUST 2019 AT 2:30 P.M.**

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxyholder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only Member/Proxyholder can attend the meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.



## TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456  
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Phone: 91 80 6704 7000 E-mail: investor@titan.co.in Website: www.titancompany.in



### PROXY FORM

(Pursuant to to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the Member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail id : \_\_\_\_\_

Folio No. / Client ID No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_

I/ We, being the member(s) of \_\_\_\_\_ Shares of Titan Company Limited, hereby appoint

1. Name: \_\_\_\_\_ E-mail : \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

2. Name: \_\_\_\_\_ E-mail : \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him

3. Name: \_\_\_\_\_ E-mail : \_\_\_\_\_

Address: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth Annual General Meeting of the Company to be held on Tuesday, 6<sup>th</sup> August 2019 at 2:30 p.m. at 3, SIPCOT Industrial Complex, Hosur 635 126 and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Auditors thereon.
3. Declaration of dividend on equity shares for the financial year 2018-19.
4. Re-appointment of Mr. Harish Bhat as a Director.

#### Special Business

5. Appointment of Mr. N. Muruganandam as a Director
6. Appointment of Mr. V Arun Roy as a Director
7. Appointment of Mr. Pradyumna Vyas as an Independent Director
8. Re-appointment of Mrs. Hema Ravichandar as an Independent Director
9. Re-appointment of Mrs. Ireena Vittal as an Independent Director
10. Appointment of Branch Auditors
11. Appointment of Dr. Mohanasankar Sivaprakasam as an Independent Director

The shareholders are informed that the Company will be providing a facility to view the live streaming of the AGM Webcast on the NSDL website. You may access the same at <https://www.evoting.nsdl.com> by using your remote e-voting credentials. The link will be available in the shareholder login where EVEN – 110759 of the Company will be displayed.

The Webcast facility will be available from 2.30 P.M. onwards on 6<sup>th</sup> August 2019.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature of shareholder \_\_\_\_\_

Signature of Proxyholder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp

NOTE : 1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Thirty Fifth Annual General Meeting.









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 <https://www.facebook.com/TitanCompanyLimited/>

 <https://twitter.com/TitanCompanyLtd>

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3 SIPCOT Industrial Complex Hosur 635 126  
CIN : L74999TZ1984PLC001456