DYNAMIC
BY DESIGN

ANNUAL REPORT 2016-17

TITAN
COMPANY











FY 2016-17 HIGHLIGHTS

₹ 12,717 Cr.
REVENUE

₹ 1,164 Cr.
EBITDA

$ 6.5 billion
MARKET CAPITALISATION

₹ 8.58
EPS

7400+
EMPLOYEES

₹ 20 Cr.
CSR SPEND

Titan is one of India's leading lifestyle brands. Transforming the categories we have entered has been a defining part of our approach to business, since inception. Dynamism is thus, habitual for us and pervades every aspect of our identity and operations.

Our strategy of identifying product opportunities, leveraging our design and execution excellence to help create and lead a category, and to consistently evolve our offering has been a defining trait in our history. We are dynamic by design and by nature and our investments in technology, people, and the society complement this character.

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The Titan Vision

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

The Titan Mission

We 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.

Titan Values and Standards

Customer Orientation
Customers take precedence over all others, always.

Employee Appreciation
We value and respect Titanians and endeavour to fulfill their needs and aspirations.

Performance Culture and Teamwork
At Titan Company, high performance is a way of life and is nurtured by teamwork.

Creativity and Innovation
Driven by innovation and creativity, we focus on smarter approaches and newer technologies.

Passion for Excellence
In all our pursuits, we ceaselessly strive for excellence.

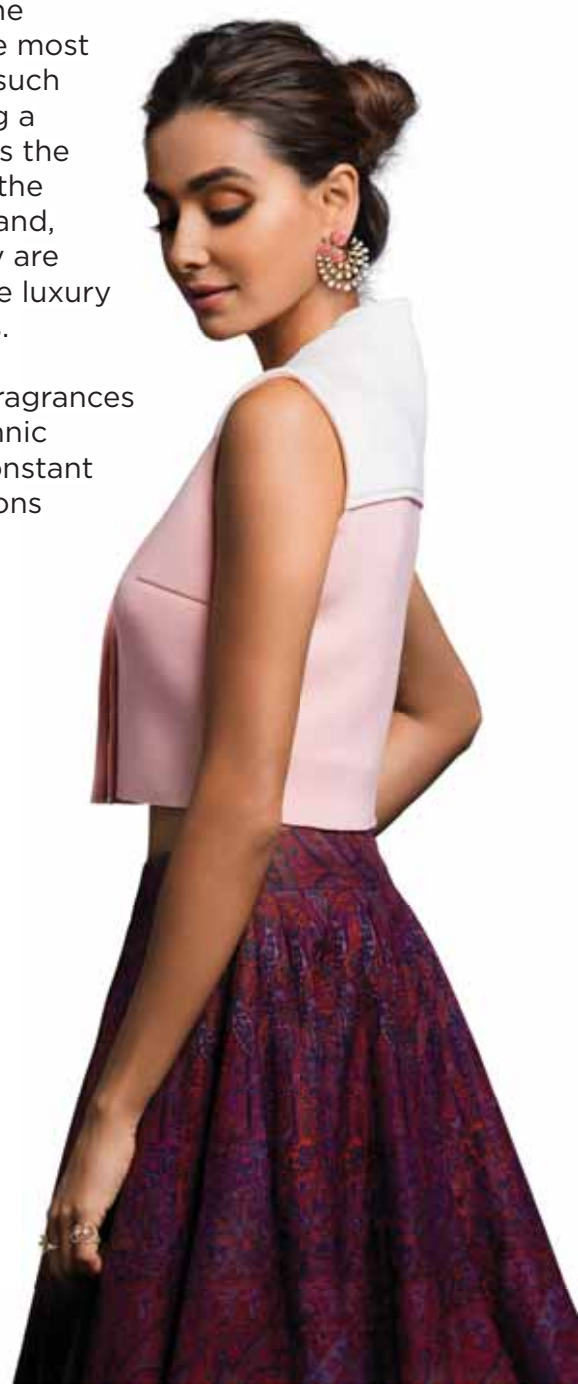
Corporate Citizenship
We ensure that a part of our resources is invested in environment and community betterment.

THE WORLD OF TITAN

Titan Company is a joint venture between the Tata Group and the Tamil Nadu Industrial Development Corporation (TIDCO). We are an organisation serving in the lifestyle space, operating pan-India and in 32 countries around the world. We specialise in identifying a sector, bringing industry best practices to it and eventually leading the same.

We ushered in a radical shift in the Indian watch market by introducing futuristic quartz technology, complemented by international styling. In the following years, we forayed into some of the most competitive spaces in the lifestyle industry such as jewellery, accessories, and eyewear. Being a high-value offering, our Jewellery business is the maximum revenue-generating entity under the Titan umbrella now. Through the Tanishq brand, both contemporary and traditional jewellery are being offered. Our 'Zoya' brand caters to the luxury segment with exquisite diamond collections.

In the recent years, Titan has explored the fragrances market and is experimenting with Indian ethnic wear by introducing branded sarees. Our constant growth is the result of such category additions over the years.





Our Strengths

Brand Building

Trusted brand by lakhs of Indians for quality and assurance.

Diversified product offerings.

Ability to cater to all sections of the society.

Broad based entity straddling both super-premium and mass segments.

Prowess to introduce and redesign consumer trends.

Design and Development

800+

New products every year.

Technology enabled eyewear products.

Award-winning design capabilities.

Collections under multiple sub-categories of jewellery.

In-house design studios.

Manufacturing

12 manufacturing and assembly facilities covering all products.

State-of-the-art Karigar Centres ensuring quality craftsmanship in jewellery.



11,000+

MULTI-BRAND OUTLETS

5th

LARGEST WATCHMAKER IN THE WORLD

1,366

STORES ACROSS BRANDS



BUSINESS OVERVIEW

Watches & Accessories

In Titan's thirty-year journey, it has stayed ahead of the curve with exquisite design and technology. In fact, today it is the leading watchmaker in the country, in terms of volume. Major brands, sub-brands and licensed brands are within its portfolio. These are delivered through an extensive number of retail outlets and online channels.



Titan EDGE
Crafted with the finest ceramic, the all new Titan Ceramic Edge is the slimmest ceramic watch in the universe.





Fastrack Reflex
The very first activity tracker from the Fastrack brand.

Sonata Act
India's first safety watch, offered exclusively for women.

Sophisticated Design & Development

Watches for every occasion and every purpose

Exclusive collections for women, kids, youth and connoisseurs

International award-winning designs

Watches made using materials like ceramic, leather, metals and plastic

Manufacturing

Six state-of-the-art, watch and component manufacturing/assembly plants.

Customer Service

Largest network of exclusive service centres- 704 watch care centres across 270 towns.

Brands

IN-HOUSE BRANDS

Titan
Fastrack
Sonata
Favre Leuba
Xylys
Nebula

LICENSED BRANDS

Tommy Hilfiger
Police
FCUK
Annie Klein
Kenneth Cole
Esprit

Customer Touchpoints

EXCLUSIVE BRAND OUTLETS

474 World of Titan Stores

155 Fastrack Stores

OWN MULTI BRAND OUTLETS

49 Helios Stores

OTHER MULTI BRAND OUTLETS

Present across 11,000+ dealers

LARGE FORMAT

Several departmental stores and retail brands.

ONLINE

www.titan.co.in and market places including Amazon, Flipkart and Jabong

EXPORTS

2,264 Points of sale in 32 countries.

Jewellery

Titan's Jewellery division started in 1995 with the introduction of 'Tanishq' showrooms in India. The brand was introduced with the objective of making jewellery an adornment product as much as an investment. In the fragmented Indian jewellery market, Titan created a differentiation by offering premium designs at attractive price points. One of the most trusted names in the space, Titan's jewellery division has grown in size and in number of brands to become the largest and the most respected Indian jewellery retailer today.

Mia 'All Rounders'
The collection complements the modern working women's lifestyle.





Tanishq 'Queen of Hearts'
Necklace collection is inspired by royalty.



Tanishq 'Shubham'
Inspired by the ancient designs of Dravidian temples.

Brands

TANISHQ
Flagship brand

ZOYA
Luxury segment play

MIA
Tanishq sub-brand for work wear jewellery

CARATLANE
A Tanishq partnership, e-commerce brand

Points of Sale

EXCLUSIVE BRAND OUTLETS
239 Tanishq stores
32 Mia stores
15 Caratlane stores

ONLINE
www.tanishq.co.in
www.caratlane.com

Largest jewellery retailer in the country.

Manufacturing

Primarily in-house studded jewellery manufacturing.
Plain gold jewellery manufacturing outsourced to trusted and experienced craftsmen.
3 manufacturing facilities.
4 state-of-the-art Karigar Centres, empowering artisans while ensuring quality.

Design Excellence

Collection launches with exquisite designs like **Mirayah, Rivaah, Queen of Hearts, Niloufer, Shubham and Divyam**
Capability for in-house design.

Eyewear

Titan Company made its foray into eyewear in 2007, offering a variety of differentiated products to the end consumer consisting of frames, lenses, contact lenses and accessories under a single roof. At Titan Eyeplus, frames from in-house brands (Titan, Dash etc.) and international brands (Mont Blanc, Ray-Ban, Tommy-Hilfiger, Hugo Boss) are made available.



Our stores offer a 20-step, error-free eye-testing process, which is directly linked with lens-makers at our back end, to deliver ready-to-wear spectacles within the least waiting time.

Brands

TITAN EYE PLUS
Retail Stores

TITAN
Main in-house frames and lenses brand

FASTRACK and GLARES
In-house sunglasses brand

Manufacturing

State-of-the-art lens lab in Chikkaballapur.

Satellite lens labs in major cities to improve turnaround time.

Frame manufacturing facility to commence operations soon.

Customer Touchpoints

TITAN EYE PLUS
India's largest optical retail chain with 448 Stores.

Sunglasses sales through departmental store kiosks and multi-brand outlets.

Differentiators

Zero-error, remote eye-testing by trained optometrists.

Tie-up with Sankara Nethralaya for training of store staff and optometrists.

Branded, fashionable, and quality eyewear at affordable prices.

Precision and Engineering Division

A B2B business spun out of the watches vertical in 2005, the Precision and Engineering Division of Titan (since transferred to Titan Engineering and Automation Limited, a wholly owned subsidiary, pursuant to a court approved scheme) leverages in-house design and engineering capabilities to serve clients worldwide. There are two subdivisions under the PED – PECSA (Precision Engineering Components and Sub-Assemblies) and MBA (Machine Building and Automation).

While PECSA provides components and sub-assemblies to Aerospace, Automotive, Oil & Gas, Electrical and Medical Equipment industries, MBA offers assembly and testing lines catering to Automotive, Electrical & Electronics, Solar and Medical Equipment industries.

Fragrances

Titan launched fragrances under its 'Skinn' brand in 2013. Skinn aims at giving the consumers finely distilled perfumes made in France by celebrated perfumers. Branded perfumes at an attractive price point is the unique selling point of the offering.





Brands

SKINN by Titan
12 fragrances launched so far.

Manufacturing

Manufactured in France by celebrated perfumers and distilled from the finest ingredients.

Bottled in France and India.

Differentiators

Exceptional fragrances at a very attractive price point.

Similar products from international competition at very high price points.

Domestic branded competition almost non-existent.

Customer Touchpoints

Sold through World of Titan Channel, key departmental store chains and e-commerce.

One of the highest selling perfumes in all departmental stores.

Plans to strengthen the distribution further in the coming years.

Packaging innovations for trial and gifting.

Exploring the New

Titan has identified one more potential category to venture into i.e. the Indian Ethnic Wear. The space is being explored through our 'Taneira' brand, which is initially introducing hand-woven sarees. Becoming the youngest brand under the Titan ambit, Taneira aims to revive one of the oldest occupations in India – handloom weaving. Taneira will provide our customers with authentic, handwoven sarees made with natural materials, celebrating the Indian craftsmanship, heritage and exclusive designs. This category exhibits a good potential and could become Titan's fourth lifestyle vertical in the future.

With over 3,500 unique pieces across sarees, lehengas, yardages, stoles and dupattas priced from ₹ 2,000 to ₹ 2.5 lakh, the Taneira store offers the convenience of a full-fledged 'Style Studio'.

Some collections at the Taneira store:
Mugas | Tussars | Ikats | Jamdanis | Chikankari | Banarasi Silks Kanjeevarams | Patan | Patolas | Muslin | Jamdhanis





Brands

Taneira Sarees

Manufacturing

Sourced from multiple states of India from traditional weavers.

Customer Touchpoints

Two Taneira stores in Bengaluru, where one of them is the flagship store of the brand.

Differentiators

A branded outlet for sarees offering pure handwoven products.

Sourced from 20 different states of India.

Wide price range from ₹ 2,000-₹ 2,50,000.

OPERATIONAL HIGHLIGHTS

₹ 12,717 Cr.

TOTAL REVENUE

4.5% vs. FY 2015-16

FY 2016-17 was an eventful and exciting year for Titan Company. While the environment was mired in volatility, the Company stuck to its core themes of growth, productivity for people through people, investments in "New Age" technologies and future focus.

Watches & Accessories

₹2,028 Cr.

TOTAL REVENUE

2.7% vs. FY 2015-16



The Watches & Accessories division delivered an 8% growth in regular retail and 16% growth in the Large Format Stores (LFS). The division's focus was on creating differentiation by design and introducing tech-led products.

- Major focus on innovation, technology and exquisite design
- The Fastrack brand grew by 10% and the brand leveraged its true potential.
- Titan's Juxt and Juxt Pro smartwatches were awarded by the IDC.
- Quick growth in the online channels.

New Launches

- Fastrack 'Reflex' activity tracker was launched at a very attractive price point.
- Sonata Act, the country's first safety watch was introduced.
- Titan Edge, the world's thinnest ceramic watch was launched.
- Favre Leuba was rolled out in the global and Indian markets.
- Under the Octane brand, 'Squadron' watches inspired by fighter jets were introduced.



Jewellery

₹10,237 Cr.

TOTAL REVENUE

17.4% vs. FY 2015-16

With best-in-class inventory and differentiated designs, the Jewellery division of the Company is set to evolve from a leader to a legend. Last year, the division focused on introducing unique designs and expanding the store presence.

- Collections' were launched (Rivaah, Queen of Hearts etc.)
- Gained 4% market share in FY 2016-17
- Studded ratio of 29.2% leading to significant gross margin escalation
- Gold Plus stores rolled back under the Tanishq umbrella
- Increased effectiveness of merchandising and supply chain



Eyewear

₹406 Cr.

TOTAL REVENUE

8.4% vs. FY 2015-16

For Titan's Eyewear business, the year was one of building a future pipeline. The fashion landscape is changing radically and Titan's focus is on penetrating the underserved market.

- Rapid expansion – 95 new stores in the year (current store count 472)
- New store format introduced (low cost) for small towns – 20 stores set up
- Discontinued and closed down the Spexx format of stores
- Converted many Company stores to Franchisee stores
- Renovated a large number of stores to the new retail identity
- Introduced and implemented correct selling – trust & transparency
- Introduced occasion based in-store format
- Introduced 30-minute delivery of spectacles – a key differentiator
- Seeded a new and younger personality for the brand
- First ever lens film – very differentiated from rest of the industry
- Launched over 600 new products
- Set up 3 satellite Lens Labs in Kolkata, Delhi and Mumbai
- Set up a design studio

As a lifestyle company, design is core to Titan's offerings. The Titan brand resonates with exquisite designs and collections, and this philosophy even extends to our business processes.

As design is an attribute ingrained in the DNA of the Company, we have instituted design studios for our watches and jewellery businesses. In the recent years, we have also roped in international designers who have been part of marquee brands to work for us. This helps us in taking a leading position in case of design capabilities as our customers understand the design differentiation that we create.



The introduction of 'Collections' celebrates the uniqueness of individual designs in the jewellery space.



In the case of our watches, the recently launched 'Squadron' collection is a design inspiration from fighter jets.



Similarly our Juxt and Juxt Pro make sure that our smartwatch range has technological capabilities without a heavy-gadget appearance.



The design angle is seen even in our stores such as the Titan Eyeplus, where the store has separate sections for different kinds of customers.

Similar to our products, our business attitude is also led by design. Ever since inception, Titan has made a conscious effort to enter and capture share in the unorganised markets. We have identified spaces where there are unmet needs and have developed and delivered our products at attractive price points. This is evident from the investments we have made in the watches, jewellery, eyewear, fragrances and sarees businesses. By nature, all our business processes are aimed at creating exceptional value for the end consumer.

Titan's design philosophy works against the misconception that only high-end and expensive products can have good design. There is a design element in all of our products and even in our stores. Good design is a continuous journey and we are making corporate-level efforts to ensure this in Titan.



DRIVEN BY DESIGN

QUANTUM LEAP





In the evolving business world where competencies rule, every organisation must adopt measures to become leaner and meaner. Enhancing efficiency through cost management is one such method, which helps in achieving a stronger bottomline.

During FY 2016-17, Titan Company undertook an organisation-wide productivity enhancing initiative called "Quantum Leap." An internal cross functional team was set up for the purpose and with the help of an external consultant, the team worked on various areas of operations across all divisions and functions exploring cost reduction and value enhancing opportunities. The search resulted in the team identifying several potential savings areas. It was done in conjunction with the operating teams.

Based on its findings, the Quantum Leap team has already started working on the implementation of many of the identified and agreed initiatives. The benefits of the same are expected to accrue from FY 2017-18.

The Quantum Leap initiative is a pertinent example of how Titan's drive for dynamism is inherent in its operations. The measure helps Titan gain the right cost competency and organisational agility to respond faster to market needs.

COST COMPETENCY

ORGANISATIONAL AGILITY

OPERATIONAL EFFICIENCY

In today's times, organisations are getting closer to the customer using technology. With consumers becoming highly tech-savvy, at every stage of purchase technology plays a part. Even internally, tech-led interventions help in process efficiencies, data analysis, and leaner operations for a Company. Titan has also embarked on a mission of digitisation, and is extending the digital framework to both internal processes and external consumer reach.

Titan is an omni-channel player, with extensive physical stores and our in-house online portals (including Caratlane) showcasing our products. This heightens our customer reach. Researches state that standardised products sell more easily online, and FY 2016-17 saw the online sales of our watches grow well, affirming the same. The growth was made possible by our in-house e-commerce platforms and major e-tailers hosting our product ranges. It's an exciting proposition for us as all our lifestyle products (watches, jewellery and eyewear) are available to order online.

Complementing the tech-led distribution channel are our internal mechanisms to understand the customer better and streamline our operations. Investments are being made in digitisation and technology to assist the same. As a foundation for our omni-channel play, we are putting in place digital systems for order management and data warehousing. The following are the other ways in which we use technology to our advantage:

1 

Big Data Analytics

To understand purchasing behaviours, customer personas and so on, thus making our targeting more precise.

2 

Workflows

For process management, helping in automating general administration such as payroll management.

3 

Project Management

Digital structures for capex approvals and project management.

4 

Customer Relationship Management

Using this platform to improve our client reach and servicing.

With the above technology interventions, Titan is moving in tandem with the world, dynamically adapting and delivering. Our objective to "go wherever the customer goes" is materialised through such initiatives.



DYNAMIC IN A DIGITAL LANDSCAPE

REVITALISING TRADITION



Our jewellery business is sustained by multiple stakeholders, such as customers, raw material suppliers, the government and many others.

However, one of the most important stakeholders for us is the set of Karigars (artisans) who develop and make our jewellery collections.

In the run for better profits, the industry often completely leaves out the Karigars. Such a treatment had led to their deterioration and several of them are still living in a primitive way. Moreover, the newer generation of the Karigar community tends to move away from their traditional line of trade, in search of better opportunities. This not only endangers the existence of skilled craftsmanship, but also the supply of well-made products to the industry. Sensing this and with a view to empower the community, Titan undertook a social entrepreneurship project for them. From unliveable conditions, the Company brought the craftsmen out in the open and established 14 Karigar Parks for them.

The Karigar Parks are aimed at housing the artisans at well-maintained facilities, ensuring their welfare. We believe that a good working and living environment is key in the production of quality jewellery. At the Karigar Parks, Titan provides the equipment, material and training and the Karigars use their skill sets in producing jewellery of the highest standards and design. We ensure that the best working conditions and safety practices are followed in the manufacturing process. The Karigar centres also provide them boarding, lodging, recreation and gymnasium facilities. At present, nearly 1,400 Karigars have benefitted from this initiative.

With the help of the Karigars, Titan Jewellery, led by brand Tanishq, is also recognised for excellence in design, product quality and exceptional customer service across our large network of stores across the country (239 stores).

14
KARIGAR PARKS

4
KARIGAR CONNECT PROGRAMMES IN 2016-17

1,400
KARIGARS BENEFITED

With 7,437 employees on our rolls, Titan strives its best to be a preferred employer. Internal surveys and employee feedbacks constantly tell us that our efforts are bearing fruit. Ensuring a certain level of care and concern for all the employees is a basic credo for us.

To build a better talent pipeline for our people, we engaged with our board and through a process of dialogue with various stakeholders, we looked at what were the competencies that a future Titan leader would need. On this basis, we built a competency framework and have launched leadership development programmes at various levels for young, emerging and top level management. This framework has become the cornerstone for our performance management system as well.

During the year, a VRS was rolled out and 279 employees opted for the scheme. Keeping an eye on the future, the Company has also launched a cultural transformation initiative, which should make Titan even more respected and desirable for employees and associates.

Employees





EMPATHETIC EMPLOYMENT

MARKET ENVIRONMENT

Titan's operating market is transforming. Going ahead, the following are some of the key themes that the Company envisages as being dominant across consumer segments:



Consumer Investing in Self

With an increased awareness of the latest fashion trends, the consumer is investing more in the physical self. Peer-influence, availability of global brands, and increased market competition between premium brands are trends pushing the consumer to this end.

Another trend is that the consumers are becoming increasingly fitness-conscious. The demand for a healthy living has opened up opportunities for wearables and the urban dwellers are increasingly moving towards fitness regimes such as marathon running. Spiritually too, the consumer is evolving as yoga and other "inner-engineering" programmes are gaining mass relevance. Easy availability of information and avenues for "anytime learning" have pushed the intellectual aspect as well.



Premiumisation

There is a growing incidence of people seeking more experiences than products now. This is a major trend transforming the consumption pattern of the people. Stand-up comedies, impulse shopping and other "action" activities are gaining prominence.



Digitisation

With the onset of e-tailing, customers have now become channel-agnostic. They are more aware of the products and specifications, and the offers available for them. Thus, every aspect of customer purchase is inlaid with technology, right from product research to shortlisting to purchase and feedback. A three-fold penetration of internet over the past three years has accelerated this behaviour.



Indianess

A dissolution of the diffidence among Indians is evident in the current times. Owing to the success of Indians at the global arena and the country's growth, there is an inward looking trend in the market. The Indian expenditure is growing at 12% compared to the global average of 5%.



Rise of Women

With the country becoming more modern, women in India are making marks in various areas. They are making huge strides in education, sports, business etc. For instance, in the past five years alone, the number of females in the boards of companies has doubled.



Advocacy

With the changing customers should change the way offerings are delivered and communicated. Opinion leadership, user ratings online, customer reviews etc. are instrumental in the decision making process of the buyers.



Social Media

The boundary between social media and real life are blurring day by day, with "likes" and "followers" becoming the new metrics of social approval. The customers are further empowered because of their power to raise complaints and resolve issues. Companies are also scouting for indirect feedback from customers.



Entertainment and Content

With the introduction of competitively priced data schemes, the propensity of Indians to consume content has increased. The speed of data transmission is helping the content change its format from text to pictures to videos. Social messages and appeal to youth are new guidelines to create connecting content.

Encompassing all the above themes, Titan is introducing new products and entering new segments. Incorporation of technology at multiple levels, introduction of branded products at attractive price points and distribution of products through the omni-channel route are the ways in which the Company is matching the trends.

STAKEHOLDER VALUE CREATION



Investors

Return on Net Worth (RONW):
19.40% in FY 2016-17

Return on Capital Employed (ROCE):
29.20% in FY 2016-17

Dividend Announced
₹ **2.6** per equity share in FY 2016-17

Share Price Growth
36% y-o-y FY 2016-17



Employees

Friendly policies

Desired Employer status

Rewards & Recognitions

Education Support & Scholarships

Multi-level training



Customers

Exquisite Designs at attractive price points, functional and adornment products, and new-age offerings

Retail Experience in stores

Accessibility through omni-channel

Extensive service network

Quality and brand assurance



Supply Chain

Self-sustained livelihood programme through MEADOWS

Improving the working conditions of karigars through Karigar Park and Karigar centres



Government

Payments to the exchequer
₹ **1,043 Cr.** in FY 2016-17

Assistance in community building

Maintaining compliance



Franchisees

Business Associates Meet

Association with multiple businesses of Titan

Annual Planning meets

Dealer Meets



Community

Total CSR spend of ₹ **20 Cr.** in FY 2016-17

7,000 man hours of voluntary activity by **300+** employees

Initiatives like Titan Scholarships, Titan Kanya Project, Employability skill development, Support to Indian Arts and crafts , Preventive Eye care programmes and support to the differently-abled.

Scholarship schemes, supporting Tribal school children, employability related training

Impact on **2.21 lakh** individuals

DESIGNED TO GIVE BACK

At Titan, sustainable development acts as our backbone. Committed to go beyond our usual line of business to give back to the society and empower the people, Titan is designed to be responsible to our external stakeholders. The following are some of our primary focus points:



Holistic and Lifecycle Approach to Support the Underprivileged Girl Child - Titan Kanya

The Titan Kanya Programme, launched in 2013, is a collaborative pan-India initiative involving the Company, its employees and Business Associates, seeking to empower the underprivileged girl child through education. Working with two NGOs - the K C Mahindra Education Trust (Nanhi Kali programme) and IIMPACT, Titan Kanya has till date benefited about 9263 girl children. The Titan Kanya programme also extends its services to girl students passing out from class 10 through its 'Kanya Centre.'This programme's larger purpose is the holistic and lifecycle engagement of the girl child. In the next five years, we aim to benefit close to 1 lakh children under this programme.

Supporting Education and Skills Development of Tribal Children

Titan started engaging with the NGO named Swami Vivekanand Youth Movement (SVYM), to support all the high school tribal children in the remote location of Heggadevanakote of Karnataka. So far, over 120 high school tribal children are benefitted by this programme which undertakes many innovative interventions such as community connect projects, spoken English courses, formal career counselling and more. Pursuant to Titan's efforts, in last 3 years, the number of students to pass class 10 has been over 70% each year. We have also taken up capacity building in schools, where we started rejuvenating the D.Ed teacher training programme for the tribal youth.

Supporting Traditional Crafts, Art and Heritage of Porgai

Sittilingi, a non-descript village in Dharmapuri district, is home to the Lambadi tribe that migrated from North India centuries ago. 'Porgai' means 'pride' in Lambadi. Dr Lalitha Regi of Tribal Health Initiative has helped the women's groups here to revive the traditional art of Lambadi embroidery. Titan has commissioned a comprehensive and customised support programme for these groups, through a 3-year holistic partnership. Titan has also set the Porgai Artisan Centre, for centralised training, storage and exhibition facilities.

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FAMILY MEMBERS BENEFITED

BOARD OF DIRECTORS

Atulya Misra (IAS) Chairman

He joined the Titan Board on 31st March, 2017. He has held critical and important positions in the Government of Tamil Nadu as well as the Government of India. He has close to 3 decades of wide experience in Public Administration, Management of regulatory bodies and, heading large Infrastructure and commercial organisations.

Bhaskar Bhat Managing Director

He assumed the position of Managing Director of Titan Company Limited on 1st 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 Ltd. 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.

N.N. Tata

He joined the Titan Board on 7th August, 2003. He oversaw the growth of Westside and other Trent formats from one-store operation in 1998 to over a hundred stores in 2012. He took over as the Managing Director of Tata International Limited in August 2010 which is a global trading and distribution company with presence in leather products, metals trading, minerals trading and agri trading and employing over 10,000 personnel spanning 39 countries across Africa, Asia, Europe, Latin America and Middle East.

T.K. Arun

Joined the Titan Board on 31st July, 2012. He holds a Bachelor's Degree in Commerce and is a Member of the Institute of Company Secretaries of India. He is a proficient individual in the fields of Law, Finance, Administration, and Public Private Partnerships for infrastructure projects and arbitration.

Harish Bhat

He joined the Titan Company board on 20th April, 2015. He has been with the Tata Group since 1987 and has completed 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.

T.K. Balaji

He joined the Board of Directors of the Company on 1st 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.

Vinita Bali

She joined the Board of Directors of the Company on 18th October, 2006. Ms Bali is a global business leader with extensive experience in leading large Companies both in India and overseas. Effective April 2014, Ms. Bali is pursuing her interests in the corporate and development sectors, through a portfolio of roles and responsibilities. She is a Non-Executive Director on the global Boards of Syngenta International AG, Global Alliance for Improved Nutrition (GAIN) and the Advisory Board of Cornell University's Department of Nutritional Science.

Hema Ravichandar

She joined the Board of Directors of the Company on 30th 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.

Prof. Das Narayandas

He joined the Board of Directors of the Company on 29th April, 2011. Prof. Das Narayandas is the James J. Hill Professor of Business Administration at the Harvard Business School. He is currently the Senior Associate Dean, HBS Executive Education and Publishing. His academic credentials include a Bachelor of Technology degree in Engineering from the Indian Institute of Technology, a Post-Graduate Diploma in Management from the Indian Institute of Management and a Ph.D. in Management from Purdue University, USA.

Ireena Vittal

She joined the Board of Directors of the Company on 30th 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.

Ashwani Puri

He joined the Titan Board on 6th 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.

AWARDS

Titan was recognised for the third consecutive year as the **'Most Admired Knowledge Enterprise' in Asia**

Three watches, JUXT, JUXT Pro and Regalia Rome received the coveted **'India Design Mark Award'**

The Titan Corporate Communications team won the **Tata Group award for Best Internal Communications**

Titan's Diamond Sourcing team won the **Procurement Excellence Award**

HR Manufacturing team (Hosur - Watches & Jewellery) won at the **CII Southern Region & IFMR**

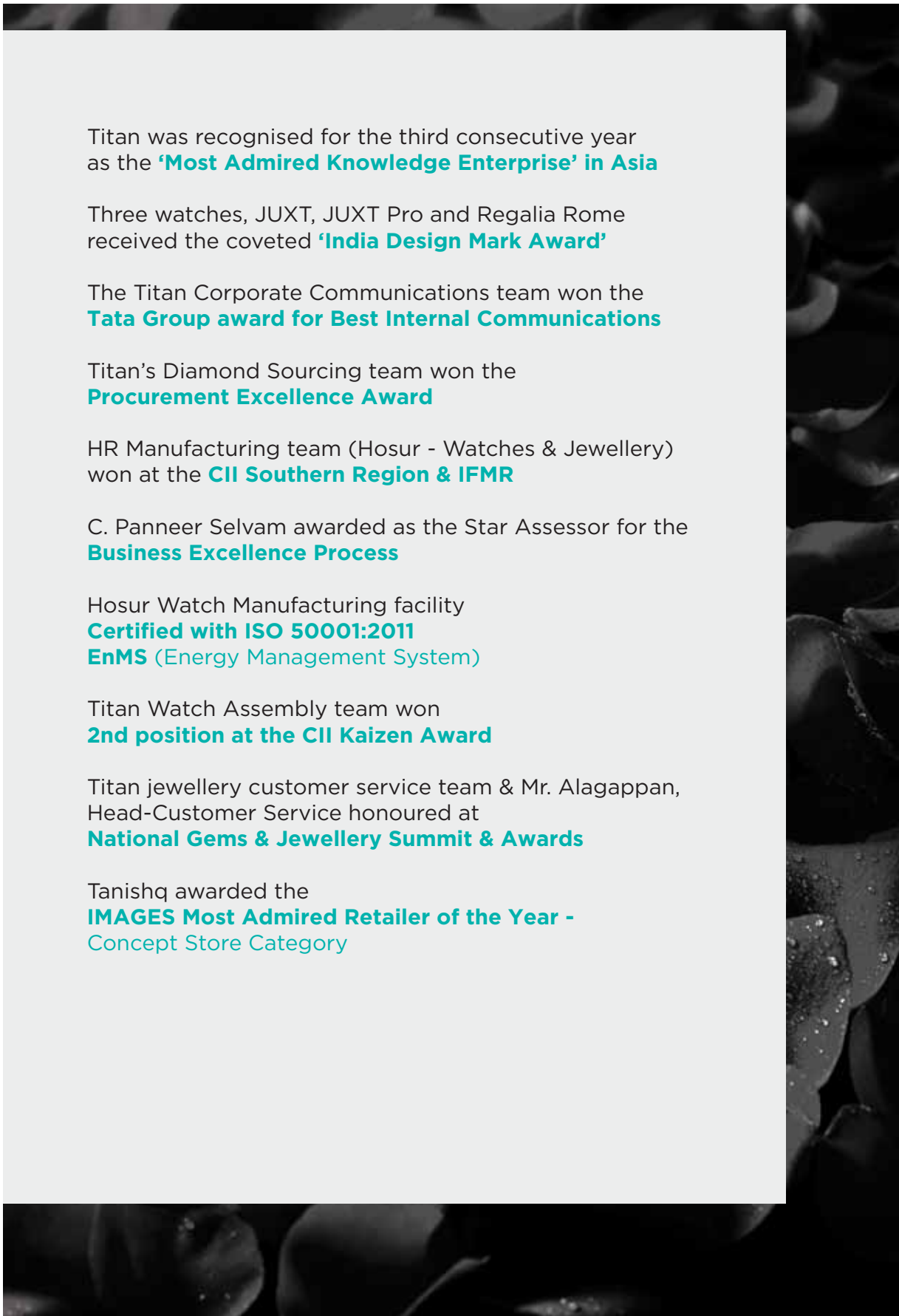
C. Panneer Selvam awarded as the Star Assessor for the **Business Excellence Process**

Hosur Watch Manufacturing facility **Certified with ISO 50001:2011 EnMS** (Energy Management System)

Titan Watch Assembly team won **2nd position at the CII Kaizen Award**

Titan jewellery customer service team & Mr. Alagappan, Head-Customer Service honoured at **National Gems & Jewellery Summit & Awards**

Tanishq awarded the **IMAGES Most Admired Retailer of the Year -** Concept Store Category



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MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENT

Macroeconomic overview: A volatile 2016-17
Cautious optimism outlook for 2017-18

2016-17 was a year of uncertainties. The first half of the year was marked by weak wedding and festive seasons and disruptions during the Akshaya Tritiya festival (April 2016), and a normal but prediction-belying monsoon.

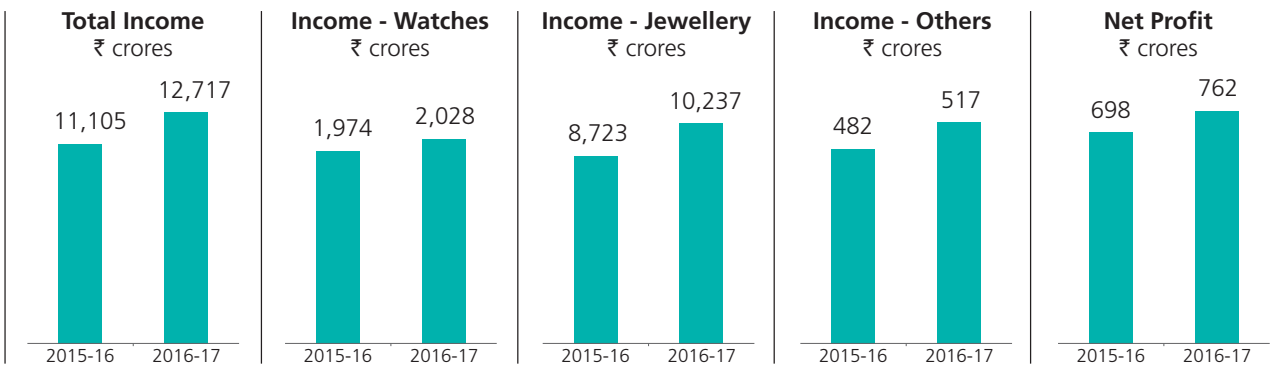
The second half, however, saw a much better consumer sentiment despite demonetisation, driven largely by good festive and wedding seasons (October-March) and low inflation. Neilsen's Consumer Confidence Index in the October-December period showed a steady gain from the previous period, demonstrating this.

The impact of some of the headwinds was offset due to implementation of the 7th Pay Commission recommendations which spurred domestic consumption in FY 2016-17. The overall retail inflation tapered down to 3.8% in March 2017, from 5.6% in April 2016. The dollar-rupee exchange rate too came down favourably to `64.5 levels. All of these augur well for consumer spending, which is likely to surge forward. The GDP growth estimate is a strong 7.1% (Source – Central Statistics Office) for the year in review and is expected to further strengthen in FY 2017-18, helping India retain its status as the world's fastest growing large economy. The revival of consumer interest, hopes of a good monsoon, and India's underlying economic strength are factors supporting growth prospects.

Key Consumer and Market Trends

- **GST:** The Goods and Services Tax is a seminal tax reform that is expected to drive more transparency and compliance. A level playing field will bridge the undue advantage that informal players had over the formal ones in the past years. There is going to be a long-term benefit for organised players like Titan because of greater transparency and compliance with indirect taxes. The tax reform is also expected to impact GDP growth positively in the long-term, temporary downside due to implementation issues notwithstanding.
- **Formalisation:** Government's focus on black money, very stringent tax rules, increased curbs on cash purchases, and a push on digital payments will attract more consumers to trusted players like Titan.
- **Affinity to Responsible Brands:** Consumers are also looking for purposeful and responsible organisations to associate with. The Company's ongoing efforts in the sustainability space will contribute towards building this connect, and building customer affinity.
- **Provenance is pride:** Brexit, the US election, rising conservatism in Europe, and the success of homegrown brands- all point to a new behaviour in which identity will be sharply local. In India too, the nationalist pride is evident. Many consumer categories are witnessing significant consumer interest in categories and brands that help Indians express their pride. The Titan brand is one that helps consumers fortify this association.
- **Trend-Setting Millennials:** Millennials and their tech-savvy lifestyle are now offering the Company many opportunities to connect with them digitally; cashless payments and innovative communication through digital platforms being major avenues among them. They have become a category of buyers driving the trends in the market, with their propensity for brand association and high-value purchases. Titan's product launches are well-placed to capitalise on the trend.
- **Premiumisation:** A rising level of disposable income has resulted in a wave of premiumisation of products. While this has attracted several foreign brands to the Indian market, domestic brands too are adapting to capture market share. Titan will benefit from its strategy of focusing on premium products as well as distribution of major international brands.

Financial Highlights



WATCHES & ACCESSORIES DIVISION

Overview

The watches category has witnessed a tepid, single-digit Compounded Annual Growth Rate in sales in the past four years. However, the introduction of technology, smart watches and other disruptive trends, have revitalised the market, and has rekindled interest in watches as a fashion statement. Even in the case of distribution, e-commerce is a significant new way in which the consumers are buying watches. With this background, Titan's watches business sought to reinvent itself last year through directional shifts, wherever required, to develop an effective portfolio of brands, channels and markets.

Global Watch Market Trend

The Swiss watch industry remained mired in a difficult operating environment, with the total exports from the country falling in succession to the previous year.

The situation in Asia remained tough too, and the Swiss watches market in the region witnessed a heavy contraction, driven by the trends in Hong Kong. Mainland China, however, gave the Swiss watchmakers a boost, especially in the first four months of 2017, where sales stood 21% higher on a y-o-y basis (Source: Federation of the Swiss Watch Industry (FHS)). Experts in the sector have expressed confidence that the market is recovering and that the worst is over.

Globally, watchmakers are coping up with the downturn by downsizing, inventory streamlining, consolidation and retail restructuring. Product innovation is moving in tandem with the latest technology, and globally, a 'vintage-inspired' trend is visible. Further, contemporarily relevant customer groups like women, businessmen-on-the-move etc. are being targeted. Placed as an accessory near to jewellery, the women's watch segment is particularly gaining focus.

The year 2016-17

The early results of business reorientation have been very encouraging. Despite external disruptions like the elections in key states, political uncertainty in Tamil Nadu and demonetisation, the watches business has grown well through its chain of exclusive showrooms. All other channels have seen growth as well; with the Large Format Stores channel recording a healthy double-digit growth and also a gain in market share. E-commerce grew multi-fold through strategic partnerships.

Key highlights of business recrafting

Design differentiation

Watches under the Titan umbrella have always been guided by great design. This year too, the division engaged with several international design experts to take design and functionality offerings to new levels of consumer delight. A French design mentor helped recraft the design language for the Octane, Xylys and Fastrack brands. The division has also engaged the services of a British designer to work on a project involving innovative materials. Along the same lines, Brand Raga is collaborating with Masaba Gupta, a young fashion designer, for its new collection.

Watches under the Titan umbrella have always been guided by great design. This year too, the division engaged with several international design experts to take design and functionality offerings to new levels of consumer delight.

Focus across price points

Several initiatives were undertaken during the year to acquire consumers looking for lower priced watches. Titan introduced over 100 new products in the Karishma range; Sonata launched new variants in both metal (Astra) and plastic; and Fastrack introduced the exciting Star Wars and Bare Basics collections. Titan's brands have aggressively gained shelf space in dealer outlets with shop-in-shop counters and impressive visual merchandising.

Retail stores

At the start of FY 2016-17, retaining store-growth was a challenge. A number of initiatives in improving customer acquisition, customer experience, and merchandising helped turn around the same. In particular, the 'SMILE – Create Magic' customer delight programme backed by lean and kaizen initiatives touched the lives of many consumers and store staff. The Company's focus on merchandise management led to better inventory availability, stock turn improvement, and eventually better customer servicing.

Impetus on smart products

Post the launch of Titan JUXT in January 2016, the year has seen the introduction of smart watches from its brand stable. The launch of JUXT PRO, the fully loaded, touch screen smart watch was a runaway success. In fact, the entire inventory was sold out in just 6 months.

The entire inventory of JUXT PRO was sold out in just six months.

This was followed by the launch of Sonata ACT - India's first safety watch for women. Addressing a critical need like safety, ACT has seen an excellent response from consumers. The marketing campaign for ACT has received several accolades at the coveted Goa Fest. Topping the launches, the year-end saw the introduction of Fastrack's smart band 'REFLEX', the initial sales of which have been more than encouraging.

Titan's premiumisation journey

Continuing on its premiumisation journey, brand Titan launched exciting products like the Titan Edge Ceramic - the slimmest ceramic watch in the universe and collections like the Raga Aurora and Regalia Rome.

The year 2016-17 also witnessed the launch of Titan Octane, a sub-brand of sporty watches, with a high-visibility campaign. With significant investments in digital marketing, the campaign helped Titan gain further relevance among modern consumers.

The slew of new product introductions in NEO & Purple saw a positive retail off-take.

These initiatives have helped improve Titan's brand perception as a contemporary watch that complements premium lifestyles.

Manufacturing

On the manufacturing front, Titan made significant investments in innovation and R&D during the year, thus producing several key outcomes – the in-house development of India's first safety watch (ACT), the slimmest ceramic watch (Edge) and the development of gold filigree watches for Nebula. Another special intervention was the introduction of a unique ID system for watches. Every original Titan watch can now be identified from duplicates. The team has also developed several new movements during the year including variants of the 'Edge' movement with date function.

The year also saw the introduction of a unique ID system for watches. Every watch made by TCL can now be identified.

Design and Technology

Titan's design studio witnessed yet another landmark year. It designed over 1000 watches and accessories across all brands for the division and three of the brand's watches, JUXT, JUXT Pro and Regalia Rome received the coveted 'India Design Mark Award'.

The technology team had an eventful year with the launch of 3 new 'Smart' products. The team also took the initiative of engaging with a wide spectrum of consumers to unearth real-life insights that can help design smart products in the near future. The Company's designers also widened their scope of work by developing new mobile applications for the upcoming launches in the wearable space. Continuing the journey, an exciting line-up of new product launches are being readied for 2017-18 across all brands.

Favre-Leuba

Titan Company Limited purchased the brand Favre-Leuba in 2011. A robust strategy is being worked out for the brand, whose market roll-out commenced in October 2016. Post-acquisition, Japan was the first market in which the new Favre-Leuba collection was launched. It was showcased at the country's best retailer. This was followed by the launch in India, Middle East, Taiwan, Hong Kong and Switzerland. Favre-Leuba Raider Harpoon, a diver's watch with a single hand and a unique way of telling time, garnered a lot of attention from the retailers as well as the media.

Favre-Leuba rolled out in the Market in October 2016.

March 2017 was also extremely special for this legendary brand, as it celebrated its 280th anniversary. To commemorate this, an immersive experience was created during Baselworld, which highlighted the brand's historic achievements, as well as the ingenious, Raider Bivouac 9000.

International business

Exports witnessed a very tough year on account of the full-blown impact of the Middle-East's oil price dynamics. Currency devaluation in Malaysia and Singapore and some restructuring in Vietnam resulted in reduced business growth in the Far East markets. However, better profit margin was delivered in the year, on the back of tight control on costs and sale of rich product mix. The business is aiming to consolidate in 2018-19 while targeting sharper investments.

Licensed brands

In the licensed brands portfolio, brand 'Tommy Hilfiger' did well despite enhanced activity by other competing international brands. 'Police' also grew significantly through footprint expansion. Two brands, Anne Klein and Kenneth Cole were inducted into the Company's portfolio during the year, to consolidate Titan's hold in the growing fashion space.

Tommy Hilfiger	FCUK (French Connection)	Timberland
Police	Anne Klein	Kenneth Cole

Risks & Challenges

While Titan's brands collectively continue to dominate the watch market in India, competition challenges arise from global players and new entrants in smart watches, wearables and devices and other non-watch categories. The consumers are increasingly looking forward to offers and discounts, which is another challenge.

Technology will play an important role in the category in the years ahead and keeping products relevant and exciting for the young consumer is the challenge that Titan is working on.

Emergence of e-commerce players who indulge in deep discounting is repositioning the watch category vis-à-vis other categories. Ensuring consumer walk-ins and purchases at the Titan stores and sustaining their interest in the category is a challenge that the watches division is fully geared up to.

Economic volatility and cost escalation are some of the other challenges that the business is addressing to secure long-term health of the business.

Looking ahead
The Titan team, its partners and associates are excited and looking forward to the future. Titan intends to build on this momentum while stepping into 2017-18, armed with a new set of initiatives designed to take the recrafting journey forward.

JEWELLERY DIVISION

Regulatory Environment and Competitive Situation
The government's tough stance on black money and cash transactions has manifested in multiple ways through FY 2016-17. Some of them are:

1. The implementation of the ₹ 2 lakh PAN card rule.
2. The demonetisation exercise, its impact on cash transactions and the Income Tax department's raids on many jewellers.
3. The 'No cash beyond' ₹ 2 lakh rule from 1st April, 2017.

The Company believes that the above measures have made operations very difficult for medium and small jewellers across the country, whose dependence on cash transactions was exceedingly high. Simultaneously, the customers of such jewellers have become wary of shopping with them, for the fear of being dragged into the Income Tax Department's enquiries. Titan has seen quite a visible improvement in new customer acquisition since November 2016. Multiple conversations indicate that these recent customers are much more comfortable with organised jewellers (like the Titan brands) since the last remaining key disadvantage (payment mode inflexibility and PAN card insistence) has virtually disappeared.

The introduction of the Goods and Services Tax (GST) is expected to further consolidate these gains for the organised players. The government has fixed the GST rate on gold jewellery at 3%, in line with the draft rules published before. The governments (central and state) are expected to be stringent with tax collections and this focus will drive significant compliance from all sectors. Such compliance will naturally mean a level-playing field for organised players since all the secondary ways of making money will disappear, paving the way for better pricing parity.

Thus a very positive situation for Tanishq is being propounded, since it is the leading organised sector brand in network, sales and profits, being the most desired brand by far.

Strict compliance will mean a better level-playing field for organised players like Titan.

Consumer Sentiment
Over the last many quarters, an improving consumer sentiment with respect to discretionary consumption is seen. The consumer desire for jewellery ownership has also continued to remain very high. Given the adornment, cultural and wealth angles of jewellery, substitutes for share of wallet remain somewhat weaker and this would continue to help the business significantly.

Growth platforms for the next 5 years
Given such a conducive playing field (competitive situation) and an excited and eager audience (consumers), the Company expects the game to pick-up in pace over the next few years.

While Tanishq is the overall market leader, its share in certain segments and cities are much lower than where they could and should be. Thus, the Company's thrust in the next few years is on capitalising on the following opportunities:

1. **The Wedding Segment**
   This segment accounts for nearly 60% of the jewellery market and Tanishq's presence in this is small. While there has been a significant improvement in the last 2 years, there is much headroom for growth.

2. **High Value Diamond Jewellery**
   This segment accounts for more than 2/3rd of the total diamond jewellery segment and again, Tanishq is a small player here. With the right initiatives, this can also become a big driver of growth and profits. The early signs are already visible.

3. **Low Market Share Cities**
   There are many cities in India where Tanishq has been present for more than a decade but is still not in the top 3. While price-led jewellers rank number one in most of the value-seeking Indian cities, Tanishq could be in the top 3 list. Multiple initiatives are being put in place for this share gain.

4. Middle India
There are 400+ towns in "Middle India." Given the penetration of jewellery in the country, most of these towns present opportunities for Tanishq. The Company's experience in such towns (Durgapur, Siliguri, Guntur, Erode, Hisar, Hoshiarpur, Gandhidham, Bilaspur being some examples) is very encouraging and there is a need to get more aggressive in expansion plans for Middle India.

The 400+ 'Middle Indian' towns present encouraging opportunities for Titan.

Portfolio Consolidation
After much deliberation, it was decided that the second brand of the division, Gold Plus, will be folded back into Tanishq for better utilisation of people and resources, for the following reasons:

1. Over the last decade of Gold Plus' existence, the consumers of small-town South India have steadily evolved into looking at jewellery as adornment and have developed a more cosmopolitan taste in clothes and accessories. Tanishq is better positioned to satisfy these consumers effectively.

2. Gold Plus had to contend with very strong competitors in the form of the big jewellery chains of South India, even as Tanishq was dealing with them in the larger neighbouring cities of the South. It made sense for Tanishq to do this in one go across the country, thus totally eliminating duplication of efforts.

This migration is under way and will be completed in the first half of 2017-18.

Operational Improvements
The division has been investing significantly in various parts of its value chain. Some of the material aspects are:

1. Design and Launch of New Collections
Through a seamless working of teams, Tanishq has have developed this into an industry-leading capability with predictable results every time.

2. Merchandising Effectiveness and Supply Chain
The Company's collaboration with a global expert in this domain has given it industry-leading capability and results in store assortment design, new product introduction process, delivery lead times, stock turn and management of sludge stock.

3. Manufacturing and Vendor Partnering
Tanishq has invested continuously in equipment as well as expertise over the last few years. Vendor partner organisations are also treated as an extended arm. The result is a hugely differentiated backbone advantage that is difficult to replicate.

4. Bullion Management
Tanishq's in-house capabilities and processes, combined with special relationships with all the players in the field, are now significant competitive advantage for it.

5. Tax Benefits
The Dehradun and Pantnagar units of the division have contributed substantially towards tax savings and have also blossomed into world-class manufacturing centres. The Sikkim unit is a recent addition to this.

Risks and Challenges
We believe that most of the regulatory risks have played out already and a level-playing field is starting to fall in place, enabling a quicker achievement of our objectives. Our strategies have also been well-refined over the last couple of years to become quite effective.

Given these conditions, there are 2 risks/concerns that may come in the way of our sustained performance:
1. Poor execution of strategy
2. Macro-economic slowdown

EYEWEAR DIVISION

Operating environment
The eyewear market in India is fragmented and is estimated to be growing at 12-15%. The growth largely comes from new entrants who have come in at the national and regional level and have rapidly set up new stores. Local players have also mushroomed in recent years and it is estimated that there are over 30,000 such players. Existing national and regional players have been largely experiencing single digit growth.

The eyewear market has transitioned in recent years from being health-centric to fashion and style oriented, from family businesses to corporate retailers, and from single store formats to retail chains. Large sums are being invested in advertising and promotions. Offers and discounts have become a regular customer acquisition strategy.

Titan Eyeplus celebrates 10 years of its existence in 2017. It is by far the market leader with a chain of 472 stores in 203 towns across India. With 3.1 lakh square feet of prime retail space, close to 6 million loyal customers, and investments in lens manufacturing in Bengaluru, Delhi, Mumbai and Kolkata, the business is profitable and poised for further growth.

The year 2016-17
The year 2016-17 was a challenging year where the business grew by 9%. Faced with economic headwinds in the form of demonetisation and intense competition from national, regional and local players, the business saw signs of higher growth only in the fourth quarter.

While growth remained a challenge, many steps were taken to consolidate the business and invest in the future.

With the opening of 95 new stores during the year and after closing 25 unprofitable ones, the store count now stands at 472. A new low-cost store format was established in FY 2016-17 to address the demand in small towns and during the year, 21 such stores were opened. A large number of old stores were taken up for renovation and converted to the new retail identity.

A number of initiatives to drive same store growth were put in place. The effort to deliver spectacles within 30 minutes has been extremely successful and has emerged as a differentiator at the Titan Eyeplus stores. Initiatives to promote the sale of multiple products and powered sunglasses are beginning to bear fruit.

The effort to deliver spectacles within 30 minutes has been extremely successful and has emerged as a differentiator at the Titan Eyeplus stores.

The 'Make Hearts Beat' program to drive customer delight has been raised to a new level. Rather than focussing on the number of delight stories, the focus has changed to enhancing customer experience and delivering high quality service uniformly at all the stores.

Titan Eyeplus stores now look modern and contemporary with the new retail identity that has been recently rolled out. All new stores carry the new look and every old outlet is in the process of being renovated to carry the new look. Inside the stores, an occasion based display of Sport, Work and Fashion greatly enhances the retail experience and is a first in the industry.

For the first time ever, Titan Eyeplus ran an advertising campaign on television to promote its in-house manufactured lenses. The campaign was a first of its kind for lenses where it cued lifestyle more than functionality. In addition, a series of press and radio advertisements directly aimed at increasing walk-ins proved to be very successful.

Over 350 new frames and 300 new sunglasses were introduced during the year. Innovations like the 'Flip' range of frames (frames that have multiple temples) have done exceedingly well at the stores. Introduction of fog-free lenses and digital lenses made at the in-house lens manufacturing facilities have evoked an excellent response from the consumers.

Innovations like the 'Flip' range of frames (frames that have multiple temples) have done exceedingly well at the stores.

Trust and transparency are pillars on which the Titan Eyeplus 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 Eyeplus 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, three satellite lens laboratories were opened in Kolkata, Delhi and Mumbai. These were in addition to the main manufacturing facility at Chikkaballapur outside Bengaluru. The new satellite lens laboratories have improved logistics considerably and enabled lens delivery in a shorter time-frame.

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.

A mass eye screening initiative called 'Sparkling Eyes' was launched for school children covering 350 schools across 150 different locations and covering 1 lakh children.

Risks and Challenges
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 imminent advent of GST, many of the local operators will find the going difficult. 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 rapid 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/omni-channel play will continue to be opportunities that the business will address.

Building scale through rapid expansion and driving same store growth will be the key opportunities to pursue.

The sunglass market and the contact lens market continue to be underpenetrated 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, a frame manufacturing facility is in the process of being set up and will go operational during the course of FY 2017-18.

Risks to the eyewear category could emerge from 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.

PRECISION ENGINEERING DIVISION

Subsidiarisation of Precision Engineering Division

Precision Engineering Division comprising industrial automation solution business and precision parts manufacturing business for aerospace and defence industry has become a wholly-owned subsidiary of Titan Company Limited effective from April 2017. The Honourable High Court of Judicature at Madras has approved the scheme of arrangement between Titan Company Limited and Titan Engineering & Automation Limited. The subsidiary company will be known as "Titan Engineering & Automation Limited" (TEAL). The industrial automation business unit (Unit 1) will continue its operation from its existing location, 27 & 28, SIPCOT Industrial Complex, Hosur. The Aerospace & Defence business unit (Unit 2) has already been shifted from Bommasandra, Bengaluru to the newly created, state of the art facility at Muduganappli, Hosur-Denkanikottai Road, Hosur and it is operational from April 2017.

INTEGRATED RETAIL SERVICES GROUP

The year witnessed aggressive expansion of the Company's retail network with a net addition of 84 stores. As on 31st March, 2017, the Company had 1,366 stores, with over 1.8 million square feet of retail space delivering a retail turnover of just over ₹ 12,700 crores.

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 31st March, 2017.

DIGITAL

During the course of this year the Company has started implementation of its digital strategy. The digital strategy itself has 3 elements.

- To create a high quality and seamlessly blended Online & In-store (omni-channel) customer experience that allows customers to move back and forth at will, during the Discovery, Buying and Post-purchase stages.
- To be able to "personalise" both the customer experience and relationship management to the highest degree possible.
- To "dematerialise" as much of Titan processes as possible, significantly increasing agility.

The Company finalised IBM as its technology partner in June 2016 and Cognizant as its implementation partner in October 2016. Implementation has started from December 2016 with the current scope expected to be completed by June 2018. The implantation focuses on building 3 platforms which once up, will support all our businesses and giving us many new features and a quick 'go to market'. Key features and milestones for the 3 platforms are listed below:

Discover & Buy Platform: This will allow our customers across businesses to discover our products online and then buy them online or in-store as they choose. The objective is to provide customers with a discovery and buy journey where they explore and engage seamlessly on any channel or device of their choice. This platform will integrate with marketplaces like Flipkart, Tata Cliq and Amazon and will run all our brand websites going forward.

During the year, a three-pronged digital strategy was unveiled to better and personalise customer experience, and to dematerialise processes.

Analytics & Insights Platform: This will pull together all company data into a central enterprise storage system. Advanced Analytics tools (IBM's PCI and SPSS) and Marketing Automation tool (IBM's IMC) will access the central data and help managers make quick data based decisions and uncover patterns & insights that might lead to new features and products.

Customer Management Platform: The Unified Loyalty Programme has been revamped with much lower 'earn' rates coupled with higher 'burn' rates making it both efficient for our businesses and valuable to our customers. A Unified Customer Service Team has been created with a Level 1 Desk that handles calls, e-mails, chats, and social media response. Social media response times for all brands are now below 30 minutes. Next up is enriching the 'Single View of the Customer' and becoming able to target customers with messages that are relevant and useful to them.

During the course of FY 2017-18 as features go live on the platform, the Digital and IT Teams will work closely with the businesses to provide them with useful outcomes. While building the platforms is time consuming, we believe they will provide substantial improvements to both the Customer and Employee experiences. And as future preparation, the Company is exploring Artificial Intelligence and Cognitive use cases that can be operationalised in the future on the three digital platforms in Phase 2.

INFORMATION TECHNOLOGY (IT)

While the year started with the finalising of various technologies to be adopted for Titan's Digital Transformation programme, a host of other information technology projects were implemented across divisions. The Jewellery division was able to enhance its supply chain effectiveness by implementing a software tool that optimised inventory, capacity utilisation and response times to retail demand. Information technology was also leveraged to enhance its responsiveness to competitive activities by quick turnaround of schemes and dynamic pricing of platinum products.

The Watches Division piloted mobile devices for its redistribution stockists enabling the Division to get real time information on secondary sales and stocks. The structural changes made in retail and after sales function also triggered business re-engineering and consequently a revamp of software platforms. In order to address the issue of counterfeiting, the software systems were reconfigured to implement unique serial numbers for watches.

The introduction of new Lens Labs in the Eyewear business necessitated the optimisation of capacity utilisation and leveraging the investments for reducing lead times for customer orders by automating order management process.

With the Company's foray into ethnic wear through Taneira, the entire chain of business processes has been enabled by implementing ERP, mobile and retail applications addressing some very key requirements of the business.

In order to give impetus to Business Process Automation, Titan has invested in a software platform from IBM. Over twenty business process automation projects have been implemented in the last one year taking the cumulative total to fifty. This has not only enhanced controls in business processes through technology but also reduced the lead time wherever the processes require approvals at various stages.

Titan was recognised for the third consecutive year as the "Most Admired Knowledge Enterprise" in Asia. Implementation of collaboration tools and digitising the voice of customers and employees in areas of customer experience and process improvements were instrumental in winning the award.

With the Company's foray into ethnic wear through Taneira, the entire business processes have been enabled by implementing ERP, mobile and retail applications addressing some very key requirements of the business.

HUMAN RESOURCES

The Company had 7,437 employees on rolls as on 31st March, 2017, of which 1,867 were women. 596 new employees were hired during the year. Out of these 7,437 employees, 3,629 were engaged in manufacturing, 2,342 in retail and 1,466 in corporate & support functions. The Company also had an attrition of 973 employees which resulted in an attrition rate of 13%. A net reduction of 377 employees happened in the year.

One of the key focus areas for the year was to optimise cost wherever possible and enhance employee productivity. Through stringent controls on manpower, roll-out of Voluntary Retirement Scheme and the Long-Term Settlement, the Company was able to control the exit cost of employees at ` 807 crores as against a budget of ` 832 crores. The TEAL subsidiarisation was also completed last year. Additional process reviews and studies are in progress to further optimise cost in parallel with growth.

Significant progress was made in the Company's journey towards elimination of manual processes in the year. Completion of the transition of employee data and processes to a new, more user-friendly platform to enable operational efficiency and ease of access to data was undertaken, simultaneously improving employee experience. HR audits have continued with the same rigor bringing in process efficiencies & excellence.

In 2015, focussed development programme was proposed for top talent at four distinct levels of the organisation – young leaders, emerging leaders or mid-management, senior management and top leadership team. In 2016, the team has successfully launched three of the four programmes. FY 2016-17 also saw a focussed approach to Leadership Talent building in the form of articulation of Titan Leadership Competency Framework, followed by deep diagnostics and focussed individual and group development for Top Management Council. A culture study was completed last year through which the key elements of Titan's culture were identified. These elements formed the base of the work done on creating the behavioural competency framework for Titan which has been integrated with key HR processes. In addition, the HR team created the retail competency framework for the frontline retail staff. The assessment of the existing retail staff on the competencies was completed last year.

The Titan Corporate Communications team won the Tata Group award for Best Internal Communications, which was a great achievement for the team.

Last year saw the launch of the Titan Premier League – a unique initiative that engaged employees across the organisation by way of sports. 300 participants across all Titan office locations participated in the event. The Outstanding Titanian and Dream Team (OTDT) awards were the high point of the year, as always. Titan's employees have continued to participate enthusiastically in various programmes such as small group activities, cross functional teams, safety forums and volunteering efforts.

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

In 2016, the Company has successfully launched three of the four focussed talent development programmes for different levels.

SEGMENT WISE PERFORMANCE

(₹ in Lakhs)

Segment Results	Year Ended 31-03-2017 (Audited)	Year Ended 31-03-2016 (Audited)
Net sales / Income from segments		
Watches	202,756	197,436
Jewellery	1,023,728	872,265
Eyewear	40,580	37,452
Others	6,469	5,465
Corporate (Unallocated)	4,633	5,236
Total	**1,278,166**	**1,117,854**
Profit / (Loss) from segments before finance costs and taxes		
Watches	13,843	17,065
Jewellery	103,872	80,004
Eyewear	1,278	2,061
Others	(4,080)	(2,719)
Total	**114,913**	**96,411**

(₹ in Lakhs)

Segment Results	Year Ended 31-03-2017 (Audited)	Year Ended 31-03-2016 (Audited)
Less : Finance Costs	3,713	4,228
Unallocable expenditure net of unallocable income	(7,858)	(3,343)
Profit before taxes	103,342	88,840
Capital Employed		
Watches	70,106	77,807
Jewellery	117,567	202,150
Eyewear	13,896	9,872
Others	3,049	24,096
Corporate (Unallocated)	226,359	41,174
Total	**430,977**	**355,099**

HOW THE COMPANY FARED

The Company's sales increased by 14.5%; profit before tax increased by 16.3% while profit after tax increased by 9.2% over the previous year. Some of the key financial indicators are as below:

	2016-17	2015-16	2014-15	2013-14	2012-13
Sales to Net fixed assets (No. of times)	15.37	15.40	16.17	17.41	20.82
Sales to Debtors (No. of times)	110.24	82.35	63.71	72.06	62.31
Sales to Inventory (No. of times)	2.65	2.53	2.95	2.83	2.78
Retained Earnings - Rupees in crores	484.05	462.50	577.31	523.02	507.06
Return on Capital Employed (EBIT)	29.20%	25.80%	33.10%	37.90%	55.90%
Return on Net worth	19.40%	21.10%	29.30%	33.0%	42.50%

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.

BOARD'S REPORT

To the Members of Titan Company Limited

The Directors are pleased to present the **Thirty Third Annual Report** and the Audited Statement of Accounts for the year ended 31st March 2017:

1. FINANCIAL RESULTS

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS ") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Financial statements for the year ended and as at March 31, 2016 have been restated to conform to Ind AS. Note 3 to the consolidated financial statement provides further explanation on the transition to Ind AS.

(₹ Crores)

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Sales Income	12,716.89	11,105.38	13,100.16	11,310.02
Other Income	64.77	73.16	70.49	73.92
Total Income	**12,781.66**	**11,178.54**	**13,170.65**	**11,383.94**
Expenditure	11,521.51	10,160.74	11,944.67	10,375.28
Profit before exceptional items, finance costs, depreciation and taxes	**1,260.15**	**1,017.80**	**1,225.98**	**1,008.66**
Finance Costs	37.13	42.28	37.74	42.36
Depreciation / Amortisation	93.23	87.12	110.53	98.19
Profit before exceptional items and taxes	1,129.79	888.40	1,077.71	868.11
Exceptional items (VRS)	96.37	-	102.69	
Profit before taxes	**1,033.42**	**888.40**	**975.02**	**868.11**
Income taxes				
- Current	300.00	170.30	302.11	170.96
- Deferred	(28.44)	20.53	(26.14)	20.63
Profit after taxes for the year	761.86	697.57	699.05	676.52
Share of profit/(Loss) of a associate and Jointly controlled entity	-	-	(1.77)	(2.00)
Profit for the year	761.86	697.57	697.28	674.52
Attributable to				
- Shareholders of the Company	761.86	697.57	711.47	674.52
- Non-controlling interests	-	-	(14.19)	-
Profit brought forward	1,012.22	1,316.74	984.27	1311.84
Appropriations				
Interim dividend	-		-	-
Proposed dividend on equity shares	-	(399.50)	-	(399.50)
Tax on dividends	-	(81.33)	-	(81.33)
Transfer to general reserve	(506.06)	(521.26)	(506.06)	(521.26)
Balance carried forward	1,268.02	1,012.22	1,189.68	984.27

During the year under review, the Company's sales income grew by 14.5 % to ₹ 12,716.89 crores compared with ₹ 11,105.38 crores in the previous year. Profit before tax grew by 16.3 % to ₹ 1,033.42 crores and the net profit increased 9.2 % to ₹ 761.86 crores. This performance came in the backdrop of an environment where the consumer sentiment did not pick up as expected and regulatory measures adversely affected the jewellery business.

The Watches business of the Company recorded an income of ₹ 2,027.56 crores, a growth of 2.7% which was achieved through meticulous planning and execution of key initiatives. The income from Jewellery segment grew by 17.4% touching ₹ 10,237.28 crores. The income from Eyewear segment grew by 8.4% touching ₹ 405.80 crores. The income from other segments recorded a sale of ₹ 64.69 crores, a growth of 18.4%.

The year witnessed aggressive expansion of the Company's retail network with a net addition of 84 stores. As on 31st March 2017, the Company had 1,366 stores, with over 1.8 million square feet of retail space delivering a retail turnover of just over ₹ 12,700 crores.

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

2. INTERNATIONAL OPERATIONS

Watches export business had a very tough year on account of full blown impact of oil price effects in Middle East markets. Currency devaluation in Malaysia and Singapore, change of partner in Vietnam and closure of some key accounts in South East markets added to net drop of over 21% in business. However, the business delivered better bottom-line and profit margin this year, on the back of tight control on costs and sale of richer product mix. The business is aiming to consolidate business in FY18 while targeting sharper investments.

3. DIVIDEND

The Directors are pleased to recommend the payment of dividend on equity shares at the rate of 260% (₹ 2.60 per equity share), subject to approval by the shareholders at the Annual General Meeting (AGM).

4. TRANSFER TO GENERAL RESERVE

An amount of ₹ 506.06 crores is proposed to be transferred to the general reserve.

5. FINANCE

Macro-economic conditions are expected to be marginally better in the next fiscal with a real GDP growth of a little over 7%. GST is likely to be rolled out from 1st July 2017. The Company is in the process of changes in system and processes, including IT platform to ensure readiness in the new GST regine. It has also been working on generating awareness among all business associates, including franchisees and vendors regarding changes under GST to cope with the new indirect tax regime.

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 1st 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 Regulations 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 31st 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 35% of the aggregate paid-up share capital and free reserves from public including a ceiling of 10% of the aggregate

paid-up share capital and free reserves from Members of the company, after prior approval by way of a special resolution passed by the Members in this behalf. 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: ₹ 1,224.72 crores

(b) remained unpaid or unclaimed as at the end of the year: ₹ 743.60 crores

(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

The particulars of loans, guarantees and investments have been disclosed in the financial statements. There have been no investments made or guarantees given under Section 186 of the Companies Act, 2013 during the year under review. The particulars of loans given as part of treasury operations of the Company bearing interest ranging from 8.60% to 9.65% p.a. are provided in Note 36 of the Standalone Financial Statements covered in the Annual Report.

10. CONTRIBUTION TO EXCHEQUER

During the year under review, the Company made payments aggregating ₹ 1,043 crores by way of taxes (central, state and local) and duties as against ₹ 931 crores in the previous year.

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 March 31, 2017.

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. RISK MANAGEMENT

Pursuant to the requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), 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.

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

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

The Board Audit Committee (BAC) has been engaged in reviewing the Information Technology initiatives and governance mechanisms pertaining to information security. The BAC also reviewed the new IT controls incorporated to comply with IFC requirements mandated by the Companies Act, 2013.

13. 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.

14. SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANY

As on 31st March 2017, the Company had the following subsidiaries:

i) Titan TimeProducts Limited, Goa (TTPL)

ii) Favre Leuba AG, Switzerland

iii) Titan Watch Company Limited, Hong Kong

iv) Titan Engineering & Automation Limited and

v) Carat Lane Trading Private Limited

During the year 2016-2017, TTPL sold a total no. of 32,84,030 ECBs and micro assemblies (previous year: 59,68,000 nos.). Net sales income during the year was ₹ 37.08 crores against the previous year's figure of ₹ 28.52 crores. The quality, delivery and competitive price of the products continue to be well-received by the Holding Company and external customers.

As at 31st March 2017, Favre Leuba AG had registered a loss of CHF 4.31 million, i.e. ₹ 29 crores (2015-16: CHF 1.88 million i.e. ₹ 13.00 crores) which apart from amortization of trademarks design and development expenses, includes operating expenses incurred in preparation of product launches which commenced in late 2016.

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.

Titan Engineering & Automation Limited (TEAL) was incorporated on 24th March 2015 to acquire the Precision Engineering Business of the Company through a court approved Scheme of Arrangement which was approved by the Hon'ble High Court of judicature at Madras vide its order dated 12th December 2016.

A majority stake was acquired in Carat Lane Trading Private Limited which is engaged in the business of manufacture of jewellery products and has a significant online presence. Carat Lane Trading Private Limited became a subsidiary on 4th August 2016 and has registered a turnover of ₹ 177.84 crores in 2016-17.

The annual accounts of these subsidiary companies were consolidated with the accounts of Titan Company Limited for 2016-17. None of these subsidiary companies declared a dividend in 2016-17.

The Company holds a 49% equity stake in a joint venture entered into with Montblanc Services B.V., the Netherlands for operation of retail boutiques in India for Montblanc products.

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 venture forms part of the Annual Report and is furnished in the finanical statements.

15. 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.

16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

17. 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.

18. DIVIDEND DISTRIBUTION POLICY

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

19. VIGIL MECHANISM

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

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

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

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

During the financial year 2016-17, the Company had received seven complaints on sexual harassment, all were disposed-off with appropriate action taken and no complaint remain pending as of 31st March 2017.

21. 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).

22. CORPORATE GOVERNANCE

As per SEBI Listing Regulations, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

23. BUSINESS RESPONSIBILITY REPORTING

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

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. T.K. Balaji, Ms. Vinita Bali, Mrs. Hema Ravichandar, Prof. Das Narayandas, Mrs. Ireena Vittal and Mr. Ashwani Puri are the Independent Directors 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 and Regulation 25 of the Listing Regulations.

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 and is eligible for re-election.

Mr. Atulya Misra was appointed as an Additional Director on the Board of the Company on 31st March 2017. Member's attention is drawn to Item No. 5 of the Notice for the appointment of Mr. Atulya Misra as a Director of the Company.

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

Six meetings of the Board were held during the year. For details of the meetings of the Board, reference may be made to the Corporate Governance Report, which forms part of the Annual Report.

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

Pursuant to Section 134 of the Act read with Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, the following Directors were appointed, resigned or retired:

- Mr. Ashwani Puri was appointed effective 6th May 2016;
- Dr. C.G. Krishnadas Nair retired effective 17th August 2016;
- Mr. C.V. Sankar resigned effective 20th August 2016;
- Mr. K. Gnanadesikan was appointed on 27th June

2016 & resigned effective 17th September 2016;

- Mr. Vikram Kapur was appointed on 18th October 2016 and resigned effective 31st March 2017.

Mr. Atulya Misra was appointed effective 31st March 2017.

None of the Key Managerial Personnel were appointed or resigned during the year. Pursuant to the provisions of Section 203 of the Act, Mr. Bhaskar Bhat-Managing Director, Mr. S. Subramaniam-Chief Financial Officer and Mr. A.R. Rajaram-Vice President - Legal & Company Secretary continue to be the Key Managerial Personnel of the Company.

26. 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.

27. BOARD EVALUATION

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

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

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

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

Performance evaluation of Directors:

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

Performance evaluation of Board and Committees:

- Board structure and composition
- Degree of fulfillment of key responsibilities

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

28. 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.

29. 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.

30. 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 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") 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, it's businesses and it's needs, to contribute his/ her time and knowledge to the Company and to be prepared to exercise his/her duties with skill and care. Besides these, the candidate should have an understanding of governance concepts and legal duties of a Director.

iii) It is desirable that the candidate should have expertise to fill in the gap(s) identified by the Company in the current composition of the Board.

iv) Ideally the candidate should possess experience of 5 years on the Board of a listed company.

v) The candidate's age shall not exceed 70 years at the time of joining the Board.

vi) Forthrightness 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.

32. OTHER DISCLOSURES

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

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

Sl. No.	Name of the director	Commission (₹)	Sitting fee (₹)	Total (₹)	Ratio (times)
A]	Median Employee remuneration			578,000	
B]	Director's remuneration				
1	Chairman (nominated by TIDCO)	5,313,700#	180,000	5,493,700	9.50
2	Mr. T. K. Arun	3,719,500	405,000	4,124,500	7.13
3	Mr. N. N. Tata	3,135,000	255,000	3,390,000	5.86
4	Mr. Harish Bhat	-	375,000	375,000	0.64
5	Mr. T. K. Balaji	4,091,500	360,000	4,451,500	7.70
6	Dr. C. G. Krishnadas Nair	3,285,200	210,000	3,495,200	6.04
7	Ms. Vinita Bali	3,507,000	270,000	3,777,000	6.53
8	Mrs. Ireena Vittal	4,091,500	330,000	4,421,500	7.64
9	Mrs. Hema Ravichandar	4,321,800	375,000	4,696,800	8.12
10	Prof. Das Narayandas	1,275,200	60,000	1,335,200	2.31
11	Mr. Ashwani Puri	3,338,900	255,000	3,593,900	6.21
12	Mr. Bhaskar Bhat*	34,944,000	-	58,126,554*	100.56

#Commission to the Chairman of the Company (the Chairmanship was held by Mr. C.V. Sankar, Mr. K. Gnanadesikan, Mr. Vikram Kapur at various points in time during the year and currently Mr. Atulya Misra is the Chairman.)

*Inclusive of salary, perquisites, Commission and retiral benefits.

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

Name	% Change
Chairman (nominated by TIDCO)	10.01
Mr. T.K. Arun	24.90
Mr. N.N. Tata	40.31
Dr. C.G. Krishnadas Nair (upto 17th August 2016)	NA
Mr. T.K. Balaji	16.26
Ms. Vinita Bali	10.41
Mrs. Hema Ravichandar	25.39
Prof. Das Narayandas	1.49
Mrs. Ireena Vittal	27.02
Mr. Ashwani Puri	NA
Mr. Bhaskar Bhat	22.14
Mr. S.Subramaniam	16.00
Mr. A.R. Rajaram	12.44

iii) The percentage increase in the median remuneration of employees in the financial year: 7%

iv) The number of permanent employees on the rolls of company : 7437.

v) 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 Company has implemented differentiated increase percentages across levels. The average increases being 8% for L1-L4, 7% for L5 - L7 and 6% for L8-L9 levels. This has been done to ensure a slightly higher increment for the front line sales staff and employees at L1 to L4 category. A 4% increment was applied at the same rate for all the members of the Senior Management Team.

vi) 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.

33. 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.

34. AUDITORS

a) Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. Deloitte Haskins & Sells, the present Auditors of the Company complete their term as Auditors.

In view of the above, M/s. BSR & Co., LLP, Chartered Accountants having Registration No. 101248W/W-100022 is proposed to be appointed for a term of five years commencing from the Company's financial year 2017-18 to hold office from the conclusion of the 33rd Annual General Meeting of the Company till the conclusion of the 38th Annual General Meeting to be held in the financial year 2021-22 (subject to ratification of their appointment by the Members at every intervening Annual General Meeting held after this Annual General Meeting) on such remuneration and out of pocket expenses as may be decided by the Board of Directors. The Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for appointment as Auditors of the Company. As required under Regulation 33 of the Listing Regulations, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

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 Ms. BMP & Co., LLP a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **(Annexure-V).**

35. AUDITOR'S REPORT AND SECRETARIAL AUDITOR'S REPORT

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

Acknowledgements

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

On behalf of the Board of Directors,

Atulya Misra
Chairman

12th May 2017

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

Watch Division's in-house R&D has developed a Women Safety watch and launched in the market. A "Touch Screen" smart watch named as Juxt Pro has been introduced in collaboration with Intel. To bring versatile smart product line, Watches Division has developed a new series of micro motors having 1 Hand / 2 Hand / 3 Hand functions with Unidirectional and Bi-directional motion capabilities. The movement in Titan Edge has been improved with new function: '2 Hands + Date'.

JEWELLERY

The Jewellery Division has invested more than ₹ 4 crores during the year in specific research and development projects. The Division collaborates with various universities and research institutes in India and abroad for research support. During the year, 7 domestic patents were filed and 2 international patents were secured by the Division as a result of its research efforts. The Division has engaged technical experts in specific areas of operations for developing capability and adopting benchmark process technologies.

The Jewellery Division has invested ₹ 12 crores during the year for up-gradation of manufacturing machinery and technology. Processes were evaluated from safety, quality and productivity perspectives and process automations were suitably adopted. To support the vendor community, a jewellery components manufacturing centre was established for centralized and mechanized manufacturing of various jewellery related components. An employee involvement programme – SEED, encourages employee innovation for betterment of processes in the organisation. During the year, over 1,000 ideas were generated on this platform, yielding a cumulative benefit of over ₹ 1 crore to the Jewellery Division.

EYEWEAR

The Division has developed and introduced fog free lenses for the consumers who need to protect their lenses from fog while moving from air-conditioned areas to hot and humid outdoors. The fog free lenses are made available in both scratch resistant coating and with anti-reflection coating.

The manufacturing team also developed special lenses to use digital gadgets like smart phone, i-pad and lap-top with comfortable vision posture. These lenses are called 'digital lenses' and made available for both single vision and progressive wearers.

Further, oilophobic coating has been developed in the last year to make the lenses more smudge free and longer lasting. Most importantly, the lens manufacturing team has been awarded multi-site ISO 9001:2015 certification for their state of the art processes for their mother-lab at Chikkaballapur as well as for the new satellite labs in Kolkata and Noida.

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. During 2016-17, these conservation initiatives have resulted in significant savings in power & fuel cost.

The key initiatives are:

- In line with the vision of becoming "Carbon Neutral", the Division is continually sourcing part of its energy requirement at watch manufacturing facility through renewable energy resources – Wind Mills. During 2016-17, 10.54 million units of energy was sourced from the Company's joint venture with wind farms which represents 80 % of the annual energy consumption and this has resulted in reducing the carbon emission to an extent of 7,800 tonnes
- To harvest solar power, the Division has installed rooftop solar system with a capacity of 216 KW during

May 2014 and an investment of ₹ 1.25 crores has been made to generate 3 lakh units which is 3.0% of the Division's annual energy consumption. During 2016-17, 2,85,000 units of energy has been generated from this project.

- Dedicated Power Feeder System - The Division's Dedicated Power Feeder System ensures 100% uninterrupted power supply to the manufacturing operations and significant reduction of diesel used for captive power generation(from 4,50,000 litres to 1,45,000 litres)
- The Division has implemented two innovative energy conservation projects this year in air conditioning system to significantly reduce the energy consumption
    - o Automatic Tube cleaning system - This is one of the unique systems installed in our air-conditioning system which ensures automatic cleaning of screw chiller condenser tubes and thereby improves the chiller efficiency by 3% to 5 %
    - o Installation of energy efficient IE3 motors – Air Handling Units (AHUs) of the air conditioning system mounted with conventional motors have been replaced with energy efficient IE3 motors which has resulted in energy saving of 12 %
- The Division's manufacturing plant at Hosur has been awarded ISO 50001 certification during 2016-17. ISO 50001 certification facilitates the organization to establish systems and processes to improve energy efficiency, energy performance, minimize the greenhouse gas emissions and environmental impacts through systematic management of energy.

JEWELLERY

The Jewellery Division takes responsible approach towards consumption of natural resources, focussing on maximizing conservation and minimizing environmental impact due to its business activities. Lightings have been replaced with LEDs in its premises for better energy efficiency and motion sensor based switches have been installed in utility areas to prevent energy wastage. Old AHUs have been replaced with upgraded & energy efficient AHUs with an investment of ₹ 40 lakhs. These steps have led to power savings of over 30,000 units/year.

The Jewellery Division manages around 30% of its energy requirements from renewable sources like windmills and solar PV cells, reducing the carbon footprint by 800 tonnes. Also, over 400 trees were planted across the Division's facilities improving the green cover and a 8 tonne reduction in carbon footprint. With an investment of over ₹ 35 lakhs, major thrust was given to water conservation with rain water harvesting and ground water replenishment systems. The Jewellery Division saved over 27 lakh litres of water due to these efforts.

EYEWEAR

All the old and new facilities of the Division are now designed and equipped with LED lights towards lesser electricity consumption. Also, new air-conditioning system was adopted where multiple indoor units can be run with single outdoor unit.

Further, the lens manufacturing lab has commissioned a new anti-reflection coating machine with double the batch capacity but with half the process cycle time towards improving energy consumption ratio with respect to total production.

EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in crores)

		Year ended 31.3.2017	Year ended 31.3.2016
(a)	Capital	1.16	3.13
(b)	Recurring	20.07	15.18
(c)	Total	21.23	18.31
(d)	Total R & D expenditure as percentage of turnover	0.17%	0.16%

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned ₹ 280 crores in foreign exchange and spent ₹ 576 crores.

On behalf of the Board of Directors,

Atulya Misra
Chairman

12th May 2017

Annexure – II

ANNUAL REPORT ON CSR- 2016-17

The Company, since inception has believed in and behaved like a responsible corporate always to improve the quality of life of communities interfacing with the Company.

We have served disadvantaged communities in and around our factories and contributed towards national causes. We have also been successful in inspiring stakeholders such as employees and Business Associates in participating in our CSR journey. In short, serving the community is part of the Titan culture.

Prior to the Government mandate on CSR in 2013, the Company had created a separate Sustainability Team given its desire to transform into a New Age Company.

The initial CSR focus at Titan will be driven by four broad themes, i.e. upliftment of the underprivileged girl child, skill development (for underprivileged youth), support for Indian Arts, Crafts and Indian Heritage and responsible citizenship.

Besides this, the Company seeks to address specific local needs and support various causes from time to time that are expected of a Responsible Corporate Citizen.

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

The Company's CSR policy & strategy can be accessed on our website http://www.titan.co.in/hot-policies

The CSR committee of the Board of Directors of the Company consists of 4 members, viz.,

1. Chairperson: Mrs. Ireena Vittal – Independent Director
2. Member: Ms. Vinita Bali – Independent Director
3. Member: Mr. Atulya Misra – Chairman of the Board
4. Member: Mr. Bhaskar Bhat – Managing Director

The Board CSR committee met thrice during the year and deliberated on the various choices as part of the Company's CSR initiatives.

The Company has charted out its programs and projects that are both short and long term in nature. As part of the programs, 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 our programs. During the year 2016-17, the Company's programs have reached about 2.21 lakh individuals.

The Company had also commissioned an independent study to recommend a Monitoring and Evaluation Framework, the draft report of which has been received and is under consideration.

The Company's volunteering program has been successfully operating in our locations over the years. During the year 2016-17, the Company clocked 7,000 man-hours of volunteering involving more than 300 employees in either CSR projects or local causes.

From the year 2017-18 and beyond, the Company will spend considerable time and resources on three large areas and scale up, most of which have been initiated, or are in the final stages of agreements. These are:

a) Adopting a holistic approach to the girl child program

b) Continuing the path of enabling skilling of the underprivileged youth, as well as create a Titan Centre of Excellence

c) Design Impact: Awards for social change (it would recognize individuals and institutions who seek to exemplify the usage of Design principles and ideas in products benefitting society especially the less fortunate / disadvantaged)

The Company has also planned to take up rejuvenation and restoration of a water body in Bangalore, near its new Corporate office along with support of other organizations and companies of the Tata Group.

Besides this, design being a core competency is integral to our success, the Company proposes to leverage these competencies to support craftsmen and artisans practicing heritage crafts of India as part of the Arts, Crafts and Heritage intervention. In this endeavor, the Company will also have two other partners, i.e. commitment to Kashmir and India Foundation for Arts (IFA) to help us along.

Going forward, the Company will enhance the processes for identification and selection of appropriate partners.

The mandated CSR spend for the Company is given in the table below:

		(₹ in lakhs)	(₹ in lakhs)
A]	Profits of the Company as per Companies (Corporate Social Responsibility) Rules,2014		
	F.Y. 2013-14	103,179.50	
	F.Y. 2014-15	107,974.06	
	F.Y. 2015-16	88,646.17	
			299,799.73
B]	Average profits of last three years		99,933.24
C]	Amount to be spent on CSR @ 2% (Sec 135(5)) - [2% on B]		1,998.66

Two percent of the average net profits of the Company made in three preceding financial years amounts to ₹ 19.99 crores. The Company's spends towards CSR activities during the FY 2016-17 amounts to ₹ 20.04 crores. The spend during the year 2016-17 has been 100% of the budget earmarked and represents a 15% increase over the previous year's spend of ₹ 17.42 crores.

There is no unspent amount from the budget earmarked for the year 2016-17 towards CSR activities.

The manner in which the amount spent during the financial year is detailed in the annexure to this Report highlighting the key areas of spends during the year 2016-17.

The 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.

Managing Director **Chairperson**
Board CSR Committee

12th May 2017

Annexure: Key areas of CSR spends for the year 2016-17.

KEY AREAS OF CSR SPENDS FOR THE YEAR 2016-17

Annexure - I

Sl No	CSR Project or activity identified		Sector in which the project is ccovered (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 (Total Budget in ₹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			Remarks - direct beneficiaries reached out to
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Partners (₹ Cr)	Names of Implementing partner (s)	
1	Education with special focus on the Girl Child	Basic Education support for Titan Kanya									
		Academic support (Maths and Language) in Govt Schools)	ii	TN - Krishnagiri Delhi - Delhi Maharashtra - Mumbai		4.35	4.35	-	4.35	KCMET	8,257
		Out of schools girls education (upto learning level 5)	ii	Uttarakhand - Dehradun, Rudrapur, Tehri Garhwal, WB - 24 Paragnas & Murshidabad						IIMPACT	5,611
		Augmenting Education - Science education in Kanya schools, Kanya centres for life skill support and Swach Vidyalaya project in 57 schools	ii	TN - Krishnagiri Telungana - Hyderabad		0.54	0.54	-	0.54	Agasthya International foundation, KCMET	7,261
		Holistic Education support for Titan Kanya (Long term)									0
		Early child hood care, School readiness, augmented education, Adoloscent program , skilling, capacity building	I,ii	TN -Cuddalore Karnataka - Yadgir		0.80	0.80	-	0.80	CARE India, Kalike	0
		Other Education support initiatives									0
		Titan Scholarship program for persuing higher studies	ii	TN - Krishnagiri, Uttarakhand - Dehradun, Pantnagar		0.92	0.92	0.92	-	Internal by Titan Volunteers	774
		Education and skill support for Tribal children and youth as part of affirmative action	I,ii	Karnataka - Mysore		0.94	0.94	-	0.94	SVYM	5,343
		Prevention of Substance abuse among youth in schools	ii	Sikkim - Sikkim		0.58	0.58	-	0.58	SAATHI / Govt of Sikkim	17,000
		Support towards creating Civic awareness among children	ii	TN - Krishnagiri		0.12	0.12	-	0.12	CMCA	925
		Location based education related support to promote volunteering, and local initiatives	All	Locations where Titan facilities are present		0.29	0.29	-	0.29	Mostly volunteering	646
	Sub Total					**8.53**	**8.53**	**0.92**	**7.61**		**45,817**

Sl No	*CSR Project or activity identified*		*Sector in which the project is ccovered (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 (Total Budget in ₹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*			*Remarks - direct beneficiaries reached out to*
	2a Programs	*2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)*						*Direct (₹ Cr)*	*Partners (₹ Cr)*	*Names of Implementing partner (s)*	
2	Skilling & Placement of underpriveleged youth in wage/ self employment	Skilling program for the underpreviliged youth									
		Support to Government ITI's									
		Finishing school (pilot) for ITI students	ii	Karnataka - Bangalore		0.06	0.06		0.06	DBSM	36
		Augmenting Welder training to five more ITIs	ii	TN - Madurai, Dharmapuri & Krishnagiri Karnataka - Bangalore		0	0		0	Direct	0
		Adoption of Government ITI for holistic development	ii	TN - Salem		0.26	0.26	-	0.26	Govt of TN/ITI	1,021
		Skilling for Non Engineering trades	ii	Karnataka - Bangalore TN - Chennai		1.90	1.90	-	1.90	ANTS, DBSM, Unnati, TATA Strive	5,654
		Rehabilitation / Skilling / Placement of disabled youth	ii	Karnataka - Bangalore		0.78	0.78	-	0.78	Association of People with Disability	272
		Pilot for employability, skilling for Engineering students	ii	TN - Chennai		0.49	0.49	-	0.49	Anna University and MPS	660
		Model Career Center for counselling, skilling and employment (Chennai)	ii	TN - Chennai		0.28	0.28	-	0.28	CII & Govt. of TN	0
		Pilot for vision technician training	ii	Telangana - Hyderabad		0.28	0.28	-	0.28		20
	Sub Total					**4.06**	**4.06**	**0**	**4.06**		**7,663**
3	Support for Indian Arts Crafts and heritage	Support for Crafts - Continued engagement with practising Lambadi embriodery	v	TN - Dharmapuri		0.25	0.25	-	0.25	Tribal Health Initiative, CToK, Craft Revival Trust	260
		Support to Arts - Supporting Art Research engagement over long term through providing grants	v	All India - Based at Bangalore		0.34	0.34	-	0.34	IFA	40
		Support to Theatre : Continued engagement towards creation of young directors program	v	Across Karnataka		0.06	0.06	-	0.06	Rangashankara	23
	Sub Total					**0.65**	**0.65**	**0.00**	**0.65**		**323**

Sl No	CSR Project or activity identified		Sector in which the project is ccovered (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 (Total Budget in ₹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			Remarks - direct beneficiaries reached out to
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Partners (₹ Cr)	Names of Implementing partner (s)	
4	Design Impact awards for social change (in the areas, but not limited to Education, Skilling, Health & Rural Development)	Initial work towards establising identity , playbook, principle document and project frame work	I,ii,iii & x	Karnataka - Bangalore		0.16	0.16		0.16	Partners being identified	0
	Sub Total					**0.16**	**0.16**	**0**	**0.16**		
5	Responsible citizenship	Restoration of water bodies , sanitation and livelihood programs									0
		Integrated Village Development Program & Rejuvenation of water bodies and implementing drinking water and sanitation scheme, in 11 villages	I,ii,iv	Uttarakhand		1.10	1.10	-	1.10	Himmotthan Society	5,723
		Technology Incubation: Incubating companies in the space of chosen areas through institutes of repute	ix	TN - Chennai, Karnataka - Bangalore		1.00	1.00	-	1.00	IITM, IISC	60
		Health care support						-			0
		Preventive Eye care - Screening , providing subsidised glasses and part funding surgeries for underprevilliged , with focus on children	i	Uttarakhand, Karnataka		1.25	1.25	-	1.25	Shankara, Bangalore Chirantana Trust, Nirmal	150,000
		Augmenting infrastructure and patient care towards individuals affected with cancer	i	WB - Kolkata		0.50	0.50	-	0.50	TMC Trust	0
		Support to armed forces - Augmenting hostel for girl children	vi	Karnataka - Bangalore		0.15	0.15	0.15	-	Direct	6
		One off requests (Augment hospital equipment, provision of transport facility, environment support and local initiatives), across multiple locations	I,ii,iii,iv	Locations where Titan facilities are present		0.78	0.78	0.78	-	Mostly Direct	11,420
	Sub Total					**4.79**	**4.79**	**0.93**	**3.85**		**167,209**
6	Overheads					1.85	1.85	1.85	0		
	Grand Total				**19.99**	**20.04**	**20.04**	**3.71**	**16.33**		**221,012**

Annexure – III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L74999TZ1984PLC001456
ii)	Registration Date	26.07.1984
iii)	Name of the Company	TITAN COMPANY LIMITED
iv)	Category / Sub Category of the Company	Public Company/Limited by shares
v)	Address of the Registered office and contact details	3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. Tel- 4344-664199 Fax-4344-276037 ; e-mail: corpcomm@titan.co.in
vi)	Whether listed company (Yes / No)	Yes. Listed on BSE 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
i)	Watches	2652	15.91
ii)	Jewellery	3211	80.10
iii)	Others		3.99
	TOTAL		**100.00**

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 Time Products Limited L-15, Verna Electronic City, Verna, Salcettee, GOA 403 722	U33301GA1991PLC001148	Subsidiary	100%	2(87)
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 3, SIPCOT Industrial Complex, Hosur- 635 126, Tamil Nadu, India.	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 No. 132/133, Divyasree Technopolis, Yamalur, Off HAL Airport Road, Bangalore-560 037, Karnataka, India.	U52390KA2014PTC074786	Joint Venture	49%	2(6)
vii)	Carat Lane Trading Private Limited 2nd, 3rd & 4th Floor, #32, Rutland Gate, 2nd Street, Khader Nawaz Khan Road, Nungambakkam, Chennai- 600 006.	U52393TN2007PTC064830	Subsidiary Company	66.59	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt / State Govt(s)	247,476,720	-	247,476,720	27.88	247,476,720	-	247,476,720	27.88	-
c) Bodies Corp.	223,531,200	-	223,531,200	25.18	223,531,200	-	223,531,200	25.18	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**471,007,920**	**-**	**471,007,920**	**53.06**	**471,007,920**	**-**	**471,007,920**	**53.06**	**-**
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**471,007,920**	**-**	**471,007,920**	**53.06**	**471,007,920**	**-**	**471,007,920**	**53.06**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	30,185,193	45,200	30,230,393	3.41	24,013,590	43,200	24,056,790	2.71	-0.70
b) Banks/FI	426,595	19,180	445,775	0.05	628,745	19,180	647,925	0.07	0.02
c) Central Govt. / State Govt(s)	1,968,219	-	1,968,219	0.22	3,119,986	-	3,119,986	0.35	0.13

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	17,000,549	-	17,000,549	1.91	19,979,294	-	19,979,294	2.25	0.34
f) FIIs	109,920,419	30,000	109,950,419	12.38	16,833,213	30,000	16,863,213	1.90	-10.49
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Others (specify) Foreign Portfolio Investors (Corporate)	65,147,619	-	65,147,619	7.34	170,684,509	-	170,684,509	19.23	11.89
Sub-total (B)(1)	**224,648,594**	**94,380**	**224,742,974**	**25.31**	**235,259,337**	**92,380**	**235,351,717**	**26.51**	**1.19**
2. Non-Institutions									
a) Bodies Corp.	11,649,522	2,831,660	14,481,182	1.63	11,105,904	74,060	11,179,964	1.26	-0.37
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	68,914,648	17,302,637	86,217,285	9.71	65,343,958	16,491,158	81,835,116	9.22	-0.49
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	89,640,457	1,159,400	90,799,857	10.23	86,908,534	1,159,400	88,067,934	9.92	-0.31
c) Others (specify)									
i) Trust	527,942	-	527,942	0.06	334,509	-	334,509	0.04	-0.02
ii) OCB	9,000	-	9,000	0	9,000	-	9,000	0	0
Sub-Total(B)(2)	**170,741,569**	**21,293,697**	**192,035,266**	**21.63**	**163,701,905**	**17,724,618**	**181,426,523**	**20.44**	**-1.19**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**395,390,163**	**21,388,077**	**416,778,240**	**46.95**	**398,961,242**	**17,816,998**	**416,778,240**	**46.95**	**0.0**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**866,398,083**	**21,388,077**	**887,786,160**	**100**	**869,969,162**	**17,816,998**	**887,786,160**	**100**	**0.0**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Tamilnadu Industrial Development Corporation Limited	247,476,720	27.88	0	247476,720	27.88	0	0
2	Tata Sons Limited	185,058,900	20.84	0	185,058,900	20.84	0	0
3	Tata Investment Corporation Limited	17,875,640	2.01	0	17,875,640	2.01	0	0
4	Tata Chemicals Limited	13,826,180	1.56	0	13,826,180	1.56	0	0
5	Ewart Investments Limited	4,964,480	0.56	0	4,964,480	0.56	0	0
6	Piem Hotels Limited	1,806,000	0.2	0	1,806,000	0.2	0	0
		471,007,920	53.06	0	471,007,920	53.06	0	0

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

Sl. No	Name	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year
1	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 31.03.2016	No of shares as on 31.03.2017	Net Changes	% to Capital
1	Rakesh Jhunjhunwala	60,915,645	61,760,645	845,000	0.1
2	Matthews Pacific Tiger Fund	24,797,915	24,797,915	0	0
3	LIC of India Child Fortune Plus Growth Fund	13,561,677	18,997,003	5,435,326	0.61
4	Dendana Investments (Mauritius) Limited	19,526,000	15,797,331	-3,728,669	-0.42
5	Rekha Jhunjhunwala	16,741,575	14,265,575	-2,476,000	-0.28
6	Franklin Templeton Investment Funds	10,682,752	11,921,397	1,238,645	0.14
7	Morgan Stanley Mauritius Company Limited	673,395	9,889,501	9,216,106	1.04
8	Sbi Arbitrage Opportunities Fund	5,059,767	9,193,692	4,133,925	0.47
9	Copthall Mauritius Investment Limited	11,157,031	9,154,588	-2,002,443	-0.23
10	UTI- Mahila Unit Scheme	9,600,254	4,755,115	-4,845,139	-0.55

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. N N Tata				
	At the beginning of the year	46,900	0.0052	46,900	0.0052
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the end of the year	46,900	0.0052	46,900	0.0052
2	Mr. Harish Bhat				
	At the beginning of the year	80,000	0.0090	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	0.0090	80,000	0.0090
3	Mr. T K Balaji				
	At the beginning of the year	561,000	0.0631	561,000	0.0631
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the end of the year	561,000	0.0631	561,000	0.0631
4	Mr. Bhaskar Bhat				
	At the beginning of the year	80,960	0.0091	80,960	0.0091
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the end of the year	80,960	0.0091	80,960	0.0091
5	Mr. A R Rajaram				
	At the beginning of the year	400	0.0001	400	0.0001
	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	400	0.0001	400	0.0001

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 crores)

Sl. No.	Particulars of Remuneration	Mr. Bhaskar Bhat
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.97
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.14
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	2.50
5	Others, please specify	
	Total (A)	4.61
	Ceiling as per the Act	58

B. Remuneration to other Directors:

₹

Sl. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Total Amount
1	**Independent Directors**			
	Mr. T.K. Balaji	360,000	4,091,500	4,451,500
	Ms. Vinita Bali	270,000	3,507,000	3,777,000
	Mrs. Hema Ravichandar	375,000	4,321,800	4,696,800
	Prof. Das Narayandas	60,000	1,275,200	1,335,200
	Mrs. Ireena Vittal	330,000	4,091,500	4,421,500
	Mr. Ashwani Puri	255,000	3,338,900	3,593,900
	Dr.C.G. Krishnadas Nair	210,000	3,285,200	3,495,200
	Total (1)	**1,860,000**	**23,911,100**	**25,771,100**
2	**Other Non-Executive Directors**			
	Chairman(nominated by TIDCO)	180,000	5,313,700	5,493,700
	Mr. T.K. Arun	405,000	3,719,500	4,124,500
	Mr. N.N. Tata	255,000	3,135,000	3,390,000
	Mr. Harish Bhat	375,000	-	375,000
	Total (2)	**1,215,000**	**12,168,200**	**13,383,200**
	Total Managerial Remuneration	**3,075,000**	**36,079,300**	**39,154,300**
	Ceiling as per the Act (₹ crores)			**11.60**

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

(₹ in crores)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.60	1.20	1.80
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.05	0.09	0.14
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify…			
5	Others, Allowances	0.36	0.91	1.27
	Total	**1.01**	**2.2**	**3.21**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

Annexure – IV

DIVIDEND DISTRIBUTION POLICY

SCOPE & PURPOSE

The Securities Exchange Board of India (SEBI) on July 8, 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. 4th 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 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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2017

[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
CIN: L74999TZ1984PLC001456
3, SIPCOT Industrial Complex, Hosur 635126, Tamil Nadu

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the Rules made thereunder and the relevant provisions of The Companies Act, 1956 ;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Byelaws 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014)- Not applicable as the Company does not have ESOP Scheme/shares;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable as the Company has not listed its debt securities;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable as the Company has not delisted /proposed to delist its equity shares from any stock exchange during the financial year under review;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable as the Company has not bought back / proposed to buyback any of its securities during the financial year under review.

(vi) The Company has identified the following laws as specifically applicable to the Company:

1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder
2. Boilers Act, 1923 & Rules made thereunder
3. Electricity Act, 2003
4. Indian Explosives Act, 1884
5. Gas Cylinder Rules, 1981 (under Indian Explosives Act)
6. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (under Indian Explosives Act)
7. Environment (Protection) Act, 1986
8. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ concerned State Rules
9. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ concerned State Rules
10. Hazardous Wastes (Management and Handling) Rules, 1989
11. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
12. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules.
13. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes.
14. The Employees' State Insurance Act, 1948 & its Central Rules / concerned State Rules.
15. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ trade.
16. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any.
17. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any.
18. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any.
19. The Maternity Benefit Act, 1961 & its Rules.
20. The Equal Remuneration Act, 1976.
21. The Industrial Employment (Standing Orders) Act, 1946 & its Rules.
22. The Apprentices Act, 1961 & its Rules.
23. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.

24. The Workmen's Compensation Act, 1923
25. The Industrial Dispute Act, 1947
26. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
27. The Information Technology Act, 2000

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

We further report that :-

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines; and

We further report that during the audit period, the Hon'ble High Court of Judicature at Madras has approved the scheme of arrangement between Titan Company Limited and Titan Engineering & Automation Limited. Additionally, the Company has acquired a majority stake in Carat Lane Trading Private Limited thereby making Carat Lane Trading Private Limited a Subsidiary Company. There is no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company's affairs.

For BMP & Co. LLP
Company Secretaries

Pramod S M
Partner
FCS 7834/ C P No. 13784

Place: Bangalore
Date: 12th May, 2017

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

'ANNEXURE A'

To,
The Members,
Titan Company Limited
CIN: L74999TZ1984PLC001456
3, SIPCOT Industrial Complex, Hosur 635126, Tamil Nadu
Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/ Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.

8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For BMP & Co. LLP
Company Secretaries

Pramod S M
Partner
FCS 7834/ C P No. 13784

Place: Bangalore
Date: 12th May, 2017

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 (the "Listing Regulations"), 2015. The Company has complied with the applicable requirements of the Listing Regulations.

1. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance at Titan Company Limited is based on the philosophy of a business enterprise being a Corporate Citizen of the nation in which it operates. The Company strives to maximize satisfaction to its primary stakeholders, i.e. its customers, its employees, its business associates, the communities it significantly operates in and its shareholders. The Company believes in not merely following the laws of the land in letter and spirit but also in some cases going beyond mere compliances and thereby holding out as a beacon to other companies. The vision of the Company: "To create elevating experiences for the people we touch and significantly impact the world we work in" underpins the Corporate Governance philosophy. The Company realizes that it must disseminate information pertaining to its affairs so that all stakeholders may gain a true understanding of its activities and aspirations. The Company aims at attainment of the highest levels of transparency, accountability and equity in its operations, thus leading to best standards of Corporate Governance. It is the Company's belief that good ethics needs good business sense and our business practices are in keeping with this spirit by following the Tata Code of Conduct thereby maintaining high ethical standards. The Company is a signatory to Global Compact, which has social dimensions to the functioning of the corporate entity within the ecosystem.

2. BOARD OF DIRECTORS

Titan Company Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on 31st March 2017, the Company had 11 Directors, comprising 10 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31st March 2017 is as follows:

Category	Name of Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. Atulya Misra[1] Mr. T.K.Arun	2
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 Ms.Vinita Bali Mrs. Hema Ravichandar Prof. Das Narayandas Mrs. Ireena Vittal Mr. Ashwani Puri[2]	6
Total		11

[1]Mr. Atulya Misra, nominee of TIDCO was nominated as Chairman of the Board with effect from 31st March 2017 in place of Mr. Vikram Kapur, who resigned from the Board effective from 31st March 2017. Mr. K. Gnanadesikan who preceeded Mr. Vikram Kapur resigned from the Board effective from 17th September 2016. Mr. C.V. Sankar who preceeded Mr. K. Gnanadesikan resigned from the Board effective from 20th August 2016.

[2]Mr. Ashwani Puri was appointed on the Board effective 6th May 2016. Dr. C.G. Krishnadas Nair retired from the Board effective 17th August 2016.

During the year, the Company had a Non-Executive Chairman, nominees of the Promoter and majority of the total strength of the Board of Directors were 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 sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

The Board of Directors met six times during the Financial Year 2016-17. Board meetings were held on 6th May, 3rd August and 4th November in 2016 and on 13th January, 7th February and 21st & 22nd March in 2017.

The information as required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being regularly placed before the Board. The Board also reviews the declaration made by the Managing Director and executives of the Company regarding compliance with all laws applicable to the Company on a quarterly basis.

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at 31st March 2017 are as indicated below:

Name of Director	No. of Board meetings attended out of 6 meetings of the Board of Directors	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee memberships in domestic public companies (including this Company)	
			As Chairman	As Director	As Chairman	As Member
Mr. Atulya Misra[1]	0	NA	8	2	0	0
Mr. Vikram Kapur[2]	1	NA	8	1	0	0
Mr. K. Gnanadesikan[3]	1	Yes	2	1	0	0
Mr. C. V. Sankar[4]	1	NA	7	3	0	0
Mr. N. N. Tata	5	Yes	2	4	1	2
Mr. Harish Bhat	6	Yes	2	5	0	3
Mr. T. K. Balaji	4	No	3	6	2	2
Dr. C. G. Krishnadas Nair[5]	2	Yes	1	4	4	3
Ms. Vinita Bali	4	Yes	0	3	0	2
Mrs. Hema Ravichandar	6	Yes	0	4	0	3
Prof. Das Narayandas	2	No	0	1	0	0
Mr. T. K. Arun	6	Yes	0	10	1	9
Mrs. Ireena Vittal	5	Yes	0	8	0	9
Mr. Ashwani Puri[6]	5	Yes	0	3	3	0
Mr. Bhaskar Bhat	6	Yes	4	5	0	3

[1]Mr. Atulya Misra, nominee of TIDCO was nominated as Chairman of the Board with effect from 31st March 2017 in place of [2]Mr. Vikram Kapur who resigned from the Board effective from 31st March 2017. [3]Mr. K. Gnanadesikan who preceeded Mr. Vikram Kapur resigned from the Board effective from 17th September 2016. [4]Mr. C.V. Sankar who preceeded Mr. K. Gnanadesikan resigned from the Board effective from 20th August 2016. [5]Dr. C.G. Krishnadas Nair retired from the Board effective 17th August 2016. [6]Mr. Ashwani Puri was appointed on the Board effective 6th May 2016.

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.

Number of shares and convertible instruments held by non-executive directors:

Details of shares of the Company held by Non-Executive Directors as on 31st March 2017 are as below:

Name of Director	Number of Shares
Mr. Atulya Misra	NIL
Mr. N. N Tata	46,900
Mr. T. K. Arun	NIL
Mr. T. K. Balaji	561,000
Ms. Vinita Bali	NIL
Mrs. Hema Ravichandar	NIL
Prof. Das Narayandas	NIL
Mrs. Ireena Vittal	NIL
Mr. Harish Bhat	80,000
Mr. Ashwani Puri	NIL

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

The details of familiarization programmes for Independent Directors is posted on the website of the Company and can be accessed at http://titan.co.in/Corporate/Board-of-Directors.

CODE OF CONDUCT

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors and by definition to the Managing Director and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended 31st March 2017. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

3. AUDIT COMMITTEE

The Audit Committee of the Board was constituted in 1999. The constitution of Audit Committee is in conformation with the requirements of Section 177 of the Companies Act, 2013 and also as per the requirements of Regulation 18 of the Listing 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; and

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

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

As per the Companies Act, 2013 ("the Act"):

- "The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—
  - the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  - review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - examination of the financial statement and the auditors' report thereon;
  - approval or any subsequent modification of transactions of the company with related parties;
  - scrutiny of inter-corporate loans and investments;
  - valuation of undertakings or assets of the company, wherever it is necessary;
  - evaluation of internal financial controls and risk management systems;
  - monitoring the end use of funds raised through public offers and related matter.
- The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

- Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed."

As per Part C Schedule II of the Listing Regulations

- The role of the Audit Committee shall include the following:
  - oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
  - approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - changes, if any, in accounting policies and practices and reasons for the same;
    - major accounting entries involving estimates based on the exercise of judgment by management;
    - significant adjustments made in the financial statements arising out of audit findings;
    - compliance with listing and other legal requirements relating to financial statements;
    - disclosure of any related party transactions;
    - modified opinion(s) in the draft audit report;
  - reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  - reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - approval or any subsequent modification of transactions of the listed entity with related parties;
  - scrutiny of inter-corporate loans and investments;
  - valuation of undertakings or assets of the listed entity, wherever it is necessary;
  - evaluation of internal financial controls and risk management systems;
  - reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - discussion with internal auditors of any significant findings and follow up there on;
  - reviewing the findings of any internal

investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the audit committee;
- oversee the statement of half yearly dealings by Directors/ Officers/Designated Employees and their dependents.

o The Audit Committee shall mandatorily review the following information:

- Management disussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee
- statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

- Additionally, the Audit Committee of the Board will also:

o Oversee financial reporting controls and process for material subsidiaries

o Oversee compliance with legal and regulatory requirements including the Tata Code of Conduct ("TCoC") for the company and its material subsidiaries.

Dr. C.G. Krishnadas Nair, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 3rd August 2016.

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 four times during the Financial Year 2016-17. Audit Commietee meetings were held on 5th May, 2nd August and 3rd November in 2016 and on 6th February in 2017.

The quorum as required under Regulation 18(2) of the Listing 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 four meetings
Mr. Ashwani Puri, Chairman (Non-Executive) (Independent)[1]	3
Mr. T. K. Balaji (Non-Executive) (Independent)	3
Ms. Vinita Bali (Non-Executive) (Independent)	2
Mr. T. K. Arun (Non-Executive) (Non-Independent)	4
Mrs. Ireena Vittal (Non-Executive) (Independent)	3
Mr. Harish Bhat (Non-Executive) (Non-Independent)	4
Dr. C. G. Krishnadas Nair (Non-Executive) (Independent)[2]	2

[1]Mr. Ashwani Puri was appointed on the Board effective 6th May 2016 and became Chairman of Audit Committee with effect from 3rd November 2016. [2]Dr. C.G. Krishnadas Nair retired from the Board effective 17th August 2016.

The Managing Director, the Chief Financial Officer, the Chief Executive Officers of the Watches & Accessories, Jewellery, Prescription Eyewear, Precision Engineering, the Chief Human Resources Officer and the Head – Internal Audit were present at meetings of the Audit Committee. Representatives of the Statutory Auditors, M/s. Deloitte Haskins & Sells and outsourced Internal Auditors, M/s. EY 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 broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board of Directors of Titan Company Limited (the "Company") the selection and appointment or reappointment of Independent Directors ("IDs") in the Board and its committees which shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director", devise a policy on Board diversity, recommend to the Board appointment of Key Managerial Personnel ("KMP" as defined by the Companies Act, 2013) and executive team members of the Company as defined by the Committee, support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors which shall include "Formulation of criteria for evaluation of Independent Directors and the Board." Additionally, the Committee may also oversee the performance review process of the KMP and the executive team of the Company. It shall recommend to the Board the remuneration policy for directors, executive team/ KMP as well as the rest of the employees, recommend to the Board the remuneration payable to directors and executive team/ KMP of the Company on an annual basis, oversee familiarisation programmes for directors, oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team), provide guidelines for remuneration of directors on material subsidiaries, the Committee shall recommend to its Board how the Company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies, endeavour to play a larger role to help the Company navigate the future to guide the management in the areas of capability building, leadership development, succession planning and in general "future proofing" the Company from a leadership perspective, be the sounding board for the HR strategy of the Company and perform such other duties and responsibilities as may be consistent with the provisions of its charter. The Committee, pursuant to the Listing Regulations, shall also review whether to extend or continue the term of appointment of the IDs on the basis of the report of performance evaluation of the IDs.

The performance evaluation is based on financial performance, market performance etc., of the Company. The Nomination and Remuneration Committee also recommends the total remuneration payable to Non-Executive Directors

and the criteria for payment amongst the Directors. The criteria for payment of Non-Executive Directors Commission for Financial Year 2016-17 is attendance at the meetings of the Board and the Committees thereof. The Remuneration Policy is annexed as **Annexure-A.**

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

The Committee met four times during the Financial Year 2016-17 on 18th April, 6th May, 4th November in 2016 and on 13th March in 2017.

Name of Director & Category	No. of Meetings attended out of four meetings
Mrs. Hema Ravichandar (Chairman) (Non-Executive) (Independent)	4
Mrs. Ireena Vittal (Non-Executive) (Independent)[1]	2
Mr. T. K. Balaji (Non-Executive) (Independent)	4
Mr. N.N. Tata (Non-Executive) (Non-Independent)	3
Mr. C V Sankar (Non-Executive) (Non-Independent)[2]	2
Dr. C G Krishnadas Nair (Non-Executive) (Independent)[3]	2
Mr. Vikram Kapur (Non-Executive) (Non-Independent)[4]	0
Mr. Atulya Misra (Non-Executive) (Non-Independent)[5]	0

[1] Mrs. Ireena Vittal, Independent Director, who has been a director since 30th January 2013 was appointed on the Committee effective 20th October 2016

[2] Mr. C.V. Sankar resigned from the Board effective from 20th August 2016

[3] Dr. C.G. Krishnadas Nair, Independent Director, retired from the Board effective 17th August 2016

[4] Mr. Vikram Kapur, resigned from the Board effective 31st March 2017

[5] Mr. Atulya Misra was nominated by TIDCO effective 31st March 2017

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 2016-17 are as under:

(in ₹)

Name	Salary	Perquisites & Allowances*	Commission**
Mr. Bhaskar Bhat, Managing Director	8,736,000	14,446,554	34,944,000

* includes leave encashment of ₹ 72,800 paid during the financial year.

** based on the recommendations of the Nomination and Remuneration Committee of the Board and after taking into consideration the performance during the Financial Year 2016-17 which is payable in Financial Year 2017-18.

The perquisites indicated above exclude gratuity and leave benefits, as these are determined on an actuarial basis for the Company as a whole. Commission is the only component of remuneration, which is performance linked and the other components are fixed. The Nomination and Remuneration Committee also recommends to the Board of

Directors increase in salary of the Managing Director based on results relating to the Company's financial performance, market performance and few other performance related parameters.

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

Period of Agreement:	2.5 years from 1st April 2017.
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 under the Act.
Commission :	As evaluated by the Board or the Board Nomination and Remuneration Committee subject to the overall ceiling under the Act.
Notice period :	The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
Severance Fees :	Nil

There are no stock options issued to the Managing Director.

NON-EXECUTIVE DIRECTORS

The remuneration paid to Non-Executive Directors for the year 2016-17 had been computed pursuant to Sections 197 & 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 31st 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.

During the Financial Year 2016-17, the Company has paid Sitting Fees to Non-Executive Directors detailed below and proposes to pay commission as shown below:

Sl. No	Name of the Director	Commission* (₹)	Sitting fee **(₹)
1	Chairman (nominated by TIDCO)	5,313,700#	180,000
2	Mr. T K Arun (nominated by TIDCO)	3,719,500	405,000
3	Mr. Harish Bhat	-	375,000
4	Mr. N N Tata	3,135,000	255,000
5	Mr. T K Balaji	4,091,500	360,000
6	Dr. C G Krishnadas Nair	3,285,200	210,000
7	Ms. Vinita Bali	3,507,000	270,000
8	Mrs. Hema Ravichandar	4,321,800	375,000
9	Prof. Das Narayandas	1,275,200	60,000
10	Mrs. Ireena Vittal	4,091,500	330,000
11	Mr. Ashwani Puri	3,338,900	255,000

\# Commission to the Chairman of the Company (the Chairmanship was held by Mr. C.V. Sankar, Mr. K. Gnanadesikan, Mr. Vikram Kapur at various points in time during the year and currently Mr. Atulya Misra is the Chairman)

* Gross amount, subject to tax and payable in Financial Year 2017-18

** Gross amount, excluding service tax, paid during Financial Year 2016-17

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 a Stakeholders Relationship Committee and its terms of reference are to review statutory compliance relating to all security holders, consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/notices/ balance sheet, oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund, oversee and review all matters related to the transfer of securities of the company, approve issue of duplicate certificates of the company, review movements in shareholding and ownership structures of the company, ensure setting of proper controls and oversee performance of the Registrar and Share Transfer Agent, recommend measures for overall improvement of the quality of investor services and set forth policies relating to and oversee implementation of the Code of Conduct for prevention of Insider Trading.

The Committee met three times during the Financial Year 2016-17 on 2nd August, 4th November in 2016 and on 6th February in 2017.

The members of the Stakeholders Relationship Committee are as follows:

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

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

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

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

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

Number of complaints from shareholders during the year ended 31st March, 2017

Complaints outstanding as on 1st April 2016	2
Complaints received during the year ended 31st March 2017	20
Complaints resolved during the year ended 31st March 2017	22
Complaints not solved to the satisfaction of shareholders during the year ended 31st March 2017	0
Complaints pending as on 31st March 2017	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
2013-2014	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	1st August 2014	3:00 p.m.
2014-2015	-do-	31st July 2015	3:00 p.m.
2015-2016	-do-	3rd August 2016	3:00 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2016- 17.

c) No Postal Ballot was conducted during the financial year 2016-17.

d) As of the date of the Report, no special resolutions are proposed to be conducted through postal ballot.

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.titan.co.in besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

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

At the Annual General Meeting held on 3rd August 2016, no special resolution was passed.

At the Annual General Meeting held on 31st July 2015, a Special Resolution was passed: to pay remuneration by way of Commission to Directors who are neither in whole time employment of the Company nor Managing Director of the Company and to limit such remuneration to one per cent of the net profits of the Company for a period of five years commencing from the financial year 2015-16.

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

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 Listing Regulations.
Website, where results are displayed	The results are displayed on www.titan.co.in
Whether it also displays official news releases	Yes
Website for investor complaints	The Company has created an exclusive ID investor@titan.co.in for this purpose. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Presentations to institutional investors or analysts	Presentations made during the year to institutional investors are displayed on www.titan.co.in
Newspapers 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-March-2017 were published in Business Standard and Dina Thanthi.

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	Thursday, 3rd August 2017, 3:00 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	1st April 2016 to 31st March 2017
Book Closure Date	26th July 2017 to 3rd August 2017 (both days inclusive)
Dividend payment date	On or after 3rd August 2017 (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 31st March 2017.
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: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com Tel No: 022-66568484 Fax No: 022-66568494
Company Secretary & Contact Address	Mr. A.R. Rajaram, Vice President - Legal & Company Secretary E-mail: arrajaram@titan.co.in Tel No: 080-66609610

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

TSR Darashaw Limited 503, Barton Centre, 5th Floor 84, M.G. Road, Bangalore – 560 001 Tel: 080-25320321 Fax: 080 – 25580019 Email: tsrdlbang@tsrdarashaw.com 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: tsrdljsr@tsrdarashaw.com Contact Person: Mr. Subrato Das
Shah Consultancy Services Limited c/o. TSR Darashaw Limited 3-Sumatinath Complex, Pritam Nagar, Akhada Road, Opp. Kothawala Flats, Ellisbridge, Ashram Road, Ahmedabad - 380 006 Telefax: 079 - 2657 6038 Email: shahconsultancy8154@gmail.com Contact Person: Mr. Suresh Shah	

SHARE TRANSFER SYSTEM

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

STOCK CODE

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

The Aggregate Non-promoter / Public Shareholding of the Company as at 31st March 2017 is as shown below:

Number of Shares : 41,67,78,240

Percentage to total holding : 46.95%

STOCK PERFORMANCE

	Titan (BSE)		Titan (NSE)		Index Close Price	
Month	**High**	**Low**	**High**	**Low**	**Sensex**	**Nifty**
Apr-16	384.50	333.90	384.60	333.80	25,606.62	7,849.80
May-16	384.80	352.05	384.85	353.20	26,667.96	8,160.10
Jun-16	408.95	351.75	410.15	351.70	26,999.72	8,287.75
Jul-16	434.95	398.10	435.00	391.50	28,051.86	8,638.50
Aug-16	429.25	392.75	429.00	392.00	28,452.17	8,786.20
Sep-16	445.00	384.20	444.50	383.20	27,865.96	8,611.15
Oct-16	410.00	355.00	408.90	361.10	27,930.21	8,625.70
Nov-16	384.00	296.30	384.30	296.15	26,652.81	8,224.50
Dec-16	335.40	307.00	335.50	307.10	26,626.46	8,185.80
Jan-17	377.90	325.55	378.45	325.50	27,655.96	8,561.30
Feb-17	459.00	359.00	458.50	359.00	28,743.32	8,879.60
Mar-17	470.50	428.10	470.60	428.00	29,620.50	9,173.75

DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH 2017

No. of Equity Shares Held	No. of Shareholders	Percentage	No. of Shares	Percentage
1-5,000	105,870	96.67	50,348,715	5.66
5,001-20,000	2,864	2.62	25,292,483	2.85
20,001-30,000	180	0.16	4,404,541	0.50
30,001-40,000	101	0.09	3,513,297	0.40
40,001-50,000	61	0.06	2,833,546	0.32
50,001-1,00,000	142	0.13	10,118,782	1.14
1,00,001- 10,00,000	234	0.21	77,816,989	8.77
10,00,001 and above	64	0.06	713,457,807	80.36
TOTAL	109,516	100.00	887,786,160	100.00

CATEGORIES OF SHAREHOLDING AS ON 31st MARCH 2017

Category	No. of Share holders	No. of Shares Held	% of Shareholding
Tamil Nadu Industrial Development Corporation Limited	1	247,476,720	27.88
Tata Group Companies	5	223,531,200	25.18
FFI / FIIs / OCBs	464	187,547,722	21.13
Bodies Corporate	1,231	15,267,844	1.72
Institutional Investors	26	20,028,414	2.26
Mutual Funds	99	24,007,670	2.70
Nationalised Banks	6	23,540	0.00
Others	107,684	169,903,050	19.13
Total	**109,516**	**887,786,160**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March 2017, 97.99 % 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	:	Hosur, Dehradun, Roorkee, Pant Nagar, Coimbatore and Sikkim.
Jewellery	:	Hosur, Dehradun, Pant Nagar and Sikkim.
Prescription Eyewear	:	Chikkaballapur, Kolkata.

ADDRESSES FOR CORRESPONDENCE

Registered Office	:	No.3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Corporate Office	:	No. 132/133, Divyasree Technopolis, Yamalur, off Old Airport Road, Bangalore 560037.

10. DISCLOSURES

(a) Related Party Transactions: During the year under review, besides the transactions reported in Note 34 forming part of the financial statements for the year ended 31st March 2017 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.

Up to the year ended 31st March 2016, the Company had prepared and presented its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards), Rules 2006. These are the Company's first Ind AS financial statements. The date of transition is 1st April 2015. Refer Note 2 for the details of first-time adoption exemptions availed by the Company.

(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 Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2017, which is annexed hereto.

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

(f) Whistle Blower Policy: The Company has a whistle blower mechanism wherein the employees can approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every

employee to promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. The disclosure reported are addressed in the manner and within the time frames prescribed in the policy. A mechanism is in place whereby any employee of the Company has access to the Chairman of the Audit Committee to report any concerns. 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 Listing 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 and the Board at various levels:

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

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

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

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

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

The Risk registers of each of the Businesses gets updated on 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 http://titan.co.in/hot-corp-governance.

(k) Disclosure of commodity price risks and commodity hedging activities: 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.

Compliance with Regulation 39(4) of the Listing Regulations

Pursuant to Regulation 39(4) read with Schedule VI of the Listing 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:

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

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

The details of the number of shareholders and outstanding unclaimed shares for the period 1st April 2016 to 31st March 2017 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	1,562	2,757,340
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	27	58,780
Number of shareholders to whom shares were transferred from suspense account during the year	27	58,780
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	1,535	2,698,560
That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	1,535	2,698,560

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 following discretionary requirements

- The statutory financial statements of the Company are unqualified.
- Mr. Atulya Misra is the Chairman of the Company and Mr. Bhaskar Bhat is the Managing Director of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director.
- The Internal Auditors of the Company make presentations to the Audit Committee on their reports.

13. DISCLOSURE OF COMPLIANCE WITH THE LISTING 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 of the Listing 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 March 31, 2017

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

BHASKAR BHAT
Managing Director

S SUBRAMANIAM
Chief Financial Officer

DECLARATION BY THE CEO UNDER 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 March 31, 2017.

for **TITAN COMPANY LIMITED**

Date : 12th May 2017

BHASKAR BHAT
Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF TITAN COMPANY LIMITED

1. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Titan Company Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither and audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial l Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

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

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

V. Srikumar
Partner
(Membership No. 84494)

BENGALURU, 12th May 2017

REMUNERATION POLICY

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

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

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

Key principles governing this remuneration policy are as follows:

- Remuneration for independent directors and non-independent non-executive directors
    - 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.

o In terms of remuneration mix or composition,

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-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.]

o The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.

- Remuneration payable to Director for services rendered in other capacity

  The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such director in any other capacity unless:

a) The services rendered are of a professional nature; and

b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession.

- Policy implementation

  The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

BUSINESS RESPONSIBILITY REPORT

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the company : L74999TZ1984PLC001456
2. Name of the Company : Titan Company Limited
3. Registered address: 3, SIPCOT Industrial Complex, Hosur – 635126
4. Website: www.titan.co.in
5. E-mail id: sridharne@titan.co.in
6. Financial Year reported: 2016-17
7. Sector(s) that the company is engaged in: Retail
8. List key three products / services that the Company manufactures / provides (as in balance sheet)
   a. Watches and accessories
   b. Jewellery
   c. Prescription eyewear
9. Total Number of locations where business activity is undertaken by the company
   a. International locations: Distributed in 32 countries
   b. Number of national locations: Pan India retail presence. 12 manufacturing and assembly facilities, 1366 stores
10. Markets served by the company – covered in point 9

SECTION B : Financial details of the company

Paid up capital, Total turnover, Total Profit after taxes, total spending on CSR as percentage of profit after tax (%) and list of activities In which CSR spends have been incurred have been covered in other sections of the annual report.

SECTION C : OTHER DETAILS

1. Does the company have any subsidiary Company / companies? Yes
2. Do the Subsidiary Company / companies participate In the BR initiatives of the parent company: No
3. Does any other entity/entities (eg 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?

   Yes indirectly to a limited extent

SECTION D: Details of Director/Directors responsible for BR

a) Details of the Director / Director responsible for implementation of the BR policy/policies
   1. DIN Number: 00148778
   2. Name: Mr Bhaskar Bhat
   3. Designation: Managing Director

b) Details of BR head
   1. DIN Number: Not Applicable
   2. Name: N E Sridhar
   3. Designation: Head , Corporate sustainability
   4. Telephone Number: 08066609021
   5. E-mail id: sridharne@titan.co.in

MD's message

Titan has always believed in creating value for its stakeholders in a unique way. It has differentiated itself from other Corporates through this value creation, which has impacted its stakeholders positively.

We have always believed in improving the quality of living for the people we touch. Titan has significantly re-aligned the way the industry functions - products are manufactured, sold and serviced, and our regard for our employees and customers.

Our sustainability practices are deeply embedded in all that we do and have consistently helped us deliver sustained value to our stakeholders.

At Titan, the Corporate Sustainability function (that covers CSR, climate change, safety, affirmative action and business excellence) is considered an intrinsic and essential part of the business. The sustainability function draws its inspiration from the Company's vision: We create elevating experiences for the people we touch and significantly impact the world we work in.

The Company's vision has been the guiding light for its success and sustainability efforts for over the past two decades. The Company is poised for long-term growth guided by its concept of adding valuable experiences for people and positively influence the world around it.

The Business Responsibility Report (BRR) attempts to capture and formally showcase the Company's efforts towards sustainability for the fifth year in succession.

Bhaskar Bhat

The Titan Story

The Titan story began in 1984, with a joint venture between the Tata Group and the Tamil Nadu Industrial Development Corporation (TIDCO); and established one of India's most recognised brands, which later gave rise to an array of spectacular sub-brands.

The Company brought about a paradigm shift in India's watch market by introducing quartz technology with international styling in a pre-globalised economy. Titan began manufacturing from a state-of-the-art factory at Hosur, Tamil Nadu in 1984. Within 11 years, the Company diversified with its jewellery brand Tanishq. In 1995, India's urban jewellery market was fragmented devoid of any brands; Titan capitalised on this with Tanishq. About a decade later in 2005, the Company launched its second jewellery brand Gold Plus to foray into smaller towns and rural India. Titan also penetrated the eyewear market with Fastrack sunglasses and Titan Eye+ and more recently into handcrafted and handwoven sarees with Taneira, its latest brand.

The Company has pioneered all industry segments, wherein it operates. Moreover, it has attained leadership position in the market segments where it performs with new manner of designing, making and selling products.

Titan views innovation as a means to reach its objective in developing new and relevant products and services. Innovation penetrates every walk of life at Titan - in thoughts, processes, approaches and strategies – and is considered the most important success factor for the Company. Titan's business strategy integrates business excellence with sustainable development for success. Additionally, Titan believes it is trust that creates enduring relationships with customers, employees, shareholders, network of business associates, and the communities where it operates.

The Company's vision reflects in each and every brand of Titan; and it is this vision that distinguishes the Titan brands from others.

The Titan Vision:

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

The Titan Mission:

We 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.

Over the years, the Company has created iconic brands from the scratch and acquired a reputation for being a specialty retailer. Today, the Company has four divisions - Watches and Accessories, Jewellery, Eyewear and Precision Engineering. While the former three are consumer-oriented retail businesses, Precision Engineering deals with B2B businesses.

Various certifications have been obtained across the Company are as mentioned below.

OVERALL COMPANY	OHSAS 18001
Watches	ISO 9001, ISO 14001, ISO 50001 Energy Management System
Jewellery	QMS - ISO 9001; EMS - ISO 14001; OHSAS - OHSAS 18001:2007; FSSAI (From TN Govt.); PREMIUM HYGINE FOOD (GC MARK BY UL-DQS)
Eyewear	ISO 9001; BS OHSAS 18001:2007
PED	ISO 9001, ISO 14001 AS 9001 (Aerospace)

About the Report:

The Business Responsibility Report (BRR) 2016-17 is the fifth such report showcasing responsible business practices across the nine principles of National Voluntary Guidelines (NVGs) on Social, Environmental and Economic responsibilities of Business released by Ministry of Corporate Affairs, Government of India, in July 2011.

The Scope of the report covers locations and products mentioned below.

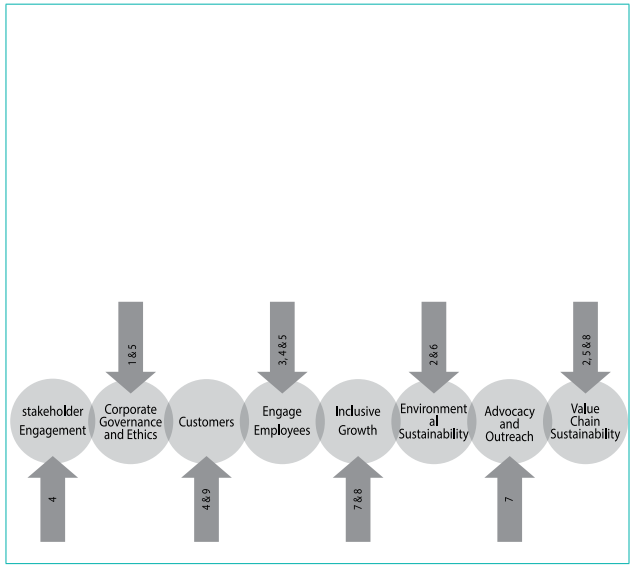
All the product lines and divisions including Watches and Accessories, Jewellery, Eyewear, Precision Components and Automation Solutions; New business areas will be covered over a period of time

All offices: The Corporate Office at Bangalore, regional offices in Bangalore, Delhi, Kolkata, Mumbai and all the branch and area offices across the country;

Manufacturing facilities at Hosur, Bommasandra, Chikkaballapur, Dehradun, Roorkee, Pantnagar and Coimbatore

Data published in this report covers offices and manufacturing units directly within the Titan Company control. It accounts for most of the operations for which the environmental and other sustainability related data can be tracked.

The main Business Responsibility topics covered in this report are structured as shown in the diagram below. The NVG principle against each topic is mentioned for a better clarity.



Circles indicate Business Responsibility Topics. Arrows indicate NVG principles

Stakeholder Engagement: The following table details on 'Who are the stakeholders' and "How we engage with them".

Stakeholder	Modes of Engagement	Being a responsible business
Primary Customers – Franchisees	✓ Franchisee satisfaction surveys ✓ Business associates meet ✓ Association with multiple businesses of Titan ✓ Dealer meets	✓ Preference for franchisees that share the Tata value system. The value system is an integral part of the Tata Code of Conduct that enables the franchisees to conduct business in a fair and transparent manner
End Consumers	✓ Customer satisfaction surveys ✓ Encircle- unified loyalty programme: continuous relationship building and engaging with the customer on products and promotions ✓ Multiple customer engagement programmes like Make Hearts beat, Tanishq Way of life and so on	✓ Empowering the frontline retail staff to delight customers, going beyond norms. ✓ Customer Experience – building trust through greater transparency, quality products, inventive retail layouts, service centres, optometrists,
Government and Regulatory Bodies	✓ Timely disclosure of information to Stock Exchanges and other regulators ✓ Prompt disclosure and reporting on sustainability and Corporate Social Responsibility (CSR).	✓ Policies like the Tata Code of Conduct, Whistleblower, Prevention of Sexual Harassment, and gifting policies. ✓ Sharing experiences in many a public forum and institutes
Employees	✓ Tell Me survey ✓ Robust training, development and capability building programme, multiple levels of leadership development programmes ✓ Rewards and recognition	✓ A host of employee friendly policies that include education support and scholarships, among others.
Supply Chain Partners	✓ Capacity building programmes local vendors – both technical and non-technical ✓ Vendor portal / feedback mechanism / Management Information System (MIS)	✓ Improving the working conditions of karigars through Karigar Park and karigar centres ✓ Strategic partnerships with key vendors ✓ Tata code of Conduct
Community and NGOs	✓ Periodic meetings with partners and NGO's ✓ Agreement based approach / MoU / Long -term partnerships / Co-create of programme	✓ MEADOWs initiative that empowers women from disadvantaged backgrounds ✓ CSR policy defined in line with the requirement of Companies Act, 2013 ✓ Focused perusal of affirmative action through scholarship schemes, supporting tribal school children, employability related training
Investors & Shareholders	✓ Annual general meeting ✓ Annual investor meets ✓ Investor complaints	✓ Providing timely and transparent information to investors through annual general meeting (AGM), annual result reporting, detailed annual report with MD's message and disclosures on management approach, shareholder's grievance committee and redressal process
Environment	✓ Carbon footprint and CDP reporting on annual basis ✓ IMS / EMS and energy management system certification	✓ Greening of new corporate office ✓ Large thrust on renewable energy usage including wind and solar energy, piloting large scale solar applications

Sustainable development has been the backbone of Titan Company. To make this possible the Company has adopted several steps to alter the way it conducts business. It has set into place various programmes under the Titan roof that will enhance its sustainability drive.

Four years back, Titan Company formally embraced sustainability as a corporate objective. Since then, it has taken root in the organisation and blossomed into a full-fledged function. It is in line with the Tata Group's sustainability values and the Government of India efforts in urging corporate India to embrace CSR and inclusive growth in a structured manner.

Advocacy and Outreach

Titan Company engages with policy making and regulatory bodies through multiple business forums for improving transparency in unorganised sectors.

The Company's senior executives participate in the development of public policy that addresses issues affecting business, products, customers and overall industry through collaborative interactions. Senior Management Team is encouraged to participate in various public forums and committees to contribute to the overall industry's development.

Titan Company's Watches and Accessories division is part of the Horological Federation of India (HFI). Moreover, the Company supports government agencies in raids that expose fake and smuggled watch dealers.

Titan Company works closely with the Gems and Jewellery Skills Development Corporation and the National Skills Development Corporation to develop professionally skilled artisans. Besides, the CEO of Jewellery division is on the Board of the Gems and Jewellery Sector Skill Council. Further, the Company diligently follows compliance for Know Your Customer (KYC) and compulsory PAN card requirement for jewellery purchases as per government rules. Additionally, it strictly adheres to norms on gold procurement and sale. Moreover, the Company's Jewellery division was the first to modify its scheme – Golden Harvest Scheme according to reformed regulations, while simultaneously managing its repercussions on the business and customer engagement.

Titan Company is a part of the Indian Optometric Association (IOA).

Besides, the Company's senior executives also participate as members or Chair industry bodies, such as CII, FICCI, and Associated Chambers of Commerce of India (ASSOCHAM) and so on. Additionally, senior executives participate in Tata Group initiatives. These enable the Company to contribute to policies and opinions concerning the industry. Some of the other forums where Titan members represent the Company include RASCI, CII Committees on Skilling, CSR, AA, and so on. Moreover, senior executives are encouraged to interact with B-School students and share industry best practices to inspire them.

Economic Sustainability – Engaging Growth

Titan Company believes in generating economic value for all stakeholders –employees, franchisees, suppliers, shareholders, investors, customers and community through inclusive growth. It aims to enhance the quality of life that goes beyond mere financial profits.

With a market cap of ₹41017.94 crores as on 31st March 2017, Titan Company Limited is largely focused on the domestic market. However, it continues to strengthen its international presence.

Other detailed financials reports are available as part of the annual report published every year.

Going forward – Deploying our long term plans

Despite challenging market conditions, Titan Company embarked on its five-year plan equipped with strategy. It deployed its strengths to achieve its objectives and succeeded. However, the Company expects to re-strategise according to its performance and market conditions, going forward. In the year under review, the Company renewed its vigour to synchronise all its competencies harmoniously.

One key initiative that fuelled thoughts for growth in the Company was the Ignitor programme. The drive elicited an overwhelming response with unique set of ideas that led to Titan's foray into the sarees business with its new brand Taneira.

Key Risks

Titan Company operates in a fast-paced, ever-changing world, where managing and mitigating risks are the keys to success. The Company's risk management function is overseen by the Senior Management and the Board at

various levels. Legal Compliance Tool helps the Company in efficient management of various legal compliances. Thus, it minimises compliance related risks in areas of corporate, tax, labour laws as well as industry specific legislations and State Rules. Moreover, there is a three-tiered approval hierarchy for submission, escalation and approval of law specific compliance requirements by concerned business managers. Specific division and company level risks are discussed in details in the Company's annual report. Risks are enumerated below:

- The Company's high dependence on jewellery
- Government control on gold import, introduction of new amendments to Prevention of Money Laundering Act, Restrictions on 'Gold on Lease' and so on.
- Unauthorised sharing of intellectual property and other digital confidential information (such as , product, design, pricing strategy, discounts, and costing, among others), IT systems in retail / CFA, network infrastructure, e-commerce and other websites being vulnerable to phishing and hacking threats.
- Data scrutiny and integrity, inadequate threat and risk assessment, and system maintenance framework
- Inadequate process and policy for business continuity and disaster management
- Statutory Compliances by Company/Indirect Agencies to: Shops & Establishment Act, and the various labour legislations, among others.
- Increased levels of legal activism
- Engagement of contract / casual labour in manufacturing, offices, retail (including CFA / L1, L2 and L3 stores) including compliances by contractors
- Rising expectation in terms of job enrichment, increased learning and development, and better empowerment within the Company, of relatively younger population or new joinees.
- E-tailing as a threat to brick-and-mortar retailing; emergence of e-commerce players eating away the market share in various divisions
- Inadequate processes and systems to manage investor related issues.

All the above listed risks are being addressed as part of the Company's strategy and business plan and reviewed at the Board level.

Governance, Human Rights and Ethics

As a part of the TATA group, corporate governance is the way of life at Titan Company. The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations, environment and regulatory compliances. It has created several policies and mechanisms towards being compliant to amendments to the Companies Act, 2013.

As on 31st March 2017, the Company had 11 Directors, comprising 10 Non-Executive Directors and one Executive Director, of which six are Independent Directors.

Stringent accounting standards such as GAAP and Indian Accounting Standards are followed and the financial statements are externally audited by leading audit firms. The Audit Committee comprises six members, of which four are Independent Directors. The Committee oversees the Company's financial reporting process and disclosures of the financial information to ensure its financial statements are correct, sufficient and credible. Moreover, the Committee recommends risk mitigation initiatives to the management and other personnel. The internal audit programme focuses primarily on checks and controls on systems and processes, monitoring compliances, continuous upgrade of controls, business risk mitigation. It reports directly to the Audit Committee of the Board.

The Board's Nomination and Remuneration Committee recommends appointments or re-appointments of Managing Director and Whole-Time Directors. Besides, it recommends or reviews remuneration of the same.

Moreover, it recommends to the Board the most eligible nominations for appointment as Independent Directors, appropriate to the Company's structure, size and complexity, according to special expertise and experience of the Directors in the related domains.

The Stakeholders Relationship Committee specifically looks into the redressal of investors' complaints. These relate to transfer of shares, non-receipt of Annual Reports and dividends declared by the Company and so on. The Ethics Committee reviews the compliance with TCoC and the implementation of Code of Conduct of Ethics at Titan Company.

The committee on CSR deals with facilitating CSR policy creation, overview, directions and compliance with CSR rules under the Companies Act.

In line with the requirement of the Companies Act, 2013, Titan's Board has embarked on a Board Effectiveness Measurement System. It provides feedback to members of the Board.

Integrity and trust are the pillars of the TATA group, and Titan Company Limited has carried forward that torch. It is striving to uphold the group's values to the highest order in its 30th year of operation. With changing times, new approaches to business and communication have been adopted. The four governing policies adopted by the Company from the Tata Code of Conduct (TCoC) are the Whistleblower Policy, the Policy on Honorarium, the Gifting Policy and the Policy on the Prevention of Sexual Harassment.

Continuing with our endeavour to envelope new recruits into the Titan culture, technology has helped in spreading the word. E-learning modules links are mailed to new recruits prior to receiving the offer letter. On completion of the same successfully, they are given the confirmation letter.

Similarly, existing employees are sent a link to run through at a convenient time to re-familiarise themselves with the policies of the Company. The regional Ethics Counsellors are trained in conducting workshops for all employees. Currently, there are 81 volunteers across the country at various offices and manufacturing units, who are within reach of the employees.

As an organisation that has a value chain spanning from manufacturing to retail, Titan Company is largely dependent on a complex supply chain. Therefore, it recognises the impact on the larger ecosystem covering suppliers, vendors, business partners and contractors, who are expected to adhere to the TCoC. A clause of TCoC is included in all the external contracts, be it franchisees or vendor partners.

The Board's Ethics Committee oversees the Ethics Management Process. The process is driven by a task force comprising the Managing Director as the Principal Ethics Officer, headed by a senior executive, who is the Chief Ethics Counsellor (CEC). Besides, the CEO of the Jewellery Division is a part of it and about 81 ethics counsellors across the Company help run the process smoothly.

Principal Ethics Officer -Managing Director	Chief Ethics Counsellor (CEC) CEO-Jewellery	Across the company - 81 Ethics Counsellors	POSH - Committee Members

A Committee on Prevention of Sexual Harassment (PoSH) has been constituted based on the new law on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Awareness of all policies, including policy on PoSH and reinforcement of the same, is carried out at periodic intervals for employees and other stakeholders as applicable. The email id ethics@titan.co.in helps in bringing in transparency to the system and enables people to register issues.

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

Table 1: Type and number of concerns in 2016-17

Type of Concern	Number of Concerns		
	Total	Resolved	Pending
Ethics related – Fraud / Misappropriation / Non-disclosure	10	9	1
Sexual Harassment related	7	7	0

Enhancing awareness of stakeholders has helped the Company to reduce incidents of malice. However, a growing network and influx of new employees have made it imperative to reiterate the TCoC. Besides, these are challenging the speed of the awareness programmes.

The awareness programmes continued its 'street play' format to take the message to employees. Each region conducted cultural programmes, with employees as participants to convey the message. Apart from this, the Right Way stories are emailed to all employees and published in the monthly newsletter. These stories - real life incidents – are in short capsules, without revealing the names and location, depicting the violation and its consequences. This helps in better understanding of the TCoC and deters possible violators.

Table 2: All India POSH & TCOC Awareness Workshops in 2016-17

Number of workshops	Number of Employees / stakeholders covered	Number of ICC and Internal Trainers Trained
27	5357	81

Table 2: All India POSH & TCOC Awareness Workshops in 2016-17

	Employee	Contract	Vendors	TOTAL
Q1	373	60	30	463
Q2	770	1926	50	2746
Q3	1504	513	574	2591
Q4	661	278	307	1246
TOTAL	**3308**	**2777**	**961**	**7046**

In addition to the awareness program, the gifts declared are auctioned to the employees and the amount collected is distributed to various charitable organizations recommended by employees and validated by the CSR and Ethics team. This activity is appreciated and has a good response, both is declarations as well as in participating in the auctions.

Globalisation has significantly changed the world. And one of the most pressing issues of modern businesses worldwide remains human rights. As a responsible business, Titan seeks various ways to respect and support human rights in complex social, political and economic contexts; particularly where they are violated.

As a part of the Tata Group, respect for human rights is integral to Titan Company's value system. It is ingrained in Titan's culture, policies and practices. The Company has put in place mechanisms to ensure that elements of human rights are instilled in employees through formal communication systems and the TCoC, to which each employee is expected to adhere.

Although there is no separate formal Human Rights policy, the Company has a formal policy against employing child, forced, and compulsory labour. It ensures all employees including contract and franchisees' employees are above the age of 18 years.

Grievance Redressal

Employees are provided with the opportunity to voice their opinions and have the appropriate channels to raise concerns and grievances.

Titan Company follows both formal and informal mechanisms for grievance redressal. Grievances broadly fall under two categories: Issues related to ethics, harassment and other workplace related issues

The Chief Ethics Counsellor reviews issues on a case-to-case basis during ethics counsellors' meets.

The highest standards of professionalism, honesty, integrity and ethical behaviour have been adopted to conduct the affairs of the Company in a fair and transparent manner.

There is a provision under the TCoC requiring employees to report violations, which states, "Every employee of a Tata Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of his or any other Tata Company."

In order to address workplace related issues, the senior management team has periodic interactions, including open houses with employees at all locations. The MD regularly receives feedback from employees across the country through specially instituted mechanisms.

Stakeholders' Relationship Committee

There is a separate Stakeholders' Relationship Committee for shareholder grievances. The shareholder complaints are posted by SEBI on its website and the Company pro-actively resolves them. It uploads the Action Taken Report in a time bound manner. The average time taken for resolving shareholder grievances is seven days. Pursuant to the amended listing regulations with the stock exchanges, Titan Company has an exclusive e-mail id for redressal of investor grievances. Investors can email at investor@titan.co.in to lodge their complaints. All shareholder complaints (including at the beginning of the year) received during the reporting year have been resolved successfully as on March, 2017.

There were no complaints regarding copyright issues in respect of products that involve the use of traditional knowledge and geographical indicators. No cases were filed by any stakeholder against the Company regarding

unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

Customer Satisfaction

Customer Engagement and Satisfaction

All Titan Company brands operate with a single point agenda of complete engagement and customer satisfaction through unique programmes driven within each division.

Customers are classified into two levels:

- Franchisee
- End Consumer

Primary Customers - Franchisees

Co-creating with our business partners

About 80% of all stores across the Watches and Accessories, Jewellery, and Eyewear divisions are run by franchisees. It is crucial to partner with the right people who share a similar value system and can provide fruitful partnerships. As new benchmarks are set in the sectors where the Company operates, it becomes imperative to create 'win-win' alliances.

Choosing the Right Partner: Selection Process

The Company has put in place a robust franchisee selection process, wherein franchisees are evaluated. The franchisee selection process requires profiling of the franchisees at various levels and on several parameters including financial capability and experience in businesses - with a comparable background like retail or services sector. Each franchisee is expected to abide by the TCoC guidelines, a copy of which is given and reinforced through all contractual agreements and documents.

Training the Customer Facing Employees:

Both Titan Company and franchisee-employed staff receive identical soft skills development training, apart from specific product knowledge and business skills related trainings.

Rewards and recognition programme - Impressions - for the frontline retail staff at regional and national levels has seen huge success. It is open to technicians, store staff, and receptionists across the network of franchisees. The programme touched approximately 10,000 frontline staff and has enhanced their sense of belonging to Titan Company ecosystem. This has helped to intensify the connection with them.

Engagement

Apart from regular store visits by the sales, regional managers and business heads, there are open sessions for discussions on return on investment (RoI), break-even point, internal rate of return (IRR) and so on. Moreover, they are engaged for a year-to-year basis, exemplifying the Titan Company's commitment. Business Associate Meet (BAM) is held biennially, where various engagement activities, such as one-on-one business planning sessions for each store, franchisee workshops, recognition programmes and so on are conducted. A testament of partner commitment is visible through our franchisee partnerships that have stood the test of time. Many of those who started as watch franchisees are now dealing with the Company across jewellery, accessory and eyewear segments

The Customer Connect: Encircle

Titan Company's newest loyalty programme is called Encircle, which encompasses all the three consumer facing businesses and unifies the customer on a single platform. It helps to keep them loyal and engaged. The programme engages customers on a regular basis and provides information on new products and services besides rewarding them for loyalty.

Customer Complaints

As a product and service-oriented, responsible company, there is an obligation to respond to customers' needs and expectations. Titan Company is driven by the thought 'Customer delight drives our action'. In this vein, sustainable products are developed with a high degree of reliability and easy-to-use, intuitive controls.

Customers can register their complaints and concerns through respective customer access points of each division.

TITAN

- Retail stores and watch care centres
- Helpline and helpdesk, apart from our retail stores and watch care centres

TANISHQ

- The staff of our boutiques

TITAN EYE +

- Toll free helpline, store staff
- Policy on beyond warranty complaints and empowering store staff.

PRECISION ENGINEERING

- Feedback surveys, one-on-one meetings with our business head

The Customer Care Cell serves as a single point of contact for customers and handles issues, such as customer grievances, price and store enquiries, and gift card queries and so on.

Table 3: Customer Complaints in 2016-17

Customer Complaint (Products and Services)	Number of Complaints		
	Received	Resolved	Pending
Watch Division: % of warranty complaints on sales	2.03 %	2.03 %	0
TEAL - PECSA	13	13	0
TEAL - MBA	153	136	17
Eyewear Division- warranty complaints on sales	29625	29625	0
Jewellery Division - warranty complaints on sales	1635	1635	0

Responsible Advertising and Consumer Education

Titan Company understands that 'advertising is the life of trade'. Advertising is seen as a catalyst to educate consumers and get them in-sync with core business values in addition to promoting sales. Not long back, the Tanishq campaign featured India's leading celebrity couple bringing to light the varying facets of a diamond purchase. In another bold TV commercial, the same brand charmingly celebrated a second marriage; an event looked down upon by large parts of Indian society.

In an attempt to take innovation to consumers, Titan Eye+ has aggressively communicated an online testing tool. The awareness programme took to digital media and PR to encourage people to detect the need for correction or change in power at appropriate time. This technology-oriented initiative allowed people to detect vision problems from the comfort of their home or office. All claims on product performance are tested extensively and are backed by product warranties relevant for each category.

Promoting Originals

The business model of Helios enables bringing genuine and original watch brands under one roof. Keeping in mind the consumer requirement for original products has gone a long way in creating a successful product and retail brand in India. Customers are actively encouraged to use only original spares in order to ensure quality and satisfaction.

Our Titanians, Our Strength

Path to Employee Wellness

The HR function at Titan Company Limited has enabled the business transformation through its strong partnership.

Leadership development and succession planning

The achievement on this front has been significant. **Over 100 high potential individuals** between grades L6 and L9 (mid to senior management) were identified through a structured potential appraisal process. Some of the identified individuals are going through the **Emerging Leaders Program (ELP). ELP was launched in April 2016 and is designed to dovetail the Company's over-arching leadership and talent pipeline strategy.** It's an 18-month long development journey with three phases – Leading Self, Leading Others and Leading Business. The programme has covered half its trajectory.

Further, the Company launched the **Young Leaders Program.** It is designed for individuals between grades L3 and L5 intended to identify leadership potential at an early career stage and accelerate their development. The programme has completed the first 12 months of its journey and comes to fruition in March 2018.

Work on **Top Management Succession and Development has** commenced. In addition, the framework for **recruitment, selection and performance management of key management personnel** has been approved and is now in use.

The leadership competency framework for Titan was completed and rolled out last year. The framework has been integrated with key HR processes such as performance management, talent development and so on.

Articulation of competencies and development paths for specialist/niche roles has been initiated with the completion date set in the 3rd quarter of 2017-18.

Capability building – sustaining and strengthening individual and team development:

Titan Company sharpened its focus on building individual and managerial effectiveness through multiple initiatives.

- Over 450 participants were covered under MOMENTUM, the three-tiered development intervention for employees at different career stages.
- More than 600 managers participated in High Impact Performance Management sessions – a game based peer learning session focused on holding effective performance conversations.
- Over 200 managers participated in Lead-to-Engage sessions to understand their manager scorecards, the key factors driving team engagement and effectiveness to help them have effective conversations around the same.
- More than 59 middle level managers such as RBMs underwent a programme to develop coaching skills.
- Actual business needs were identified for which Immersions were conducted to ensure that the learning is implementable and addresses a specific need. The approach to immersion was experiential rather than just theory.

In manufacturing, Karigar se Kalakaar programme was launched in Jewellery division to build deeper connect with Titan and customer orientation among Karigars. Moreover, work on creating a Technical Competency framework, with the aim of enabling knowledge transfer and internal capability building has been initiated. Internal experts have been identified to create a trainer pool and they have been taken through a 'train-the-trainer' programme. In order to build Six Sigma capability the learning and development (L&D) team facilitated a business-led approach with defined projects and mentoring. It aimed to deepen this capability over three years. TEAL has tied up with NTTF for Learn and Earn Programme (a scheme under the national employability enhancement mission). This will help the Company induct fresh trainees at shop floor and enhance their skills.

For retail chains, the Company rolled out the 'Smile' initiative in the Watches & Accessories division. Besides, Titan Company launched the orientation handbook for new store staff in Watches Division and revamped the one for its Jewellery Division. A round of sales capability programmes for Watches Retail and Trade ABMs was completed. IMPRESSIONS, the recognition event for retail associates was celebrated across all regions on 12 December 2016 – the Retail Employee Day.

Employee experience and culture study:

The Company has commenced an organisation wide culture study to articulate the shared elements of culture. This helped Titan Company to define a desired organisational culture for the future and integrate it into its HR processes. The study completed in FY 17 and it helped identify seven tenets of Titan's culture that will be driven by the leadership team and HR. The Titan competency framework is based on these seven aspects of culture and was used for performance appraisal in FY 2017.

The Titan Annual awards saw over 100 nominations for Outstanding Titanian and Dream Team (OTDT) awards and 53 for UnLike awards. This is the 17th edition of the prestigious OTDT awards. Additionally, the Company's employees have continued to participate enthusiastically in various programmes, such as small group activities, cross functional teams, safety forums and volunteering efforts.

Improving people processes and HR effectiveness by leveraging technology

Titan Company delighted its employees by completing the performance management and promotions before its time. One of the key focus areas for the year was to optimise cost wherever possible and enhance employee productivity. Through stringent control on manpower, roll-out of Voluntary Retirement Scheme (VRS), and the long-term settlement, the Company controlled the exit cost of employees at 97% of budget.

Performance Orientation:

There was significant improvement in the Performance Management System (PMS) processes and articulation of

them for the future. Goals were standardised for frontline and managerial positions in retail across divisions. Similar metrics and measures were implemented across non-unique retail roles to drive similar levels of productivity. High Impact Performance Workout sessions – a day long game based peer learning session around holding effective performance conversations were conducted. In addition, Performance Improvement Plan process was implemented and rigorously executed in retail across regions.

Transparent people policies:

The Company policies for employee benefits go beyond the statutory requirements and are guided by TCoC values. These enable the Titan employees and their families to enjoy a respectable standard of living.

The Company recognises and respects employee rights for collective bargaining. Workmen are represented by employee unions or by employee forums at the Company's manufacturing locations. The Company engages with these Unions to arrive at long-term settlements and productivity improvement measures. Table 2 depicts the membership of our employees in unions and other employee forums.

Titan Company has been a pioneer in ensuring an inclusive and diverse workforce across its operations. An equal opportunity employer, the Company has an Affirmative Action policy in place that encourages positive discrimination towards disadvantaged sections of society.

Moreover, Titan Company ensures adequate and fair representation of differently-abled people in its recruitment process. The Company engages physically challenged employees wherever possible on merit. Titan Company has 107 differently-abled employees, whose salaries and other benefits are at par with other employees.

Workforce profile:

Table 1: Workforce structure – Organisation level and gender wise employees in 2016-17

Categorization	Male	Female	Total
Non-Executives – E & Te level	990	875	1865
Executives – L1 – L4	3289	779	4068
Junior Management – L5-L6	900	166	1066
Middle Management – L7- L8	251	32	283
Senior Management – L9& SMT	133	12	145

Table 2: Permanent employees under various unions during 2016-17

Name of union/labours worker association/employee association	Number of permanent employees
Titan Employee's Union (Hosur)	1100/1100 (100%)
Watch Assembly Unit, Dehradun Employee Forum	110/110 (100%)
Jewellery Unit, Dehradun Employee Forum	36/36 (100%)
Watch Assembly Unit, Roorkee Works Committee	151/151 (100%)
Watch Assembly Unit, Pantnagar Works Committee	229/229 (100%)
Jewellery Division, Pantnagar Works Committee	140/140 (100%)

Table 3: Employees with Disability

Employee Details	2016-17	2015-16	2014-15	2013-14
Total number of employees with disabilities	107	121	128	126

Managerial and Behavioural Learning:

Titan Company's education policy enables employee growth by supporting them to pursue higher education. The Company reimburses the cost of education expenses up to ₹ 1 Lakh per person. Employees with two to five years of service with Titan can avail this benefit.

After receiving feedback from employees for improving managerial effectiveness, the Company has launched a number of interventions to address this. With the objective of building positive behavioural attributes and enhancing managerial capability among employees, a series of learning programmes called Momentum have been initiated. These programmes cover three important career stages – managing self, managing people and managing managers. They are supported by online learning and a robust process of pre- and post- programme support through the facilitation team.

Remuneration Structures and Reward Mechanisms

Individual remuneration at Titan is derived from a variety of factors that include internal and external parity, size of the role and individual team and the Company performance.

Reward and recognition schemes encourage positive behaviours through a variety of schemes for every organisation level and division, culminating in the OTDT awards at the apex level. Long service awards celebrate the loyalty and contribution of long-time employees.

Policies and Benefits

The Company complies with every aspect of statutory requirements with respect to people policies. These policies and benefits applicable to Titan employees often exceed the statutory minimum required, which is a reflection of the Titan Company's value system. For instance, the gratuity benefit for retiring employees is much above the rate specified under the Gratuity Act. Further, the Company has extended medical insurance for retirees and their spouses up to 80 years of age. Further, the Company encourages its partners and vendors to comply with statutory requirements such as minimum wages. In some instances, the Company policies and benefits cover the employees of associates as well, such as compensation increases and incentives for franchisee employees, medical and accident insurance coverage for employees of business partners and so on. Instances of some such policies and benefits include:

Assistance to employees for children's education

Employees may avail highly subsidised education loan for higher education of their children. Titan also provides scholarships in recognition of the academic achievements of employees' children. Cash awards are also given to employees' children who win sports events at the district, state or national level.

Titan Township

Titan supports the Titan Township in Hosur, a community that was created for its employees to enjoy a higher standard of living. The Titan school has become one of the finest institutions of its kind in Hosur.

Crèche

The Company's manufacturing units have a crèche facility for employees' children. This has enabled the Company to retain a large number of female employees, even at the manufacturing locations.

Maternity Leave

The Company's maternity leave policy provides flexibility for women employees to avail maternity leave for up to 90 days, excluding the weekly holidays and intervening national and festival holidays. Additionally, the Company may extend the leave beyond this period on a case-to-case basis.

Occupational Health and Safety

Occupational health and safety and ergonomics have been an integral part of the Company's development since its inception. Best practices of collaborators and technical partners to minimise occupational risks inherent in the business have been adopted. Monitoring mechanisms include a robust safety structure across the Company. This includes designated safety officers, EMS and OHSAS core teams apart from qualified auditors to provide constant feedbacks for improvement. A full-fledged health centre is in place at the main plant location at Hosur.

Robust processes have been developed and implemented to identify occupational health and safety related hazards. Suitable controls are provided by evaluating the hazards and risks with primary focus on elimination, substitution and engineering controls. Emphasise is on reporting of unsafe conditions, unsafe acts and near misses through safety alert card system. Safety inspections to identify and control workplace hazards helped the system in addressing accident prevention. Emergency preparedness and response procedures are established and rehearsals are carried out through drills to ensure quick recovery. These are constantly reviewed and updated.

Titan Company has a robust OHS policy and is also registered under OHSAS 18001:2007 Certification. The scope of the OHSAS implementation and certification covers the entire organisation, including the Company's manufacturing units, all regional locations, The Company believes in a prevention oriented approach towards safety. Hence, places emphasis on training and awareness building across all employee categories including focus on ensuring customer safety in its premises.

During the year, the Company covered over 14764 employees (all categories) under safety training, while investing about 35588 man-hours of training. The focus on training includes ergonomics, lifesaving skills, and emergency preparedness, electrical and behavioural based safety.

Creating elevating experience – The community

Titan Company has always believed in serving the community and improving the quality of life of people it touches. The Company has successfully rewritten the rules of the game in the industries where it performs with a transformation in how it manufactures sells and services its products and delights its customers and employees.

Titan leverages the skills and competencies, financial and people resources as well as the infrastructure and relationships of the Company in order to excel and maximise its societal impact. This ensures corporate social responsibility (CSR) will benefits from the business activities of the Company, even as it serves the communities that interact with such business activity.

Accordingly the CSR focus at Titan 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.

Besides, it has initiated a unique recognition programme that seeks to recognise design thinking in product design that serves larger interests in the areas of social change.

The Company works towards responsible citizenship by continuing present initiatives, supporting local and national causes. It takes up other issues as and when required even as it works towards scaling up on the larger chosen themes. In all its efforts, Titan seeks to actively engage and integrate wherever appropriate the requirements of affirmative action and other state and central government initiatives from time to time.

Geographical focus

The Company significantly focuses in geographical areas of Tamil Nadu, Uttarakhand, Karnataka, and Sikkim.

The Company's CSR policy has been uploaded on the website www.titan.co.in. The Company's policies and strategies on CSR are being guided by the Board CSR committee that has been constituted in accordance with the Companies Act, 2013. The Company has published its CSR annual report for the third year in succession in line with the requirements of the Companies Act and is part of the Annual Report. The Annual CSR report captures the details of the projects that were carried out during the year 2016-17 across all the verticals highlighted in our CSR policy.

CSR Spends during 2016-17

During the financial year 2016-17, ₹20.04 crores (2% of average net profit over past three years) have been spent on CSR activities. The Company has covered CSR activities in areas of girl child education, employability and skill building, and support for Indian arts, crafts and Indian heritage. Moreover, the Company engages in other programmes supporting local and national causes. The impact of these programmes is monitored on a case-to-case basis, as they seek to maximise social value and upliftment. The Company has reached out to 2.2 Lakh people through its CSR programmes. Besides, there is an emphasis on employee volunteering.

The spirit of volunteering by employees is embedded in the DNA of Titan Company. The Company encourages employee volunteering in multiple ways that include an officially declared policy of six working days in a year, providing transportation and other resources. These will provide safe transit during Community Development work. Over 7000 man hours of employee volunteering was recorded during the reporting year. CSR initiatives are communicated to the employees through a dedicated CSR email id. Brief write-ups on CSR initiatives are periodically featured in the in-house magazine 'Titan Newsbox". Employees are engaged consistently in CSR volunteering through programmes, such as Joy of Giving week, Tata Engage, pro engage, CDF led camps, school adoption, runs for specific causes and so on. In addition, the Company engages in relief and rehabilitation work involving its employees. Titan Company has a formal policy on employee volunteering.

Titan Company's vision is to create a sustainable business attitude throughout all its illustrious brands. In an attempt to make this possible the Company has come up with various schemes and programmes across the board beyond the scope of its CSR policy

The Company identifies a huge opportunity to improve the quality of living of the people through business. Since manufacturing units are located in backward districts like Krishnagiri and Pantnagar, most community initiatives focus on providing education, and skill upgradation for livelihood. Some of the successful and ongoing CSR programmes include the following:

- **Karigar Park/karigar centre:** A social entrepreneurship project with six parks, benefiting over 400 artisans.
- **Meadow Project:** This is a women empowerment initiative. It outsources nearly 26 activities including jewellery manufacturing, polishing and a couple of Precision Engineering operations to preferred vendors. Currently, the project employs over 400 women in Hosur.

Programs pertaining to educating the girl child (named as Titan Kanya program), scholarships to the needy and underprivileged, supporting tribal child education, creating civic awareness and awareness on drug abuse amongst school children are some of the key programs pursued under this vertical

Towards the life cycle engagement with the girl child, the Company has embarked on a long-term intervention policy. In Cuddalore and Yadgir, the programme is likely to reach out to around a to 1.0 Lakhs children over the next five years.

Besides partnering with ITI's to support them in enhancing infrastructure quality and also capacity building, Titan supports skilling the underprivileged with a special focus on the differently abled in Karnataka and Tamil Nadu. Our focus in skilling is to provide quality inputs through NGO's of repute besides enabling employment. We had skilled and placed over 272 underprivileged differently abled youth during 2016-17

We continue adopting communities and impacting people in the space of Indian Heritage, Arts, Crafts and Culture. Engaging in supporting Arts Research and theatre to develop young directors, besides hand holding an embroidery project by Lambadi women in Dharmapuri, we continuously research

areas for support.

Design Awards for Social Impact: Titan Company is in the final stages of launching this unique programme that would enable and support product design innovators including grass root innovators. The programme would be implemented through a grant mechanism.

As mentioned in earlier paragraphs, Titan will continue to play a role as a responsible citizen, by supporting both National and local cause, besides those are enabled by volunteering. Our Vision improvement program, Water, Sanitation and Livelihood programs in Uttarakhand, Watershed program with NABARD, and enhanced support to technology incubators, and Tata Medical Centre are some of these.

Sustainability Practices across Supply Chain

Each vendor is viewed as a partner in the process of business growth. Titan 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 Titan family and their relationship with the Company is a reflection of the same.

Each division of the Company has its own complex supply chain. In the Jewellery division, the plain gold and 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, Titan supported self-help groups (SHGs) of women at Hosur has grown in strength over the past two decades and support various manufacturing activities for all three divisions (Watch, Jewellery and PED) at Hosur. Eyewear division sources frames from China and Europe. Precision Engineering Division outsources all chemical work to partners.

To support sustainable sourcing, there is a tie up with vendors to leverage their skills for specialised operations. These captive 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 Titan flexibility in ramping up production as its vendors function as an extended arm of manufacturing.

All purchase agreements have a reference to the Tata Code of Conduct; and the clauses in it apply to all the vendors.

Local Sourcing

Titan Company's key intent is helping local suppliers scale up and improve their operations. In turn it expects to build a stronger and longer-term tie with them. In the Jewellery businesses, there is a preference towards potential local vendors in packaging space, who mainly employ women (mostly from rural areas). This helps improving their livelihood.

The local vendors are further supported by:

- Training them on quality, safety and environmental aspects like energy conservation, usage of plastic materials and handling hazardous products
- Providing the necessary support on implementing safety, reducing rejections
- Titan Company motivates them to get certified to the ISO standards – ISO 9001 and ISO 14001, to improve their processes

Engagement with Vendors: Regular vendor satisfaction surveys and vendor meets are conducted with the aim of improving their business and gauging their feedback. Moreover, vendors are involved in new product development whenever possible.

One Planet, Many Sustainable Initiatives

Environmental Sustainability

Titan Company values the need for business transformation towards sustainable growth and uses a strategic approach to minimise the impact of its carbon footprint. It has adopted efficient processes, encouraging ideas to create sustainable products and third-party certifications, such as EMS, OHSAS and so on.

Titan Company has pioneered in environmentally sustainable processes in terms of raw material acquisition, vendor management, manufacturing, and recycling.

There is a robust environment policy applicable to all divisions of the Company; and for two of its divisions, this policy extends beyond the factory to its suppliers and contractors. The Environmental Management Systems at factory level helps mitigate and prevent environmental risks across the Company. There are no significant negative environmental consequences of any of the Company's business operations. No monetary or non-monetary sanctions were imposed for non-compliance with environmental laws and regulations on Titan Company during the reporting period 2016-17.

A new policy on sustainability was devised and communicated across the company.

Renewable Energy

The consumption of resources is tracked to evaluate their operating efficiency and effectiveness of energy conservation projects. The use of renewable energy is a large part of the environmental risk mitigation. Energy consumption pattern across divisions and locations are given below.

Table 9: Energy Consumed in 2016-17

Energy	Units	Watches & Accessories	Jew Hosur	EW	TEAL	Corp	SS Case Plant	Total
Diesel	Lakh Litres	3.248	2.81	0.15	0.826	0.76	0.162	7.956
LPG	Kgs	36822	38958	520	11457	Nil	1368	89125
Electricity	Lakh Units	42.01	37.35	16.44	24.03	26.88	3.17	149.88
Wind energy	Lakh Units	100.55	18.03	Nil	Nil	Nil	13.25	131.83
Steam	Kg	26,99,000	278760	Nil	741450	Nil	Nil	3719210
Hydrogen	m3	925.4	52220	Nil	Nil	Nil	Nil	53145.4
Hydro Flouro Carbons (Freon gas)	Kg	405	34	50	19.5	Nil	18	526.5
Solar	Lakh Units	2.85	0.78	Nil	Nil	Nil	Nil	3.63

Moreover, the Company has completed the installation of 25 kW solar systems at one of its Large Format Store in Lucknow and another 10kw solar plant in the regional office - North. These two systems would reduce the power consumption to an extent of 45000 units per annum.

The steam from factories is reused at the canteens. The Company has installed the solar steam concentrator to tap the solar energy for the canteen cooking system. This has resulted in reduced energy usage. All the new retail stores are lit with LED lighting. All the newer office and plant locations are green certified.

Water Efficiency

The Company understands the need for water conservation, and thus, it consumes around 63.5% recycled water. Specific water consumption per watch has reduced over a period of time.

This has been achieved through various initiatives, including 100% recycling of trade effluent. Moreover, it uses Reverse Osmosis plant for the fresh water and effluents, a mechanical evaporation system, and reusing treated water in processes. The plants do not discharge water out of their premises and all treated water is used for gardening, air conditioning, and so on. In the Precision Engineering division, a Reverse Osmosis (RO) water system has been set up from a process pump to ground pump. The Company has also commissioned a Thermal Energy storage system and an industrial dishwasher to reduce fuel consumption and fresh water consumption.

Table 9: Water Consumed in 2016-17

Division	Water Consumed	Water Recycled	% of Water Recycled
Watches & Accessories	92117 KL	55686 KL	60.45 %
Jewellery	46535 KL	37625 KL	80.85 %
Eyewear	6540 KL	2616 KL	40 %
TEAL	30650 KL	28577 KL	93.23 %
Corporate	6710 KL	Nil	0 %

GHG Emissions

The main sources of greenhouse gas (GHG) emissions at Titan Company are from electricity consumption for manufacturing, employee commute and air travel. Concerns towards the use of renewable energy and other energy reduction mechanisms have enabled the Company to minimise the emission of greenhouse gases at the production units. Retail stores also have various initiatives to reduce Green House Gas emissions, including LED lighting, and purchase of star-rated laptops and air conditioners.

Waste Management

Titan Company has adopted focused strategy towards waste management through waste minimisation and conservation of resources. This continued effort to eliminate, recycle and reuse waste, has resulted in less waste being disposed. While used brass is sent to the supplier for recycling, gold is recycled at the jewellery plant and silver is recovered from old batteries. Around 99% of brass and 83% of water effluents are recycled. 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 the source and disposed safely.

In a small but impactful manner, Titan Company has come up with a scientific disposal facility for used watch batteries. The batteries collected at service centres and stores to be disposed safely. Metallic, non-metallic components and hazardous chemicals will be segregated and neutralised properly for safe disposal. Besides, the Titan Company educates customers about the harmful effects of non-scientific battery disposal.

The bio-waste from canteens and factories is run through a vermi-compost setup, which yields manure and any surplus manure is sold to local farmers at subsidised prices.

Waste generation is contained within the limits prescribed by the Centre Pollution Control Board (CPCB) and applicable State Pollution Control Boards (SPCBs) across all their divisions.

Biodiversity

As the manufacturing facilities are located in government approved industrial land, none of the operations are located within or adjacent to high-biodiversity areas or protected areas as notified by the Government. The Titan plants do not discharge water out of the premises, as the Company follows the general principle of zero discharge.

None of the divisions have reported any instances of negative impact on biodiversity (letting out of plating chemicals, broken prescription glasses, improper use of cyanide and other chemicals) and have proactively taken steps to minimise such impact.

From a product perspective, Titan Company does not produce jewellery made from coral. The Company has eliminated the use of cadmium from the soldering process and completely banned the usage of hazardous chemicals such as mercury and cyanide. In the boutiques, the Company does not use plastic bags choosing to use jute and cardboard bags instead. At the Titan Jewellery factory, the Company has implemented oxo-biodegradable bags, which are more environment friendly than regular plastic bags. Every year employees plant saplings in and around the plant and office premises.

During the year 2016-17, Titan has particularly engaged in ensuring the new Corporate Building campus is designed and built with all essentials of green building requirements.

The Company is likely to adopt a lake around its corporate office at Bangalore for rejuvenation, going forward.

Beyond Business

In the last three decades, Titan Company has redefined the manner in which its products are made, retailed and sold to consumers. Moreover, it has developed a firm foothold on enabling sustainable growth for all its stakeholders, simultaneously enshrining the core values of the Company and Tata Group. This philosophy will continue to guide the Company in the years to come as well, even as it embarks on the Sustainable Development Goals in the coming years This report being made for the fifth year in succession in many ways captures the essence of sustainability through the eyes of various stakeholders including the Community. Any feedback and inputs to this report or its contents are always welcome!

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Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TITAN COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Titan Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143(11) of the Act

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with Ind AS and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its 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.

   iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bangalore
Date: May 12, 2017
VS/MB/2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Titan Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bangalore
Date: May 12, 2017
VS/MB/2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

(c) With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as non-current / current assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) 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.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Act in respect of investments made. According to the information and explanations given to us, the Company has not granted any loan or provided any guarantees and securities.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)	Amount unpaid (₹ in lakhs)
Income-tax Act, 1961	Income tax	High Court	1998-99	2	2
		Income Tax Appellate Tribunal	2002-03	25	25
		Commissioner of Income Tax (Appeals)	2008-09, 2010-13	4,243	3,210
Sales Tax Laws	Sales tax	High Court	2000-01	87	72
		Appellate & Revisional Board	2005-06, 2011-12	94	94
		Commercial Tax Appellate Board	2004-05, 2008-14	506	292

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)	Amount unpaid (₹ in lakhs)
		Additional Commissioner	2003-04	0.24	0.24
		Joint Commissioner (Appels) of Sales Tax	2005-06, 2012-14	259	205
		Deputy Commissioner taxes (Appeals)	2010-13	1,127	747
		Deputy Commissioner of Sales Tax	2000-01, 2002-05, 2015-16	83	68
		Assistant Commissioner (Appeals) of Sales Tax	2013-14	14	6
		Assistant Commissioner of Sales Tax	2004-05, 2014-16	501	499
The Customs Act, 1962	Custom duty	Commissioner of Customs (Appeals)	2012-13	69	50
The Central Excise Act, 1944	Excise duty	Supreme Court	May 2005 to June 2009	8,914	8,214
		High Court	July 2001 to July 2002	1	1
		Customs, Excise and Service Tax Appellate Tribunal	March 1987 to Feb 1990, 1996-99, April 2000 to Dec 2005, 2005-06, April 2006 to March 2012, August 2007 to July 2009, 2000-13	10,299	7,674
		Commissioner of Central Excise (Appeals)	March 2002 – Feb 2003, 2008-12	9	9
		Assistant Commissioner of Central Excise	1998-99, 2000-01, 2004	3	2

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, 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) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bangalore
Date: May 12, 2017
VS/MB/2017

Balance Sheet

As at March 31, 2017

₹ lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	68,716	64,439	57,010
(b) Capital work-in-progress	3.2	14,027	7,684	4,453
(c) Investment property	5	1,065	972	972
(d) Intangible assets	4.1	951	997	337
(e) Intangible assets under development	4.2	756	-	-
(f) Financial assets				
(i) Investments	6.1	51,160	8,037	3,903
(ii) Other financial assets	6.2	8,265	10,309	9,319
(g) Deferred tax asset (net)	8 a)	224	-	-
(h) Tax assets (net)	8 c)	8,142	10,250	6,884
(i) Other non-current assets	7	9,341	10,325	9,485
		162,647	**113,013**	**92,363**
(2) Current assets				
(a) Inventories	9	480,649	438,176	398,587
(b) Financial assets				
(i) Investments	10.1	37,453	-	-
(ii) Trade receivables	10.2	11,536	13,485	13,955
(iii) Cash and cash equivalents	10.3	77,274	11,166	21,020
(iv) Other financial assets	10.5	51,218	43,586	44,100
(c) Other current assets	11	14,463	11,409	11,622
		672,593	**517,822**	**489,284**
TOTAL ASSETS		**835,240**	**630,835**	**581,647**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12.1	8,878	8,878	8,878
(b) Other equity	12.2	422,323	344,591	326,788
		431,201	**353,469**	**335,666**
Liabilities				
(1) Non-current liabilities				
(a) Provisions	13	10,943	9,988	8,051
(b) Deferred tax liability (net)	8 a)	-	1,630	975
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	14.1	-	11,305	9,979
(ii) Trade payables	14.2	275,260	162,880	187,388
(iii) Other financial liabilities	14.3	6,002	6,969	2,550
(b) Provisions	16	1,798	1,794	1,538
(c) Other current liabilities	15	110,036	82,800	35,500
		393,096	**265,748**	**236,955**
TOTAL EQUITY AND LIABILITIES		**835,240**	**630,835**	**581,647**

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Statement of Profit and Loss

for the year ended March 31, 2017

₹ lakhs

Particulars		Note No.	Current year	Previous year
I.	Revenue from operations	17	1,271,689	1,110,538
II.	Other income	18	6,477	7,316
III.	**Total Income (I +II)**		**1,278,166**	**1,117,854**
IV.	**Expenses:**			
	Cost of materials and components consumed		843,457	736,798
	Purchase of stock-in-trade		112,787	95,623
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(28,847)	(18,054)
	Excise duty on sale of goods		10,235	2,133
	Employee benefits expense	20	70,095	62,320
	Finance costs	21	3,713	4,228
	Depreciation and amortization expense	22	9,323	8,712
	Other expenses	23	144,424	137,254
	Total Expenses		**1,165,187**	**1,029,014**
V.	Profit before exceptional item and tax (III - IV)		**112,979**	**88,840**
VI.	Exceptional item	24 & 25 c)	9,637	-
VII.	Profit before tax (V - VI)		103,342	88,840
VIII.	Tax expense:	8		
	Current tax		30,000	18,693
	Less : MAT credit		-	(1,663)
	Deferred tax		(2,844)	2,053
	Total Tax		**27,156**	**19,083**
IX.	Profit for the year (VII-VIII)		**76,186**	**69,757**
X.	Other comprehensive income			
	(i) Items that will not be reclassified to the statement of profit and loss			
	- Remeasurement of employee defined benefit plans		(1,232)	(573)
	- Income-tax on (i) above		357	123
	(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		3,411	(4,819)
	- Income-tax on (ii) above		(990)	1,398
	Total other comprehensive income		**1,546**	**(3,871)**
XI.	Total comprehensive income (IX+X)		**77,732**	**65,886**
XII.	Earnings per equity share of ₹ 1:			
	{based on profit for the year (IX)}			
	Basic	26	8.58	7.86
	Diluted	26	8.58	7.86

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Statement of Changes in Equity

for the year ended March 31, 2017

₹ lakhs

(a)	**Equity share capital**	
	Balance as at April 1, 2015	8,878
	Changes in equity share capital during the year	-
	Balance as at March 31, 2016	**8,878**
	Balance as at April 1, 2016	8,878
	Changes in equity share capital during the year	-
	Balance as at March 31, 2017	**8,878**

(b) Other equity

₹ lakhs

Particulars	Reserves and Surplus							Total other equity
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Retained earnings	Items of Other Comprehensive Income (refer note 12.2)		
						Cash flow hedge reserve*	Employee defined benefit obligation	
Balance as at April 1, 2015	**3**	**64**	**13,888**	**178,841**	**131,674**	**2,318**	**-**	**326,788**
Profit for the year (net of taxes)	-	-	-	-	69,757	-	-	69,757
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	(3,421)	(450)	(3,871)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**69,757**	**(3,421)**	**(450)**	**65,886**
Payment of dividends (refer note 12.3)	-	-	-	-	(39,950)	-	-	(39,950)
Tax on dividends (refer note 12.3)	-	-	-	-	(8,133)	-	-	(8,133)
Transfer to General reserve	-	-	-	52,126	(52,126)	-	-	-
Balance as at March 31, 2016	**3**	**64**	**13,888**	**230,967**	**101,222**	**(1,103)**	**(450)**	**344,591**
Balance as at April 1, 2016	**3**	**64**	**13,888**	**230,967**	**101,222**	**(1,103)**	**(450)**	**344,591**
Profit for the year (net of taxes)	-	-	-	-	76,186	-	-	76,186
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	2,421	(875)	1,546
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**76,186**	**2,421**	**(875)**	**77,732**
Transfer to General reserve	-	-	-	50,606	(50,606)	-	-	-
Balance as at March 31, 2017	**3**	**64**	**13,888**	**281,573**	**126,802**	**1,318**	**(1,325)**	**422,323**

* Balance on April 1, 2015 is net of deferred tax liability amounting to ₹ 947 lakhs.

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Place : Bangalore
Date : May 12, 2017

Cash Flow Statement

for the year ended March 31, 2017

₹ lakhs

Particulars	Current year	Previous year
A. Cash flow from operating activities		
Net profit before tax	103,342	88,840
Adjustments for :		
- Depreciation and amortization expense	9,323	8,712
- Net unrealised exchange gain	549	(26)
- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)	823	423
- Provision for doubtful trade receivables (net)	202	(45)
- Interest income	(4,109)	(4,804)
- Net gain on sale of current investments	(564)	(810)
- Finance costs	3,713	4,228
Operating profit before working capital changes	**113,279**	**96,518**
Adjustments for :		
- (Increase)/ decrease in trade receivables	1,680	527
- (Increase)/ decrease in inventories	(42,473)	(39,589)
- (Increase)/ decrease in other non-current financial assets	1,581	(990)
- (Increase)/ decrease in other non-current assets	213	108
- (Increase)/ decrease in other current financial assets	(7,078)	(3,357)
- (Increase)/ decrease in other current assets	(2,960)	213
- Increase/ (decrease) in trade payables	112,106	(24,462)
- Increase/ (decrease) in other financial liabilities	2,799	(909)
- Increase/ (decrease) in other current liabilities	26,375	46,692
- Increase/ (decrease) in long-term provisions	955	1,937
- Increase/ (decrease) in short-term provisions	4	256
Cash generated from operations	**206,481**	**76,944**
- Direct taxes paid	(27,535)	(20,273)
Net cash from operating activities	**178,946**	**56,671**
B. Cash flow from investing activities		
Additions to property, plant and equipment, intangible assets (including capital work-in-progress, intangible assets under development and capital advances)	(21,269)	(21,539)
Proceeds from sale of property, plant and equipment	472	136
Purchase of investments in subsidiaries and joint venture company	(43,109)	(4,132)
Purchase of investments in other equity instruments	(14)	(2)
Inter-corporate deposits (net)	500	3,800
Bank balances not considered as cash and cash equivalents	(6,903)	991
Current investments		
- Purchased	(82,970)	(107,500)
- Sale proceeds	46,081	108,310
Interest received	3,053	4,875
Net cash used in investing activities	**(104,159)**	**(15,061)**

Cash Flow Statement

for the year ended March 31, 2017

₹ lakhs

Particulars		Current year	Previous year
C.	**Cash flow from financing activities**		
	Borrowings (net)	(11,305)	1,326
	Dividends paid	(355)	(39,441)
	Tax on dividends paid	-	(8,133)
	Finance costs	(3,713)	(4,228)
	Net cash used in financing activities	**(15,373)**	**(50,476)**
	Net cash flows/used during the year (A+B+C)	**59,414**	**(8,866)**
	Cash and cash equivalents (opening balance) (refer note 10.3)	7,976	16,839
	Add/ (Less): Unrealised exchange (gain)/ loss	(82)	(79)
		7,894	**16,760**
	Cash and cash equivalents (closing balance) (refer note 10.3)	67,181	7,976
	Add/ (Less): Unrealised exchange (gain)/ loss	127	(82)
		67,308	**7,894**
	Increase/ (decrease) in cash and cash equivalents	59,414	(8,866)

See accompanying notes forming part of the standalone financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
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For and on behalf of the Board of Directors

Atulya Misra — Chairman

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Ashwani Puri
— Directors

Significant accounting policies

1 SIGNIFICANT ACCOUNTING POLICIES:

(i) Statement of Compliance

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.

Up to the year ended March 31, 2016, the Company had prepared and presented its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition is April 1, 2015. Refer note 2 for the details of first-time adoption exemptions availed by the Company.

(ii) Basis of preparation and presentation

The financial statements have been prepared on 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) defined employee benefit plans - plan assets are measured at fair value.

(iii) 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 recognized in the period in which the estimates are revised and in any future periods affected.

(iv) 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 currency of India, which is the functional currency of the Company.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

a) Sale of goods : Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods which generally coincides when the goods are dispatched from factory/stock points/ or delivered to customers as per the terms of the contract;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods that result in credits for customers, under the "Encircle" Scheme, which entitles customers to avail discounts on repeat purchases are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted.

Significant accounting policies

The consideration allocated to the award credits is measured by reference to their fair value and the outstanding award credits are also remeasured at their fair value at each period end. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

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.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(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.

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 cost increases, 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 recognized 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 retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

(viii) 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.

Defined contribution plan

Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner 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.

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

Defined benefit plan

Contribution to the Company's Gratuity Trust 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.

Significant accounting policies

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.

(ix) Taxation

Income tax expense is the sum of current tax and deferred tax.

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) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

c) Deferred tax: Deferred tax is recognized using the balance sheet approach. 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 liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally 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.

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.

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.

(x) 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, 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. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion

Significant accounting policies

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.

Property, Plant and Equipment were carried in the balance sheet prepared under previous GAAP as at March 31, 2015. The Company has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2015.

b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value.

The company depreciates property, plant and equipment over the estimated useful life prescribed in Schedule II to the 2013 Act on a straight line basis from the date assets are ready for intended use, except in respect of the following categories of asset, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technology changes, manufacturers warranties and maintenance support, etc.:

Vehicles - 4 years

Furniture & fixtures - 5 years

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. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. 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.

(xi) 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 profit or loss in the period in which the property is derecognised.

(xii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful live's 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.

Significant accounting policies

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.

(xiii) Impairment of tangible and intangible 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.

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.

(xiv) Inventories

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the average cost of production.

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

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

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

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

(xv) 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 in the present value of those cash flows (when the effect of time value of money is material).

Significant accounting policies

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

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

(xvi) Investment in subsidiaries, associate and joint venture

Investment in subsidiaries, associate and joint venture is measured at cost.

Under previous GAAP, investment in subsidiaries, joint venture and associate were stated at cost and provisions made to recognise the decline, other than temporary. Under Ind AS, the Company has elected to regard such carrying amount as at March 31, 2015 as deemed cost at the date of transition.

(xvii) Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 profit and loss.

a) Non-derivative Financial assets:

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.

Classification of 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 in other comprehensive income pertaining to investments in 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

Significant accounting policies

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
- 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 does not have any investments in equity instruments which are held for trading and therefore none of the instruments are designated FVTOCI.

iii) Investments in equity instruments at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

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 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 dividends 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 cost of the investment and the amount of dividend can be measured reliably.

b) Impairment of financial assets

The Company recognizes 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 recognized as an impairment gain or loss in the statement of profit and loss.

c) 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

Significant accounting policies

Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

For the purpose of transition to Ind AS, the Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

d) 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 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.

Financial liabilities

a) 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.

b) 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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurment recognised in 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.

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

Significant accounting policies

component forms part of the fair value gains or 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 between 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.

For the purpose of transition to Ind AS, the Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

(xviii) 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 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 recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of profit and loss.

The Company has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions under the previous GAAP. On the transition date to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting under Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition date to Ind AS.

(xix) Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

Significant accounting policies

The Company's primary segments consist of Watch, Jewellery, Eyewear 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.

2.1 TRANSITION TO IND AS

These are the Company's first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' using transition date as April 1, 2015.

Ind AS 101 requires that all Ind AS be consistently and retrospectively applied for fiscal years presented. The Company has prepared Opening Balance Sheet on the transition date and subsequent financials based on the accounting policies set out in Note-1.

In preparing these financials, the Company has availed following exemptions in the transition from previous GAAP to Ind AS in accordance with Ind AS 101.

Optional exemptions

a) Business combinations

The Company has elected not to apply Ind AS 103- Business Combinations retrospectively for the past business combinations that occurred before the transition date. Thus business combinations that have occurred prior to transition date have not been restated. The Company has applied same exemption for investment in associates and joint ventures.

b) Deemed cost

i) Property, plant and equipment and intangible assets were carried in the balance sheet prepared under previous GAAP as at March 31, 2015. The Company has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2015.

ii) Under previous GAAP, investment in subsidiaries, joint venture and associate were stated at cost and provisions made to recognise the decline, other than temporary. Under Ind AS, the Company has elected to regard such carrying amount as at March 31, 2015 as deemed cost at the date of transition.

iii) Under previous GAAP, non-current Investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments [other than those in ii) above] have been classified as Fair Value through Profit and Loss (FVTPL) through an irrevocable election at the date of transition.

iv) Under previous GAAP, current investments were stated at lower of cost and fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition and fair value changes after the date of transition has been recognised in the statement of profit and loss.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2017

2.2 The following statement provides first-time Ind AS adoption reconciliation that quantifies the significant differences arising on account of transition from previous GAAP to Ind AS and adjustments due to demerger of PED division (refer note xi)

a) Effect of Ind AS adoption and adjustments due to demerger of PED division on the balance sheet as at March 31, 2016 and April 1, 2015 (transition date)

₹ lakhs

Particulars	Note No.	As at March 31, 2016					As at April 1, 2015				
		Amount as per previous GAAP	Transfer on demerger of PED business (refer note xi)	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Ind AS	Transfer on demerger of PED business (refer note xi)	Opening balance as at April 1, 2015
ASSETS											
(1) Non-current assets											
(a) Property, plant and equipment	i)	75,856	8,764	67,092	(2,653)	64,439	67,986	(2,653)	65,333	8,323	57,010
(b) Capital work-in-progress		10,605	2,921	7,684	-	7,684	5,493	-	5,493	1,040	4,453
(c) Investment property	ii)	-	-	-	972	972	-	972	972	-	972
(d) Intangible assets		1,004	7	997	-	997	337	-	337	-	337
(e) Financial assets											
(i) Investments	iii)	7,397	-	7,397	640	8,037	3,263	640	3,903	-	3,903
(ii) Other financial assets	iv) & v)	12,274	213	12,061	(1,752)	10,309	12,122	(2,663)	9,459	140	9,319
(f) Deferred tax assets (net)		2,393	2,375	18	(1,648)	(1,630)	1,967	(2,577)	(610)	365	(975)
(g) Tax assets (net)		10,250	-	10,250	-	10,250	6,884	-	6,884	-	6,884
(h) Other non-current assets	i), iv) & v)	6,360	-	6,360	3,965	10,325	5,277	4,237	9,514	29	9,485
		126,139	**14,280**	**111,859**	**(476)**	**111,383**	**103,329**	**(2,044)**	**101,285**	**9,897**	**91,388**
(2) Current assets											
(a) Inventories		444,224	6,048	438,176	-	438,176	404,743	-	404,743	6,156	398,587
(b) Financial assets											
(i) Trade receivables		19,513	6,028	13,485	-	13,485	18,735	-	18,735	4,780	13,955
(ii) Cash and cash equivalents		11,166	-	11,166	-	11,166	21,020	-	21,020	-	21,020
(iii) Other financial assets	iv) & v)	24,940	(20,033)	44,973	(1,387)	43,586	28,246	(824)	27,422	(16,678)	44,100
(c) Other current assets	i), iv) & v)	11,670	1,005	10,665	744	11,409	11,672	844	12,516	894	11,622
		511,513	**(6,952)**	**518,465**	**(643)**	**517,822**	**484,416**	**20**	**484,436**	**(4,848)**	**489,284**
TOTAL ASSETS		**637,652**	**7,328**	**630,324**	**(1,119)**	**629,205**	**587,745**	**(2,024)**	**585,721**	**5,049**	**580,672**
EQUITY AND LIABILITIES											
Equity											
(a) Equity share capital		8,878	-	8,878	-	8,878	8,878	-	8,878	-	8,878
(b) Other equity	c) & x)	342,582	1,559	341,023	3,568	344,591	300,323	26,830	327,153	365	326,788
		351,460	**1,559**	**349,901**	**3,568**	**353,469**	**309,201**	**26,830**	**336,031**	**365**	**335,666**
Liabilities											
(1) Non-current liabilities											
(a) Provisions		10,692	704	9,988	-	9,988	8,745	-	8,745	694	8,051
(2) Current liabilities											
(a) Financial liabilities											
(i) Borrowings		11,305	-	11,305	-	11,305	9,979	-	9,979	-	9,979
(ii) Trade payables	vi)	170,064	2,371	167,693	(4,813)	162,880	194,318	(4,365)	189,953	2,565	187,388
(iii) Other financial liabilities		7,035	66	6,969	-	6,969	2,599	-	2,599	49	2,550
(b) Provisions	ix)	1,992	198	1,794	-	1,794	26,184	(24,576)	1,608	70	1,538
(c) Other current liabilities	vii) & viii)	85,104	2,430	82,674	126	82,800	36,719	87	36,806	1,306	35,500
		275,500	**5,065**	**270,435**	**(4,687)**	**265,748**	**269,799**	**(28,854)**	**240,945**	**3,990**	**236,955**
TOTAL EQUITY AND LIABILITIES		**637,652**	**7,328**	**630,324**	**(1,119)**	**629,205**	**587,745**	**(2,024)**	**585,721**	**5,049**	**580,672**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2017

b) Reconciliation of profit between Ind AS and previous GAAP and adjustments on account of demerger of PED division.

₹ lakhs

Nature of adjustments	Note no.	Year ended March 31, 2016
Profit after tax as reported under previous GAAP		**70,585**
Loss of PED division transferred to transferee (refer note xi)		815
1) Impact due to remeasurement of lease rentals on straight line basis	vi)	448
2) Effect of discounting of security deposit, employee loans and reclassification of land as operating lease	i), iv) & v)	(24)
3) Impact due to recognition of revenue over the period in which services are rendered	vii)	(39)
4) Reclassification of actuarial gain / (loss), arising in respect of employee benefit schemes, to Other Comprehensive Income	viii)	573
5) Impact on deferred tax for the year ended March 31, 2016 pursuant to scheme of demerger of PED business (refer note xi)		(2,375)
6) Tax adjustments		(226)
Profit under Ind AS (after tax)		**69,757**
Other Comprehensive Income (after tax)		
7) On actuarial gains/ (losses) on employee benefits	viii)	(450)
8) Gain/ (loss) arising on changes in fair value of hedging instruments designated as cash flow hedge	x)	(3,421)
Total comprehensive income as reported under Ind AS		**65,886**

c) Reconciliation of equity between Ind AS and previous GAAP

₹ lakhs

Nature of adjustments	Note no.	Year ended March 31, 2016	As at April 1, 2015
Total equity (Shareholder's fund) as reported under previous GAAP		**349,901**	**309,201**
1) Impact due to remeasurement of lease rentals on straight line basis	vi)	4,813	4,365
2) Effect of discounting of security deposit, employee loans and reclassification of land as operating lease	i), iv) & v)	(111)	(87)
3) Impact of measuring investments at Fair Value through Profit or loss	iii)	640	640
4) Impact due to recognition of revenue over the period in which services are rendered	vii)	(126)	(87)
5) Impact on account of recognising liability for dividend and tax thereof as and when approved by shareholders	ix)	-	24,576
6) Tax adjustments		(1,648)	(2,577)
Total Ind AS adjustments		**3,568**	**26,830**
7) Impact on deferred tax as on April 1, 2015 pursuant to scheme of demerger of PED business (refer note xi)		-	(365)
Total equity (Shareholder's fund) as reported under Ind AS		**353,469**	**335,666**

d) There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Notes:

i) Under previous GAAP, leasehold land were recognised at cost in property, plant and equipment. Under Ind AS, leases of land are classified as operating leases and accordingly amortised over the period of lease.

ii) Under previous GAAP, there was no requirement to present investment property separately and the same was included under property, plant and equipment and measured at cost. Under Ind AS, investment property is required to be presented separately in the balance sheet.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2017

iii) Under previous GAAP, current investments were stated at lower of cost or fair value. Under Ind AS, these financial assets have been classified as Fair Value through Profit and Loss ("FVTPL") on the date of transition and fair value changes after the date of transition has been recognised in the statement of profit and loss.

Under previous GAAP, non current Investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments (other than investments in subsidiaries, associate and a joint venture) have been classified as FVTPL.

iv) Under previous GAAP, employee loans were stated at the amount paid to the employees. Under Ind AS, employee loans are carried at amortised cost over the period of employee loans.

v) Under previous GAAP, lease deposits were recognised at amount paid to lessors. Under Ind AS, lease deposits are carried at amortised cost over the period of deposits.

vi) Under previous GAAP, lease payments on all operating leases were recognised as an expense on a straight line basis over the lease term. Under Ind AS, lease payments under operating leases recognised on a straight line basis as expense only if the payments to lessor vary because of factors other than expected general inflation.

vii) Under previous GAAP, revenue relating to EMG (Extended Maintenance Guarantee) and signing fees were recognised at the point of receipt / agreement respectively. Under Ind AS, EMG and signing fees is recognised in the accounting periods in which services are rendered.

viii) Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the defined benefit liability/asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in the Other Comprehensive Income under Ind AS.

ix) Under previous GAAP, liability for dividend and dividend distribution tax thereof is recognised in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date. Under Ind AS, dividend is recognised in the year in which the obligation to pay is established.

x) Under previous GAAP, gain/ (loss) arising on changes in fair value of hedging instruments designated and effective as hedges of future cash flows is shown as "Hedging Reserve" under Reserves and surplus. Under Ind AS, the same is recognised as a component of Other Comprehensive Income. Tax effect on the same is also recognised under Other Comprehensive Income.

xi) The Honorable High Court of Madras vide its order dated February 13, 2017 has approved the scheme of arrangement between Titan Engineering & Automation Limited (transferee), a Wholly Owned Subsidiary of the Company and the Company to transfer all assets and liabilities of Precision Engineering Division (PED) of the Company to the transferee effective April 1, 2015. Consequently, all assets and liabilities of the PED have been transferred to the transferee on the date of transition after giving effect to adjustments as required under Ind AS 101. Profits and losses for all periods from April 1, 2015 are also transferred to the transferee.

Notes to the Financial Statements

for the year ended March 31, 2017

3.1 PROPERTY, PLANT AND EQUIPMENT

₹ lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Furniture, fixtures and equipment	Office equipment	Vehicles	Total
Useful life (in years)		30 - 60	3 - 15	5 - 10	4 - 5	4	
Cost or deemed cost							
At April 1, 2015	**7,748**	**12,077**	**35,351**	**7,824**	**1,389**	**943**	**65,332**
Demerger of PED business (refer note 2 xi)	670	677	6,696	142	73	64	8,322
At April 1, 2015	**7,078**	**11,400**	**28,655**	**7,682**	**1,316**	**879**	**57,010**
Additions	782	1,155	9,889	3,825	414	318	16,383
Disposals / adjustments	-	8	1,950	1,008	86	171	3,223
At March 31, 2016	**7,860**	**12,547**	**36,594**	**10,499**	**1,644**	**1,026**	**70,170**
At April 1, 2016	**7,860**	**12,547**	**36,594**	**10,499**	**1,644**	**1,026**	**70,170**
Additions	-	1,543	7,642	4,601	491	233	14,510
Disposals / adjustments	-	-	2,710	2,429	209	317	5,665
At March 31, 2017	**7,860**	**14,090**	**41,526**	**12,671**	**1,926**	**942**	**79,015**
Accumulated depreciation							
At April 1, 2015							
Depreciation expense	-	469	3,932	3,048	574	372	8,395
Disposals / adjustments	-	5	1,630	831	62	136	2,664
At March 31, 2016	**-**	**464**	**2,302**	**2,217**	**512**	**236**	**5,731**
At April 1, 2016	**-**	**464**	**2,302**	**2,217**	**512**	**236**	**5,731**
Depreciation expense	-	472	4,426	3,193	499	349	8,939
Disposals / adjustments	-	-	2,134	1,821	153	263	4,371
At March 31, 2017	**-**	**936**	**4,594**	**3,589**	**858**	**322**	**10,299**
Net carrying value							
April 1, 2015	**7,078**	**11,400**	**28,655**	**7,682**	**1,316**	**879**	**57,010**
March 31, 2016	**7,860**	**12,083**	**34,292**	**8,282**	**1,132**	**790**	**64,439**
March 31, 2017	**7,860**	**13,154**	**36,932**	**9,082**	**1,068**	**620**	**68,716**

All of the Company's property, plant and equipment are held free hold interest.

3.2 CAPITAL WORK-IN-PROGRESS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	7,684	4,453
Additions during the year	20,901	19,615
Transfer to property, plant and equipment	14,558	16,384
Balance at the end of the year	**14,027**	**7,684**

Notes to the Financial Statements

for the year ended March 31, 2017

4.1 INTANGIBLE ASSETS

₹ lakhs

Particulars	Trademarks	Computer software	Total
Cost or deemed cost			
At April 1, 2015	**337**	**-**	**337**
Additions	-	977	977
Disposals / adjustments	-	-	-
At March 31, 2016	**337**	**977**	**1,314**
At April 1, 2016	**337**	**977**	**1,314**
Additions	-	338	338
Disposals / adjustments	-	-	-
At March 31, 2017	**337**	**1,315**	**1,652**
Accumulated amortisation			
At April 1, 2015			
Amortisation expense	253	64	317
Disposals / adjustments	-	-	-
At March 31, 2016	**253**	**64**	**317**
At April 1, 2016	**253**	**64**	**317**
Amortisation expense	84	300	384
Disposals / adjustments	-	-	-
At March 31, 2017	**337**	**364**	**701**
Net carrying value			
April 1, 2015	**337**	**-**	**337**
March 31, 2016	**84**	**913**	**997**
March 31, 2017	**-**	**951**	**951**

The estimated amortisation for each of the three fiscal years subsequent to March 31, 2017 is as follows:

Year ending March 31,	₹ lakhs
2018	346
2019	307
2020	183

Notes to the Financial Statements

for the year ended March 31, 2017

4.2 INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	-	-
Additions during the year	756	-
Transfer to intangible assets	-	-
Balance at the end of the year	756	-

5 INVESTMENT PROPERTY

₹ lakhs

Particulars	Land
Cost or deemed cost	
At April 1, 2015	**972**
Additions	-
Disposals / adjustments	-
At March 31, 2016	**972**
At April 1, 2016	**972**
Additions*	93
Disposals / adjustments	-
At March 31, 2017	**1,065**
Net carrying value	
April 1, 2015	**972**
March 31, 2016	**972**
March 31, 2017	**1,065**

All of the Company's investment property are held free hold interest.

* Capitalisation of land previously held as inventory.

The Company's investment properties consist of free hold land and therefore no depreciation is chargeable.

Fair market value of land at ₹ 7,353 lakhs (2016 : ₹ 5,794 lakhs and April 1, 2015: ₹ 5,065 lakhs) have been arrived at on the basis of valuations carried out by the Company internally on the basis of market value of land as on the respective dates.

Notes to the Financial Statements

for the year ended March 31, 2017

NON-CURRENT ASSETS

6 FINANCIAL ASSETS

6.1 Investments

₹ lakhs

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1)	**Investment in equity instruments (unquoted)**			
	In subsidiary companies			
	4,243,750 (2016: 4,243,750 and April 1, 2015 : 3,462,500) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited {refer note b) below}	1,113	1,113	863
	702,600 (2016: 317,257 and April 1, 2015 : 147,257) fully paid equity shares of CHF 10 each in Favre Leuba AG, Switzerland	8,609	3,981	1,888
	50,000 (2016: 50,000 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Titan Engineering & Automation Limited	5	5	-
	200,42,545 (2016: Nil and April 1, 2015 : Nil) fully paid equity shares of ₹ 2 each in Carat Lane Trading Private Limited	37,403	-	-
	In joint venture company			
	31,115,000 (2016: 20,335,000 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited (formerly Snowcap Retail (India) Private Limited)	3,112	2,034	-
	In associate company			
	1,500,000 (2016: 1,500,000 and April 1, 2015 : 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note a) below}	150	150	150
		50,392	**7,283**	**2,901**
2)	**Investment in bond of a subsidiary company**			
	Nil (2016: Nil and April 1, 2015 : 1) fully paid Zero Coupon Unsecured Optionally Convertible Bond of ₹ 250 lakhs in Titan TimeProducts Limited {refer note b) below}	-	-	250
		-	**-**	**250**
3)	**Other investments**			
a)	**Investments in equity instruments - quoted**			
	Nil (2016: Nil and April 1, 2015 : 1000) fully paid equity shares of ₹ 1 each in Timex Watches Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 1,010)]	-	-	-
	1,000 (2016: 1,000 and April 1, 2015 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	1	1	1
	2,025 (2016: 2,025 and April 1, 2015 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	10	7	7
	6,000 (2016: 6,000 and April 1, 2015 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	9	7	8
	560 (2016: 560 and April 1, 2015 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	3	2	2
	3,000 (2016: 300 and April 1, 2015 : 300) fully paid equity shares of ₹ 1 (2016: fully paid equity shares of ₹ 10 each and 2015: fully paid equity shares of ₹ 10) each in Trent Limited	8	5	5
	Nil (2016: Nil and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 1,935)]	-	-	-
	Nil (2016: Nil and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 905)]	-	-	-
		31	**22**	**23**

Notes to the Financial Statements

for the year ended March 31, 2017

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
b) Investments in equity instruments - unquoted			
114,663 (2016: 114,663 and April 1, 2015 : 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-	-
97,624 (2016: 97,624 and April 1, 2015 : 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-	-
400 (2016: 400 and April 1, 2015 : 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-	-
100 (2016: 100 and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-	-
100 (2016: 100 and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-	-
525,000 (2016: 525,000 and April 1, 2015 : 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	726	726	726
Nil (2016: Nil and April 1, 2015 : 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	-	-	3
91,200 (2016: 63,600 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	6	-
18,000 (2016: Nil and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	-	-
	737	**732**	**729**
	51,160	**8,037**	**3,903**
Aggregate book value of quoted investments	**31**	**22**	**23**
Aggregate market value of quoted investments	**31**	**22**	**23**
Aggregate value of unquoted investments	**51,129**	**8,015**	**3,880**
Aggregate amount of impairment in value of investments	**-**	**-**	**-**

Notes:

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.

b) The Company has exercised its option to convert the unsecured Zero coupon optionally convertible bonds to equity on October 19, 2015. Consequently, 781,250 number of equity shares with a face value of ₹ 10 each were received at a premium of ₹ 22 per share.

6.2 Other financial assets (Unsecured and considered good)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	5,098	8,087	7,488
Employee loans	2,693	1,717	1,473
Other financial assets	474	505	358
	8,265	**10,309**	**9,319**

Notes to the Financial Statements

for the year ended March 31, 2017

7 OTHER NON-CURRENT ASSETS (UNSECURED AND CONSIDERED GOOD)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	1,599	2,371	1,423
Balance with revenue authorities	3,794	3,990	3,854
Prepaid expenses	1,537	1,554	1,574
Other assets	2,411	2,410	2,634
	9,341	**10,325**	**9,485**

8 a) Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	7,073	4,456	3,142
Deferred tax liabilities	(6,849)	(6,086)	(4,117)
	224	**(1,630)**	**(975)**

₹ lakhs

2016-17	Opening balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets				
Cash flow hedges	451	-	(451)	-
Allowance for doubtful trade receivables	113	64	-	177
Employee benefits	3,731	352	-	4,083
Compensation towards Voluntary Retirement of employees	-	2,676	-	2,676
Others	161	(24)	-	137
Deferred tax liability				
Cash flow hedges	-	-	(539)	(539)
Fair value of investments	(186)	(39)	-	(225)
Property, plant and equipment	(5,900)	(185)	-	(6,085)
	(1,630)	**2,844**	**(990)**	**224**

₹ lakhs

2015-16	Opening balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets				
Cash flow hedges	-	-	451	451
Allowance for doubtful trade receivables	302	(189)	-	113
Employee benefits	2,748	983	-	3,731
Others	92	69	-	161
Deferred tax liability				
Cash flow hedges	(947)	-	947	-
Fair value of investments	(186)	-	-	(186)
Property, plant and equipment	(2,984)	(2,916)	-	(5,900)
	(975)	**(2,053)**	**1,398**	**(1,630)**

Notes to the Financial Statements

for the year ended March 31, 2017

b) The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

₹ lakhs

Particulars	Current year	Previous year
Profit before tax	103,342	88,840
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	35,765	30,746
Effect of:		
Expenses that are not deductible in determining taxable profit	(100)	303
Effect of concessions	(8,442)	(14,046)
Effect of temporary differences	2,777	27
Effect due to MAT @ 21.34%	-	1,663
Income tax expense recognised in the statement of profit and loss	**30,000**	**18,693**

c) Net of provision for tax amounting to ₹ 202,402 lakhs (2016 : ₹ 172,045 lakhs and April 1, 2015: ₹ 153,476 lakhs).

9 INVENTORIES

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	86,160	72,698	51,398
Work-in-progress {refer i) below}	18,025	15,502	10,007
Finished goods	303,976	284,299	263,642
Stock-in-trade	70,653	64,006	72,104
Stores and spares	846	778	481
Loose tools	989	893	955
	480,649	**438,176**	**398,587**
Included above, goods-in-transit			
Raw materials	176	117	136
Stock-in-trade	847	402	15
	1,023	**519**	**151**
i) Details of inventory of work-in-progress			
Watches	11,366	11,555	8,210
Jewellery	6,646	3,944	1,794
Others	13	3	3
	18,025	**15,502**	**10,007**

The cost of inventories recognised as an expense during the year is ₹ 927,397 lakhs (2016: ₹ 814,367 lakhs).

The cost of inventories recognised as an expense includes ₹ 1,711 lakhs (2016: ₹ 3,253 lakhs) in respect of written-downs of inventory to net-realisable value.

Notes to the Financial Statements

for the year ended March 31, 2017

10 FINANCIAL ASSETS

10.1 Investments

₹ lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Investments in mutual funds (Quoted)						
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**	**No of units**	**Amount**
BSL Cash Plus - Growth-Direct	1,939,365	5,068	-	-	-	-
DSP BlackRock Liquidity Fund-Dir-G	218,007	5,084	-	-	-	-
DSP BlackRock Ultra Short Term Fund	21,226,375	2,528	-	-	-	-
IDFC Cash Fund	256,143	5,061	-	-	-	-
IDFC Ultra Short Term Fund	10,916,231	2,527	-	-	-	-
L & T Liquid fund	135,707	3,026	-	-	-	-
Reliance Liquid Fund-Treasury Plan	127,714	5,067	-	-	-	-
Reliance Money Manager Fund - Growth-Direct	44,406	1,011	-	-	-	-
Tata Liquid Fund Direct Plan - Growth	168,688	5,060	-	-	-	-
Tata Money Market Fund Direct Plan - Growth	117,859	3,021	-	-	-	-
Total		**37,453**		**-**		**-**
Aggregate carrying amount of quoted investments		37,453		-		-
Aggregate market value of quoted investments		37,453		-		-

10.2 Trade receivables

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured)			
Considered good*	11,536	13,485	13,955
Considered doubtful	511	326	403
Less: Allowance for doubtful trade receivables	(511)	(326)	(403)
	11,536	**13,485**	**13,955**

* Includes dues from related parties - refer note 34

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:

Ageing	Expected credit loss (%)		
	Watches	Jewellery	Eye-wear
Within credit period	2%	0%	2%
Less than 1 year	2%	0%	8%
1 to 2 years	26%	1%	33%
2 to 3 years	54%	15%	42%
Over 3 years	100%	100%	75%

Notes to the Financial Statements

for the year ended March 31, 2017

₹ lakhs

Age of receivables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within credit period	7,046	8,147	10,411
Less than 1 year	4,421	5,253	3,275
1 to 2 years	340	134	325
2 to 3 years	116	34	210
Over 3 years	124	243	137

Movement in the expected credit loss allowance

₹ lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	326	403
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	185	(77)
Balance at the end of the year	**511**	**326**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

10.3 Cash and cash equivalents

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Cash on hand	1,003	528	726
Cheques, drafts on hand	715	598	903
Balances with banks			
(i) Current account (refer note below)	10,463	6,850	5,710
(ii) Demand deposit	55,000	-	9,500
Total Cash and cash equivalents as per Ind AS 7	**67,181**	**7,976**	**16,839**
Other Bank balances			
(iii) Earmarked accounts			
- Unclaimed dividend	732	1,087	578
- Unclaimed debenture and debenture interest	11	12	13
(iv) Fixed deposits held as margin money against bank guarantee	1,350	2,091	3,590
(v) Fixed deposits held as deposit reserve fund	8,000	-	-
Total other bank balances	**10,093**	**3,190**	**4,181**
	77,274	**11,166**	**21,020**

Note: Balance with banks includes funds in transit - ₹ 1,410 lakhs (2016: ₹ 666 lakhs and April 1, 2015 : ₹ 1,778 lakhs).

Notes to the Financial Statements

for the year ended March 31, 2017

10.4 Details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016:

₹ lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	15,005	823	**15,828**
Add: Permitted receipts	-	7,803	7,803
Less: Permitted payments	-	41	**41**
Less: Amount deposited in banks	15,005	7,945	**22,950**
Closing cash in hand as on December 30, 2016	-	640	**640**

10.5 Other financial assets (Unsecured and considered good)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inter-corporate deposits	19,500	20,000	23,800
Security deposits	5,547	1,674	1,478
Employee loans	1,356	1,385	932
Derivative instruments in designated hedge accounting relationship	712	-	668
Receivable from a subsidiary*	22,583	20,033	16,678
Other financial assets	1,520	494	544
	51,218	**43,586**	**44,100**

* Includes receivable pursuant to transfer of assets and liabilities of PED division on April 1, 2015 (appointed date) amounting to ₹ 16,678 lakhs (2016: ₹ 16,678 lakhs, April 1, 2015: ₹ 16,678 lakhs) to Titan Engineering & Automation Limited {Refer note 2 xi)}.

11 OTHER CURRENT ASSETS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured and considered good			
Advances to suppliers	7,845	4,946	3,709
Prepaid expenses	1,571	1,350	1,425
Balance with revenue authorities	3,487	3,516	3,329
Other assets	1,560	1,597	3,159
Considered doubtful	-	-	2,224
	14,463	**11,409**	**13,846**
Less: Allowance for doubtful advances	-	-	(2,224)
	14,463	**11,409**	**11,622**

Notes to the Financial Statements

for the year ended March 31, 2017

12.1 SHARE CAPITAL

		2017		2016		2015	
		No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a)	**Authorised**						
	Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000	12,000	12,000
	Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000	40	4,000
b)	**Issued, subscribed and fully paid up**						
	Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878	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

	2017		2016		2015	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights						
At the beginning of the year	8,878	8,878	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878	8,878	8,878

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

No. in lakhs

	2017		2016		2015	
	No. of shares held	% total holding	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88	2,475	27.88
Tata Group						
Tata Sons Limited	1,850	20.85	1,850	20.85	1,351	15.22
Tata Steel Limited	-	-	-	-	388	4.37
Tata Investment Corporation Limited	179	2.01	179	2.01	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56	138	1.56
Tata Global Beverages Limited	-	-	-	-	92	1.04
Ewart Investments Limited	50	0.56	50	0.56	50	0.56
Tata International Limited	-	-	-	-	26	0.29
Piem Hotels Limited	18	0.20	18	0.20	18	0.20
Total - Tata Group	2,235	25.18	2,235	25.18	2,235	25.18
Jhunjhunwala Rakesh Radheshyam	618	6.96	609	6.86	503	5.66

Notes to the Financial Statements

for the year ended March 31, 2017

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

No. in lakhs

	2017	2016	2015
Equity shares with voting rights			
Fully paid up by way of bonus shares	4,439	4,439	4,439

12.2 OTHER EQUITY

₹ lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserve (Surplus on re-issue of forfeited shares and debentures)	3	3	3
Capital redemption reserve (Reserve created on redemption of capital)	64	64	64
Securities premium reserve (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	13,888	13,888	13,888
General reserve (Represents appropriation of profit by the Company)	281,573	230,967	178,841
Retained earnings* (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	126,802	101,222	131,674
Other comprehensive income (Items of other comprehensive income consist of cash flow hedge reserve and remeasurement of net defined benefit liability/asset)	(7)	(1,553)	2,318
	422,323	**344,591**	**326,788**

* Of the same, ₹ 10 lakhs (2016: ₹ 10 lakhs, April 1, 2015 : ₹ 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 May 7, 2015 had declared a final dividend of ₹ 2.3 per equity share of par value of ₹ 1 each and the same was paid during the year ended 2016. The proposal was approved by shareholders at the Annual General Meeting held on July 31, 2015.

The Board of Directors at its meeting held on March 16, 2016 had declared an interim dividend of ₹ 2.2 per equity share of par value ₹ 1 each.

This has resulted in a total outflow of ₹ 48,083 lakhs including corporate dividend tax of ₹ 8,133 lakhs. No dividends were paid during F.Y. 2016-17.

The Board of Directors, in its meeting on May 12, 2017, have proposed a final dividend of ₹ 2.60 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on August 3, 2017 and if approved would result in a cash outflow of approximately ₹ 27,781 lakhs, including corporate dividend tax.

Notes to the Financial Statements

for the year ended March 31, 2017

Non-current liabilities

13 PROVISIONS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for compensated absences {refer note: 32 c)}	10,695	9,589	7,636
Provision for pension	248	399	415
	10,943	**9,988**	**8,051**

Current liabilities

14 FINANCIAL LIABILITIES

14.1 Borrowings

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans repayable on demand from banks (secured)	-	11,305	9,979
	-	**11,305**	**9,979**

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

14.2 Trade payables

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable to Micro and Small enterprises {Refer note a) below}	58	313	515
Others	275,202	162,567	186,873
	275,260	**162,880**	**187,388**

Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting year	58	313	515
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest due and payable for the year	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

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 Financial Statements

for the year ended March 31, 2017

14.3 Other financial liabilities

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unclaimed dividends (refer note below)	734	1,089	580
Unclaimed matured fixed deposits	4	4	4
Unclaimed matured debenture and debenture interest	11	12	13
Payables on purchase of property, plant and equipment	1,830	1,003	772
Derivative instruments in designated hedge accounting relationship	974	3,793	-
Derivative instruments other than in designated hedge accounting relationships	1,386	62	134
Other financial liabilities	1,063	1,006	1,047
	6,002	**6,969**	**2,550**

Note: Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 2 lakhs (2016: ₹ 2 lakhs and April 1, 2015: ₹ 2 lakhs) and therefore amounts relating to the same have not been transferred.

15 OTHER CURRENT LIABILITIES

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers {refer note a) below}	82,968	60,442	14,955
Unclaimed advance from customers {refer note b) below}	1,756	1,993	-
Liability towards award credits for customers	6,575	6,359	8,289
Gratuity {refer note 32 b) }	2,680	1,930	2,518
Statutory dues	5,409	4,428	3,290
Other liabilities	10,648	7,648	6,448
	110,036	**82,800**	**35,500**

a) Advances from customers includes amounts of ₹ 72,414 lakhs (2016: ₹ 51,656 lakhs and April 1, 2015: ₹ 6,808 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Represents the unclaimed advances relating to various retail customer programmes for sale of jewellery products which have been discontinued.

16 PROVISIONS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for compensated absences {refer note: 32 c) }	1,197	1,288	1,040
Provision for warranty {refer note a) below}	601	506	498
	1,798	**1,794**	**1,538**

a) Provision for warranty

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	506	498
Provisions made during the year	601	506
Utilisations/ reversed during the year	(506)	(498)
Provision at the end of the period	**601**	**506**

Notes to the Financial Statements

for the year ended March 31, 2017

17 REVENUE FROM OPERATIONS

₹ lakhs

	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	179,063	177,755
Jewellery	912,645	753,936
Eyewear	5,864	5,406
	1,097,572	**937,097**
Traded goods		
Watches	19,755	18,583
Jewellery	102,771	108,210
Eyewear	34,596	31,925
Others	9,237	5,716
	166,359	**164,434**
Total - Sale of products (a)	**1,263,931**	**1,101,531**
Income from services provided (b)	439	322
Other operating revenue		
Sale of precious / semi-precious stones	3,986	5,730
Sale of gold / platinum	2,911	2,119
Scrap sales	422	836
Total - Other operating revenue (c)	**7,319**	**8,685**
Revenue from operations (a+b+c)	**1,271,689**	**1,110,538**

18 OTHER INCOME

₹ lakhs

	Current year	Previous year
Interest income on financial assets carried at amortised cost	4,914	5,684
Gain on investments carried at fair value through profit and loss	1,047	810
Miscellaneous income	516	822
	6,477	**7,316**

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

₹ lakhs

	Current year	Previous year
Closing stock		
Finished goods	303,976	284,299
Work-in progress	18,025	15,502
Stock-in-trade	70,653	64,006
	392,654	**363,807**
Opening stock		
Finished goods	284,299	263,642
Work-in progress	15,502	10,007
Stock-in-trade	64,006	72,104
	363,807	**345,753**
(Increase) / decrease in inventory	**(28,847)**	**(18,054)**

Notes to the Financial Statements

for the year ended March 31, 2017

20 EMPLOYEE BENEFITS EXPENSE

₹ lakhs

	Current year	Previous year
Salaries, wages and bonus	60,414	52,918
Contribution to provident and other funds		
- Gratuity {refer Note 32(b) i)}	1,424	1,357
- Provident and other funds {refer Note 32(a) i)}	2,963	2,824
Welfare expenses	5,294	5,221
	70,095	**62,320**

21 FINANCE COSTS INCLUDES :

₹ lakhs

	Current year	Previous year
Interest expense on :		
Borrowings	587	464
Gold on lease charges / interest on gold loan	2,402	3,598
Others	142	29
	3,131	**4,091**
Other borrowing cost :		
Commercial paper discounting charges	582	137
	3,713	**4,228**

22 DEPRECIATION AND AMORTISATION EXPENSE

₹ lakhs

	Current year	Previous year
Depreciation of property, plant and equipment (refer Note 3.1)	8,939	8,395
Amortisation of intangible assets (refer Note 4.1)	384	317
	9,323	**8,712**

23 OTHER EXPENSES

₹ lakhs

	Current year	Previous year
Loose tools, stores and spare parts consumed	4,426	5,018
Agency labour	6,529	6,501
Power and fuel	3,883	3,756
Repairs to buildings	453	323
Repairs to plant and machinery	1,431	1,504
Advertising	45,041	42,892
Selling and distribution expenses	13,580	13,738
Insurance	439	394
Rent (refer note 27)	18,925	18,443
Increase / (decrease) of excise duty on inventory	1,687	873
Rates and taxes {refer note a) below}	10,115	8,968
Travel	2,798	2,942

Notes to the Financial Statements

for the year ended March 31, 2017

₹ lakhs

	Current year	Previous year
Bad trade receivables and advances written off	17	2,256
Less : Provision released	17	2,430
	-	**(174)**
Provision for doubtful trade receivables	202	129
Loss on sale / disposal / scrapping of fixed assets (net)	823	423
Gold price hedge ineffectiveness	1,129	2,250
Expenditure on corporate social responsibility	1,792	1,666
Miscellaneous expenses {refer note b) and c) below}	30,758	27,267
Directors' fees	35	29
Commission to Non Whole-time Directors	378	312
	144,424	**137,254**

Notes:

a) Rates and taxes include ₹ 6,191 lakhs (Previous year: ₹ 5,569 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

b) Includes exchange (gain) / loss (net) of ₹ 563 lakhs (Previous year: ₹ 51 lakhs)

c) Auditors remuneration comprises fees for audit of statutory accounts ₹ 175 lakhs (Previous year: ₹ 175 lakhs), taxation matters ₹ 22 lakhs (Previous year: ₹ 36 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 10 lakhs), other services ₹ 36 lakhs (Previous year: ₹ 49 lakhs) and reimbursement of levies and expenses ₹ 61 lakhs (Previous year: ₹ 19 lakhs).

24 EXCEPTIONAL ITEM

The Company has announced Voluntary Retirement Scheme (VRS) to its employees during the year. The entire expenses relating to the same being exceptional are classified accordingly and accounted for in the year.

25 SEGMENT INFORMATION

a) Description of segments

The 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 Sarees.

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

₹ lakhs

	Revenue		Profit / (loss)	
	Current year	Previous year	Current year	Previous year
Watches	202,756	197,436	13,843	17,065
Jewellery	1,023,728	872,265	103,872	80,004
Eyewear	40,580	37,452	1,278	2,061
Others	6,469	5,465	(4,080)	(2,719)
Corporate (unallocated)	4,633	5,236	(7,858)	(3,343)
	1,278,166	**1,117,854**	**107,055**	**93,068**
Finance costs			3,713	4,228
Profit before taxes			**103,342**	**88,840**

There is no inter segment revenue.

Notes to the Financial Statements

for the year ended March 31, 2017

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ lakhs

Segment	Current year
Watches	20,441
Jewellery	105,305
Eyewear	1,687
Others	(4,080)
Corporate (unallocated)	(6,661)
Total	**116,692**

d) Segment assets and liabilities

₹ lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Segment assets			
Watches	123,441	119,774	105,356
Jewellery	455,533	415,954	382,011
Eyewear	22,589	16,771	14,008
Others	4,829	24,265	22,754
Corporate (unallocated)	228,624	54,071	57,518
	835,016	**630,835**	**581,647**
Segment liabilities			
Watches	53,335	41,967	40,669
Jewellery	337,966	213,804	187,722
Eyewear	8,693	6,899	4,967
Others	1,780	169	448
Corporate (unallocated)	2,265	12,897	11,200
	404,039	**275,736**	**245,006**

e) Other segment information

₹ lakhs

	Depreciation and amortisation	
	Current year	Previous year
Watches	3,318	3,476
Jewellery	4,204	3,874
Eyewear	1,101	896
Others	14	-
Corporate (unallocated)	686	466
	9,323	**8,712**

Notes to the Financial Statements

for the year ended March 31, 2017

f) Geographical information

₹ lakhs

	Current year	Previous year
Revenue		
India	1,260,494	1,092,802
Others	17,672	25,052
Total	**1,278,166**	**1,117,854**
Assets*		
India	829,839	626,157
Others	5,177	4,678
Total	**835,016**	**630,835**

*Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used inter changeably 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.

26 EARNINGS PER SHARE

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

	Current year	Previous year
Profit for the year (₹ lakhs)	76,186	69,757
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	8.58	7.86

27 OPERATING LEASES

27.1 Payments recognised as an expense

₹ lakhs

	Current year	Previous year
Minimum lease payments	18,804	18,333
Contingent rentals	121	110
	18,925	**18,443**

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.

Notes to the Financial Statements

for the year ended March 31, 2017

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:

₹ lakhs

	2017	2016	2015
For a period not later than one year	2,230	2,404	4,266
For a period later than one year but not later than five years	1,876	2,022	1,544
For a period later than five years	-	8	15
	4,106	**4,434**	**5,825**

28 Contingent liabilities not provided for - ₹ 30,084 lakhs (2016: ₹ 29,137 lakhs) comprising of the following:

a) Sales Tax - ₹ 2,949 lakhs (2016: ₹ 2,316 lakhs)

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

b) Customs Duty - ₹ 69 lakhs (2016: ₹ 150 lakhs)

(relating to denial of benefit of exemptions)

c) Excise Duty - ₹ 19,226 lakhs (2016: ₹ 19,250 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 - ₹ 7,081 lakhs (2016: ₹ 6,850 lakhs)

(relating to disallowance of deductions claimed)

e) Others - ₹ 759 lakhs (2016: ₹ 571 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.

29 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 18,032 lakhs (2016: ₹ 8,239 lakhs and April 1, 2015: ₹ 16,172 lakhs).

30 The Company was issued with show cause notices by the Excise authorities aggregating to ₹ 34,819 lakhs (2016: ₹ 34,819 lakhs) without quantifying interest and penalty, relating to disallowance of cenvat credit availed. The Hon'ble High Court of Madras allowed the writ petition filed by the Company by setting the show cause notices. Against the aforesaid Order the Excise department filed an appeal before the Hon'ble Supreme Court which is pending for admission.

31 OTHER COMMITMENTS

Unclaimed liability on shares of joint venture ₹ Nil (2016: ₹ 1,078 lakhs)

Notes to the Financial Statements

for the year ended March 31, 2017

32 EMPLOYEE BENEFITS

a) Defined Contribution Plans

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

₹ lakhs

	Current year	Previous year
Provident Fund	1,418	1,283
Superannuation Fund	530	540
National Pension Scheme	117	104
Employee Pension Fund	898	897
Total	**2,963**	**2,824**

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

b) Defined Benefit Plans

i) Funded

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

The plan is of a final salary defined benefit in nature 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 longetivity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate (p.a.)	7.15%	8.05%	7.95%
Salary escalation rate (p.a.)			
- Non-management	7.00%	7.00%	7.00%
- Management	8.00%	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 (2006-08) Ult table.

- Rates of leaving service (leaving service due to disability included) at specimen ages are as shown below:

Age (Years)	Rates (p.a.)
21-44	2%
45 and above	1%

Notes to the Financial Statements

for the year ended March 31, 2017

Components of defined benefit costs recognised in the statement of profit and loss are as follows:

₹ lakhs

	Year ended	
	March 31, 2017	March 31, 2016
Current service cost	1,306	1,187
Interest on net defined benefit liability/ (asset)	118	170
(Gains) / losses on settlement	-	-
Total component of defined benefit costs charge to the statement of profit and loss	**1,424**	**1,357**

Components of defined benefit costs recognised in other comprehensive income are as follows:

₹ lakhs

	Year ended	
	March 31, 2017	March 31, 2016
Opening amount recognised in other comprehensive income outside the statement of profit and loss	573	-
Remeasurements during the year due to:		
- Changes in financial assumptions	2,114	(210)
- Changes in demographic assumptions	-	-
- Experience adjustments	284	891
- Actual return on plan assets less interest on plan assets	(1,166)	(108)
Closing amount recognised in outside the statement of profit and loss	**1,805**	**573**

The current 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:

₹ lakhs

	Year ended	
	March 31, 2017	March 31, 2016
Opening net defined benefit liability/ (asset)	1,930	2,518
Expense charged to the statement of profit and loss	1,424	1,357
Amount recognised outside the statement of profit and loss	1,232	573
Employer contributions	(1,906)	(2,518)
Closing net defined benefit liability/ (asset)	**2,680**	**1,930**

Notes to the Financial Statements

for the year ended March 31, 2017

Movements in the present value of the defined benefit obligation are as follows:

₹ lakhs

	Year ended	
	March 31, 2017	March 31, 2016
Opening defined benefit obligation	18,151	15,495
Current service cost	1,306	1,187
Past service cost	-	-
Interest cost	1,432	1,204
Remeasurement due to		
- Actuarial gains and losses arising from changes in demographic assumptions	2,114	(210)
- Actuarial gains and losses arising from changes in financial assumptions	-	-
- Actuarial gains and losses arising from experience adjustments	284	891
Benefits paid	(1,793)	(416)
Closing defined benefit obligation	**21,494**	**18,151**

Movements in the fair value of plan assets are as follows

₹ lakhs

	Year ended	
	March 31, 2017	March 31, 2016
Opening fair value of plan assets	16,221	12,977
Employer contributions	1,906	2,518
Interest on plan assets	1,314	1,034
Remeasurements due to actuarial return on plan assets less interest on plan assets	1,166	108
Benefits paid	(1,793)	(416)
Closing fair value of plan assets	**18,814**	**16,221**

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:

₹ lakhs

	Year ended 31-Mar-17	
	Discount rate	Salary escalation rate
Defined benefit obligation on plus 50 basis points	20,271	22,808
Defined benefit obligation on minus 50 basis points	22,818	20,268

Notes to the Financial Statements

for the year ended March 31, 2017

Maturity profile of defined benefit obligation

₹ lakhs

	Year ended March 31, 2017
With in year 1	578
1 year to 2 years	957
2 years to 3 years	1,179
3 years to 4 years	1,009
4 years to 5 years	946
Over 5 years	53,565

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:

₹ lakhs

	Year ended March 31, 2017	
	Quoted	Unquoted
Government debt instruments	9,972	-
Other debt instruments	6,910	-
Entity's own equity instruments	309	-
Others	-	1,620
	17,191	1,620

c) Unfunded

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

₹ lakhs

	Liability as on March 31, 2017	Liability as on March 31, 2016	Liability as on April 1, 2015
Compensated absences			
Non-current	10,695	9,589	7,636
Current	1,197	1,288	1,040
	11,892	**10,877**	**8,676**

33 RESEARCH AND DEVELOPMENT (R&D) EXPENSES :

₹ lakhs

	Current year	Previous year
Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centers		
Capital	116	313
Revenue	2,007	1,518
	2,123	**1,831**

Notes to the Financial Statements

for the year ended March 31, 2017

34 RELATED PARTY DISCLOSURES :

Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited	
		Tata Sons Limited	
b)	Subsidiaries	Titan TimeProducts Limited	
		Favre Leuba AG (Switzerland)	
		Titan Watch Company Hongkong Limited (100% subsidiary of Favre Leuba AG)	
		Titan Engineering & Automation Limited	
		Carat Lane Trading Private Limited (w.e.f. August 3, 2016)	
c)	Joint venture	Montblanc India Retail Private Limited (formerly Snowcap Retail (India) Private Limited)	
d)	Associate	Green Infra Wind Power Theni Limited	
e)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director	
		Directors	
		Mr. Atulya Misra (Chairman) (from March 31, 2017)	
		Mr. T K Arun	
		Mr. Harish Bhat	
		Mr. N N Tata	
		Mr. T K Balaji	
		Dr. C G Krishnadas Nair	
		Ms. Vinita Bali	
		Mrs. Hema Ravichandar	
		Prof. Das Narayandas	
		Mrs. Ireena Vittal	
		Mr. Ashwani Puri (from May 6, 2016)	
		Mr. Vikram Kapur (from October 18, 2016 to March 31, 2017)	
		Mr. C V Sankar (uptill August 20, 2017)	
		Mr. Gnanadesikan (from June 27, 2016 to August 29, 2016)	
f)	Group entities (Wherever there are transactions)	Arvind and Smart Value Homes LLP	Tata Business Support Services Limited
		Ecofirst Services Limited	Tata Capital Financial Services Limited
		HL Promoters Private Limited	Tata Capital Housing Finance Limited
		Infiniti Retail Limited	Tata Consultancy Services Limited
		Kriday Realty Private Limited	Tata Interactive Systems AG
		Princeton Infrastructure Private Limited	Tata International Limited
		Promont Hilltop Private Limited	Tata Limited
		Tata Advanced Material Limited	Tata West Asia FZE
		Tata AIG General Insurance Company Limited	TC Travel and Services Limited
		Tata Unistore Limited	Sohna City LLP
		Tata Value Homes Limited	Shapoorji Pallonji & Company

Notes to the Financial Statements

for the year ended March 31, 2017

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

(Previous year figures are in brackets)

₹ lakhs

Nature of transaction	Promoters	Subsidiaries	Joint venture	Associate	Key Management Personnel	Group entities	Total
Purchase of components and raw materials	-	2,378	-	-	-	-	2,378
	(-)	(1,433)	(-)	(-)	(-)	(-)	(1,433)
Sale of property, plant and equipment	-	13	-	-	-	-	13
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Purchase of property, plant and equipment	-	-	-	-	-	13	13
	(-)	(-)	(-)	(-)	(-)	(36)	(36)
Purchase of services	-	-	-	-	-	2,580	2,580
	(-)	(-)	(-)	(-)	(-)	(1,477)	(1,477)
Sale of components and finished goods	6	743	-	-	-	383	1,132
	(11)	(67)	(-)	(-)	(-)	(254)	(332)
Rent paid	56	-	-	-	-	-	56
	(51)	(-)	(-)	(-)	(-)	(-)	(51)
Purchase of power	-	-	-	392	-	-	392
	(-)	(-)	(-)	(241)	(-)	(-)	(241)
Dividend paid	-	-	-	-	-	-	-
	(18,762)	(-)	(-)	(-)	(-)	(-)	(18,762)
Commission and sitting fees to non whole-time directors	83	-	-	-	387	-	470
	(83)	(-)	(-)	(-)	(230)	(-)	(313)
Brand equity subscription	2,203	-	-	-	-	-	2,203
	(1,913)	(-)	(-)	(-)	(-)	(-)	(1,913)
Reimbursement towards rendering of services / expenses	41	6	-	-	-	-	47
	(74)	(719)	(-)	(-)	(-)	(-)	(793)
Recovery towards rendering of services / expenses	-	84	619	-	-	-	703
	(-)	(231)	(194)	(-)	(-)	(-)	(425)
Sitting fees received [₹ 57,000 (Previous year: ₹ 54,000) from subsidiaries]	-	1	-	-	-	-	1
	(-)	(1)	(-)	(-)	(-)	(-)	(1)
Managerial remuneration	-	-	-	-	529	-	529
	(-)	(-)	(-)	(-)	(476)	(-)	(476)
Conversion of Zero coupon bond into equity shares	-	-	-	-	-	-	-
	(-)	(250)	(-)	(-)	(-)	(-)	(250)
Subscription to Share capital / Application money	-	42,031	1,078	-	-	-	43,109
	(-)	(2,098)	(2,034)	(-)	(-)	(-)	(4,132)
Balance as on balance sheet date							
Credit balance							
Tata Sons Limited	1,710	-	-	-	-	-	1,710
	(1,444)	(-)	(-)	(-)	(-)	(-)	(1,444)
Tamilnadu Industrial Development Corporation Limited	-	-	-	-	-	-	-
	(77)	(-)	(-)	(-)	(-)	(-)	(77)

Notes to the Financial Statements

for the year ended March 31, 2017

₹ lakhs

Balance as on balance sheet date	Promoters	Subsidiaries	Joint venture	Associate	Key Management Personnel	Group entities	Total
Titan TimeProducts Limited	-	9	-	-	-	-	9
	(-)	(808)	(-)	(-)	(-)	(-)	(808)
Carat Lane Trading Private Limited	-	23	-	-	-	-	23
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Green Infra Wind Power Theni Limited	-	-	-	-	-	-	-
	(-)	(-)	(-)	(4)	(-)	(-)	(4)
Mr.Bhaskar Bhat	-	-	-	-	368	-	368
	(-)	(-)	(-)	(-)	(260)	(-)	(260)
Tata Capital Financial Services Limited	-	-	-	-	-	13	13
	(-)	(-)	(-)	(-)	(-)	(3)	(3)
Tata Consultancy Services Limited	-	-	-	-	-	55	55
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Tata Value Homes Limited	-	-	-	-	-	1	1
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sohna City LLP	-	-	-	-	-	1	1
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Debit balance							
Montblanc India Retail Private Limited	-	-	35	-	-	-	35
	(-)	(-)	(1)	(-)	(-)	(-)	(1)
Titan TimeProducts Limited	-	5	-	-	-	-	5
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Carat Lane Trading Private Limited	-	500	-	-	-	-	500
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Infiniti Retail Limited	-	-	-	-	-	5	5
	(-)	(-)	(-)	(-)	(-)	(4)	(4)
Tata AIG General Insurance Company Limited	-	-	-	-	-	4	4
	(-)	(-)	(-)	(-)	(-)	(5)	(5)
Tata Consultancy Services Limited	-	-	-	-	-	3	3
	(-)	(-)	(-)	(-)	(-)	(9)	(9)
Tata West Asia FZE	-	-	-	-	-	34	34
	(-)	(-)	(-)	(-)	(-)	(34)	(34)
Tata Advanced Material Limited [₹ 35,947 (Previous year: ₹ Nil)	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Tata Business Support Services Limited [₹ 13,913 (Previous year: ₹ 62,640)	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(1)	(1)
Shapoorji Pallonji & Company	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(2)	(2)

Notes to the Financial Statements

for the year ended March 31, 2017

The above includes the following material related party transactions :-

₹ lakhs

Nature of transaction	Category	Name	Amount
Purchase of components and raw materials	Subsidiary	Titan TimeProducts Limited	1,162
			(1,433)
	Subsidiary	Carat Lane Trading Private Limited	1,216
			(-)
Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	-
			(11,136)
	Promoter	Tata Sons Limited	-
			(7,626)
Brand Equity Subscription	Promoter	Tata Sons Limited	2,203
			(1,913)
Recovery towards rendering of services	Subsidiary	Titan TimeProducts Limited	84
			(231)
	Joint venture	Montblanc India Retail Private Limited	619
			(194)
Reimbursement towards rendering of services/ expenses	Subsidiary	Titan TimeProducts Limited	-
			(719)
	Promoter	Tata Sons Limited	41
			(74)
Conversion of Zero coupon bond into equity shares	Subsidiary	Titan TimeProducts Limited	-
			(250)
Subscription to Share capital / Application Money	Subsidiary	Favre Leuba AG	4,628
			(2,093)
	Subsidiary	Carat Lane Trading Private Limited	37,403
			(-)
	Joint venture	Montblanc India Retail Private Limited	1,078
			(2,034)
Purchase of services	Group entity	Tata Consultancy Services Limited	2,123
			(1,130)

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.

Notes to the Financial Statements

for the year ended March 31, 2017

35 FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

Financial assets

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)			
Designated as FVTPL-Equity investments and mutual funds	38,221	754	752
Total financial assets measured at FVTPL (a)	**38,221**	**754**	**752**
Measured at amortised cost			
- Trade receivables	11,536	13,485	13,955
- Cash and cash equivalents	77,274	11,166	21,020
- Inter-corporate deposits	19,500	20,000	23,800
- Security deposits	10,645	9,761	8,966
- Employee loans	4,049	3,102	2,405
- Other financial assets	24,577	21,032	17,580
Total financial assets measured at amortised cost (b)	147,581	78,546	87,726
Derivative instruments in designated hedge accounting relationships (c)	**712**	**-**	**668**
Total financial assets (a + b + c)	**186,514**	**79,300**	**89,146**

Financial liabilities

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)			
- Derivative instruments other than in designated hedge accounting relationships	1,386	62	134
- Trade payables	158,390	122,160	140,686
Total financial liabilities measured at FVTPL (a)	**159,776**	**122,222**	**140,820**
Measured at amortised cost			
- Borrowings	-	11,305	9,979
- Trade payables	116,870	40,720	46,702
- Other financial liabilities	3,642	3,114	2,416
Total financial liablities measured at amortised cost (b)	**120,512**	**55,139**	**59,097**
Derivative instruments in designated hedge accounting relationships (c)	**974**	**3,793**	**-**
Total financial liabilities (a + b + c)	**281,262**	**181,154**	**199,917**

Notes to the Financial Statements

for the year ended March 31, 2017

35.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ lakhs

a)	Financial assets and liabilities measured at fair value - March 31, 2017	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted investments at FVTPL	37,484	-	-	37,484
	- Other unquoted investments	-	-	737	737
	- Derivative instruments in designated hedge accounting relationship	-	712	-	712
	Total financial assets	**37,484**	**712**	**737**	**38,933**
	Financial liabilities				
	- Derivative instruments in designated hedge accounting relationship	235	739	-	974
	- Derivative instruments other than in designated hedge accounting relationships	-	1,386	-	1,386
	- Trade payables	-	158,390	-	158,390
	Total financial liabilities	**235**	**160,515**	**-**	**160,750**

₹ lakhs

b)	Financial assets and liabilities measured at fair value - March 31, 2016	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted investments at FVTPL	22	-	-	22
	- Other unquoted investments	-	-	732	732
	Total financial assets	**22**	**-**	**732**	**754**
	Financial liabilities				
	- Trade payables	-	122,160	-	122,160
	- Derivative instruments in designated hedge accounting relationship	547	3,246	-	3,793
	- Derivative instruments other than in designated hedge accounting relationships	-	62	-	62
	Total financial liabilities	**547**	**125,468**	**-**	**126,015**

₹ lakhs

c)	Financial assets and liabilities measured at fair value - April 1, 2015	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted investments at FVTPL	23	-	-	23
	- Other unquoted investments	-	-	729	729
	- Derivative instruments in designated hedge accounting relationship	147	521	-	668
	Total financial assets	**170**	**521**	**729**	**1,420**
	Financial liabilities				
	- Trade payables	-	140,686	-	140,686
	- Derivative instruments other than in designated hedge accounting relationships	-	134	-	134
	Total financial liabilities	**-**	**140,820**	**-**	**140,820**

Notes to the Financial Statements

for the year ended March 31, 2017

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes quoted equity instruments, mutual funds and derivative financial instruments. The fair value of all such instruments that are traded in the stock exchanges is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example: Over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Fair value of derivative financial instruments are measured using closing rates as provided by the financial institutions as at the reporting date.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(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 pricing models.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

(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 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 risks, 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.

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 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.

Notes to the Financial Statements

for the year ended March 31, 2017

35.5 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.

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2017			
Non-derivatives			
Trade payables	206,008	69,252	275,260
Other financial liabilities	3,642	-	3,642
Total non-derivative liabilities	**209,650**	**69,252**	**278,902**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	980	406	1,386
Derivative instruments in designated hedge accounting relationship	974	-	974
Total derivative liabilities	**1,954**	**406**	**2,360**

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2016			
Non-derivatives			
Borrowings	11,305	-	11,305
Trade payables	98,809	64,071	162,880
Other financial liabilities	3,114	-	3,114
Total non-derivative liabilities	**113,228**	**64,071**	**177,299**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	62	-	62
Derivative instruments in designated hedge accounting relationship	547	3,246	3,793
Total derivative liabilities	**609**	**3,246**	**3,855**

Notes to the Financial Statements

for the year ended March 31, 2017

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
April 1, 2015			
Non-derivatives			
Borrowings	9,979	-	9,979
Trade payables	131,620	55,768	187,388
Other financial liabilities	2,416	-	2,416
Total non-derivative liabilities	**144,015**	**55,768**	**199,783**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	134	-	134
Total derivative liabilities	**134**	**-**	**134**

35.6 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.

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 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.

Notes to the Financial Statements

for the year ended March 31, 2017

The following table gives details of contracts as at the end of the reporting period,

Cash flow hedges Sell forward/future contracts

	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amounts (₹ lakhs)
March 31, 2017	2,787	5,180	144,375
March 31, 2016	2,742	5,736	157,289
April 1, 2015	2,623	4,458	116,952

- The line item in the Balance Sheet that include the above hedging instruments are other financial assets and other financial liabilities.

As at March 31, 2017, 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:

₹ lakhs

Particulars	Current year	Previous year
Balance at beginning of the year (net of taxes)	(1,103)	2,318
Changes in fair value of effective portion of cash flow hedges	(3,802)	(7,046)
Deferred tax on fair value of effective portion of cash flow hedges	1,102	2,043
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	7,213	2,227
Deferred tax on gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	(2,092)	(645)
Balance at end of the year (net of taxes)	1,318	(1,103)

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 and Euro currencies. The Company's sensitivity to a 1% increase and decrease in ₹ against the relavant 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 ₹ 14 lakhs where INR weakens by 1% against the relavant currencies. For a 1% strengthning of the ₹ against the relavant currencies there would be a comparable increase in profit and equity.

Notes to the Financial Statements

for the year ended March 31, 2017

35.7 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 159 forward exchange contracts for US Dollars 638 lakhs equivalent to ₹ 42,721 lakhs (2016: 6 forward exchange contracts for US Dollars 56 lakhs equivalent to ₹ 3,734 lakhs and April 1, 2015: 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs), and Nil forward exchange contracts for Euro (2015: 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs) for firm commitment of purchases.

In addition to the above, the Company has 3 Option contracts in USD 170 lakhs equivalent to ₹ 11,296 lakhs (2016 : Nil, April 1, 2015: Nil)

The Company has Nil forward exchange contracts for US Dollars (2016 : Nil, April 1, 2015: 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs) for firm commitment on sales.

36 Full particulars of loans given, investment made, guarantees given, security provided together with purpose in terms of section 186 (4) of the Companies Act, 2013

Name of entity	Amount (₹ lakhs)	Full particulars	Purpose
Investments made			
Carat Lane Trading Private Limited	37,403	200,42,545 fully paid equity shares of ₹ 10 each	Strategic investment
Favre Leuba AG, Switzerland	4,628	555,343 fully paid equity shares of CHF 10 each	Strategic investment
Montblanc India Retail Private Limited	1,078	10,780,000 fully paid equity shares of ₹ 10 each	Investment in Joint venture to explore luxury retail
Clean Wind Power (Pratapgarh) Private Limited	2	18,000 fully paid equity shares of ₹ 10 each	Towards purchase of wind power
Inter Corporate Deposits (Including reinvestment)			
Cox & Kings Limited	10,000		Cash management/Trade deposits
Religare Securities Limited	10,000		Cash management/Trade deposits
RHC Holding Private Limited	7,000		Cash management/Trade deposits
Tata Housing Development Company Ltd	5,000		Cash management/Trade deposits
Fortis Healthcare Ltd	5,000		Cash management/Trade deposits

The Company has not given any loans, guarantees, securities and have not made any investments otherthan those listed above.

Notes to the Financial Statements

for the year ended March 31, 2017

37 In terms of Scheme of Arrangement sanctioned by Honorable High Court of Madras vide order dated February 13, 2017, the Company has transferred the Precision Engineering Division (PED) to its wholly owned subsidiary Titan Engineering & Automation Limited (TEAL) effective from April 1, 2015.

The business of the PED for the year ended March 31, 2017 was conducted and operated by the Company for the benefit of and on behalf of TEAL. Consequently all the accounting documents and supportings documents thereto of transactions such as sales invoices, purchases, expenditure bills, vouchers, agreements/contracts, challans of statutory payments, employee records etc. are in the name of the Company.

All the statutory dues such as provident fund, sales tax, service tax, income tax has been collected/ deducted and remitted by the Company for and on behalf of the TEAL for the year ended March 31, 2017.

38 The figures of the previous year have been regrouped/recasted, wherever necessary to conform with the current year classification.

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

Place : Bangalore
Date : May 12, 2017

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

₹ lakhs

1	Name of the subsidiary	Titan TimeProducts Limited	Favre Leuba AG	Titan Watch Company Limited, Hong Kong	Titan Engineering & Automation Limited	Carat Lane Trading Private Limited
2	Reporting period	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
3	Reporting currency	INR	CHF	HKD	INR	INR
4	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	1 CHF = ₹ 64.6380	1 HKD = ₹ 8.3453	Not applicable	Not applicable
5	Share capital	424	4,683	1	5	604
6	Reserves & surplus	1,007	(1,429)	(1)	(84)	6,545
7	Total assets	2,300	3,780	-	30,022	13,380
8	Total Liabilities	869	526	-	30,101	6,231
9	Investments	-	1	-	-	-
10	Turnover	3,708	861	-	24,460	17,784
11	Profit/(loss) before taxation	117	(2,897)	-	998	(7,952)
12	Provision for taxation	64	-	-	378	-
13	Profit after taxation	53	(2,897)	-	620	(7,952)

Names of subsidiary which are yet to commence operations;

Sl. No.	Name of the Companies
1	Titan Watch Company Limited, Hong Kong

Part "B": Associates and Joint Ventures

	Name of Associate	Green Infra Wind Power Theni Limited
1	Latest audited Balance Sheet Date	31 March 2016
2	Shares of Associate held by the company on the year end	
	- No.	1,500,000
	- Amount of Investment in Associate (₹ Lakhs)	150
	- Extend of Holding %	26.79%
3	Description of how there is significant influence	There is a significant influence due to percentage of Share Capital held
4	Reason why the associate is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	181
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	28
	- Not Considered in Consolidation (₹ Lakhs)	-
	Name of Joint Venture	Montblanc India Retail Private Limited
1	Latest audited Balance Sheet Date	31 March 2016
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)	1,849
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(205)
	- Not Considered in Consolidation (₹ Lakhs)	-

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

Place : Bangalore
Date : May 12, 2017

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TITAN COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Titan Company Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") its associate and its joint venture, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates and Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 the Group and its associate and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and other auditor in terms of their report referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of the subsidiary, referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the

Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at March 31, 2017, and their consolidated profits, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 13,380 lakh as at March 31, 2017, total revenues of ₹ 14,074 lakh and net cash outflows amounting to ₹ 774 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another 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 subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

(b) The consolidated financial statements also include the Group's share of net loss of ₹ 177 lakh for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of associate and joint venture. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint venture and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above, 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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of subsidiary company incorporated in India, referred in the Other Matters paragraph above 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 Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's and subsidiary companies' incorporated in India internal financial controls over financial reporting.

(g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture.

ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. a. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent Company (excluding disputed legal cases as explained in Note 14.2) of the accompanying consolidated financial statements.

b. There was no amounts which were required to be transferred, to the Investor Education and Protection Fund by the subsidiary company.

iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditor by the Management of the respective Group entities.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bangalore
Date: May 12, 2017
VS/MB/2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of TITAN COMPANY LIMITED (hereinafter referred to as "Parent") and its subsidiary companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI)". 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditor of one of the subsidiary company which is incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion 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 referred to in the Other Matters paragraph below, the Parent and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bangalore
Date: May 12, 2017
VS/MB/2017

Consolidated Balance Sheet

As at March 31, 2017

₹ lakhs

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	85,316	74,083	66,230
(b) Capital work-in-progress	3.2	14,324	10,671	5,519
(c) Investment property	5	1,065	972	972
(d) Intangible assets	4.1	20,190	1,999	1,023
(e) Intangible assets under development	4.2	883	-	-
(f) Goodwill on Consolidation	35	12,301	-	-
(g) Financial assets				
(i) Investments	6.1	3,701	2,786	950
(ii) Other financial assets	6.2	9,002	10,509	9,464
(h) Deferred tax asset (net)	8 a)	359	324	365
(i) Tax asset (net)	8 c)	8,189	10,244	6,966
(j) Other non-current assets	7	9,485	10,398	9,546
		164,815	**121,986**	**101,035**
(2) Current assets				
(a) Inventories	9	492,574	444,715	404,931
(b) Financial assets				
(i) Investments	10.1	39,372	255	-
(ii) Trade receivables	10.2	20,760	19,250	18,974
(iii) Cash and cash equivalents	10.3	80,203	11,635	21,380
(iv) Other financial assets	10.5	28,729	24,284	27,432
(c) Other current assets	11	17,807	12,390	12,551
		679,445	**512,529**	**485,268**
TOTAL ASSETS		**844,260**	**634,515**	**586,303**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12.1	8,878	8,878	8,878
(b) Other equity	12.2	414,360	341,750	326,340
(c) Non-controlling interest		2,636	-	-
		425,874	**350,628**	**335,218**
Liabilities				
(1) Non-current liabilities				
(a) Provisions	13	12,108	10,899	9,045
(b) Deferred tax liability (net)	8 a)	33	1,630	1,008
		12,141	**12,529**	**10,053**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	14.1	-	11,305	9,979
(ii) Trade payables		284,234	165,475	189,988
(iii) Other financial liabilities	14.2	6,098	7,035	2,609
(b) Provisions	16	2,009	2,116	1,621
(c) Other current liabilities	15	113,904	85,427	36,835
		406,245	**271,358**	**241,032**
TOTAL EQUITY AND LIABILITIES		**844,260**	**634,515**	**586,303**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra — Chairman

Directors:
T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri

Statement of Consolidated Profit and Loss

for the year ended March 31, 2017

₹ lakhs

Particulars	Note No.	Current year	Previous year
I. Revenue from operations	17	1,310,016	1,131,002
II. Other income	18	7,049	7,392
III. Total Income (I +II)		**1,317,065**	**1,138,394**
IV. Expenses:			
Cost of materials and components consumed		857,271	741,594
Purchase of stock-in-trade		117,016	95,623
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(31,371)	(19,143)
Excise duty on sale of goods		12,130	3,413
Employee benefits expense	20	79,386	69,628
Finance costs	21	3,774	4,236
Depreciation and amortization expense	22	11,053	9,819
Other expenses	23	160,035	146,413
Total Expenses		**1,209,294**	**1,051,583**
V. Profit before exceptional item and tax (III - IV)		**107,771**	**86,811**
VI. Exceptional item	33	**10,269**	**-**
VII. Profit before tax (V - VI)		97,502	86,811
VIII. Tax expense:			
Net current tax expense	8 b)	30,211	18,759
Less: MAT credit		-	(1,663)
Deferred tax	8 a)	(2,614)	2,063
Total Tax		**27,597**	**19,159**
IX. Profit for the year (VII-VIII)		**69,905**	**67,652**
X. Share of profit/ (loss)			
- Associate		28	(17)
- Jointly controlled entity		(205)	(183)
XI. Net Profit (IX + X)		69,728	67,452
XII. Other comprehensive income			
(i) Items that will not be reclassified to the statement of profit and loss			
- Remeasurement of employee defined benefit plans		(1,316)	(605)
- Income-tax on (i) above		365	125
(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	37.6	3,411	(4,821)
- Exchange differences in translating the financial statements of foreign operations		(117)	(83)
- income-tax on (ii) above	8 a)	(982)	1,400
Total other comprehensive income		**1,361**	**(3,984)**

Statement of Consolidated Profit and Loss

for the year ended March 31, 2017

₹ lakhs

Particulars	Note No.	Current year	Previous year
XIII. Total comprehensive income (XI + XII)		71,089	63,468
Profit for the year attributable to:			
- Owners of the Company		71,147	67,452
- Non-controlling interest		(1,419)	-
		69,728	**67,452**
Other comprehensive income for the year attributable to:			
- Owners of the Company		1,370	(3,984)
- Non-controlling interest		(9)	-
		1,361	**(3,984)**
Total comprehensive income for the year attributable to:			
- Owners of the Company		72,517	63,468
- Non-controlling interest		(1,428)	-
		71,089	**63,468**
XIV. Earnings per equity share of ₹ 1(Based on net profit for the year XI)	25		
Basic		7.85	7.60
Diluted		7.85	7.60

See accompanying notes forming part of the consolidated financial statements
In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors
Atulya Misra — Chairman
T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Consolidated Statement of Changes in Equity

for the year ended March 31, 2017

₹ lakhs

(a)	**Equity share capital**	
	Balance as at April 1, 2015	8,878
	Changes in equity share capital during the year	-
	Balance as at March 31, 2016	**8,878**
	Balance as at April 1, 2016	8,878
	Changes in equity share capital during the year	-
	Balance as at the March 31, 2017	**8,878**

(b) Other equity

₹ lakhs

Particulars	Reserves and Surplus						Items of Other Comprehensive Income (refer note 12.2)				Capital reserve on consolidation	Attributable to the Owners of the Company	Non-controlling interest	Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	Share options outstanding account	General reserve	Retained earnings	Employee defined benefit obligation	Foreign currency translation reserve	Cash flow hedge reserve*	Total				
Balance as at April 1, 2015	**3**	**74**	**13,888**	**-**	**178,841**	**131,184**	**-**	**(5)**	**2,318**	**2,313**	**37**	**326,340**	**-**	**326,340**
Profit for the year (net of taxes)	-	-	-	-	-	67,452	-	-	-	-	-	67,452	-	67,452
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	(480)	(83)	(3,421)	(3,984)	-	(3,984)	-	(3,984)
Addition during the year	-	-	25	-	-	-	-	-	-	-	-	25	-	25
Total comprehensive income for the year	**-**	**-**	**25**	**-**	**-**	**67,452**	**(480)**	**(83)**	**(3,421)**	**(3,984)**	**-**	**63,493**	**-**	**63,493**
Payment of dividends (refer note 12.3)	-	-	-	-	-	(39,950)	-	-	-	-	-	(39,950)	-	(39,950)
Tax on dividends (refer note 12.3)	-	-	-	-	-	(8,133)	-	-	-	-	-	(8,133)	-	(8,133)
Transfer to General reserve	-	-	-	-	52,126	(52,126)	-	-	-	-	-	-	-	-
Balance as at March 31, 2016	**3**	**74**	**13,913**	**-**	**230,967**	**98,427**	**(480)**	**(88)**	**(1,103)**	**(1,671)**	**37**	**341,750**	**-**	**341,750**
Balance as at April 1, 2016	**3**	**74**	**13,913**	**-**	**230,967**	**98,427**	**(480)**	**(88)**	**(1,103)**	**(1,671)**	**37**	**341,750**	**-**	**341,750**
Non-controlling interest arising on acquisition (refer note 35)	-	-	-	-	-	-	-	-	-	-	-	-	4,064	4,064
Profit for the year (net of taxes)	-	-	-	-	-	71,147	-	-	-	-	-	71,147	(1,419)	69,728
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	(942)	(117)	2,429	1,370	-	1,370	(9)	1,361
Addition during the year	-	-	159	(66)	-	-	-	-	-	-	-	93	-	93
Total comprehensive income for the year	**-**	**-**	**159**	**(66)**	**-**	**71,147**	**(942)**	**(117)**	**2,429**	**1,370**	**-**	**72,610**	**2,636**	**75,246**
Transfer to General reserve	-	-	-	-	50,606	(50,606)	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**3**	**74**	**14,072**	**(66)**	**281,573**	**118,968**	**(1,422)**	**(205)**	**1,326**	**(301)**	**37**	**414,360**	**2,636**	**416,996**

* Balance on April 1, 2015 is net of deferred tax liability amounting to ₹ 947 lakhs.

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Consolidated Cash Flow Statement

for the year ended March 31, 2017

₹ lakhs

Particulars		Current year	Previous year
A.	**Cash flow from operating activities**		
	Net profit before tax	97,502	86,811
	Adjustments for :		
	- Depreciation and amortization expense	11,053	9,819
	- Share of profit/ (loss) of associate	28	(17)
	- Share of loss of jointly controlled entity	(205)	(183)
	- Exchange differences in translating the financial statements of foreign operations	(117)	(83)
	- Securities premium pertaining to Caratlane	159	25
	- Movement in share option outstanding account	(66)	-
	- Net unrealised exchange gain	588	(165)
	- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)	841	459
	- Provision for doubtful trade receivables (net)	266	(174)
	- Interest income	(5,137)	(5,755)
	- Net gain on sale of current investments	(552)	(811)
	- Finance costs	3,774	4,236
	Operating profit before working capital changes	**108,134**	**94,162**
	Adjustments for :		
	- (Increase)/ decrease in trade receivables	(1,403)	31
	- (Increase)/ decrease in inventories	(44,797)	(39,785)
	- (Increase)/ decrease in other non-current financial assets	1,792	(1,045)
	- (Increase)/ decrease in other non-current assets	221	104
	- (Increase)/ decrease in other current financial assets	218	(5,542)
	- (Increase)/ decrease in other current assets	(5,205)	161
	- Increase/ (decrease) in trade payables	117,691	(24,483)
	- Increase/ (decrease) in other financial liabilities	(1,805)	3,917
	- Increase/ (decrease) in other current liabilities	27,160	47,987
	- Increase/ (decrease) in long-term provisions	1,051	1,854
	- Increase/ (decrease) in short-term provisions	(175)	495
	Cash generated from operations	**202,882**	**77,856**
	- Direct taxes paid	(27,791)	(20,247)
	Net cash from operating activities	**175,091**	**57,609**
B.	**Cash flow from investing activities**		
	Additions to property, plant and equipment, intangibles (including capital work-in-progress, intangibles under development and capital advances)	(26,586)	(25,443)
	Proceeds from sale of property, plant and equipment	505	225
	Purchase of investments in associate and jointly controlled entity	(901)	(1,834)
	Purchase of non current investments in equity instruments	(14)	(2)
	Inter-corporate deposits (net)	500	3,800
	Bank balances not considered as cash and cash equivalents	(9,213)	991

Consolidated Cash Flow Statement

for the year ended March 31, 2017

₹ lakhs

Particulars		Current year	Previous year
	Current investments		
	- Purchased	(83,591)	(107,750)
	- Sale proceeds	50,328	108,305
	Interest received	4,082	5,826
	Net cash outflow on acquisition of subsidiary	(37,403)	-
	Net cash used in investing activities	**(102,293)**	**(15,882)**
C.	**Cash flow from financing activities**		
	Borrowings (net)	(12,431)	1,326
	Dividends paid	(355)	(39,441)
	Tax on dividends paid	-	(8,133)
	Finance costs	(3,774)	(4,236)
	Net cash used in financing activities	(16,560)	(50,484)
	Net cash flows/ (used) during the year (A+B+C)	**56,238**	**(8,757)**
	Cash and cash equivalents (opening balance) (Refer note 10.3)	8,445	17,199
	Add: Cash and cash equivalents on acquisition	3,326	-
	Add/ (Less): Unrealised exchange (gain)/ loss	(82)	(79)
		11,689	**17,120**
	Cash and cash equivalents (closing balance) (Refer note 10.3)	67,800	8,445
	Add/ (Less): Unrealised exchange (gain)/ loss	127	(82)
		67,927	**8,363**
	Increase/ (decrease) in cash and cash equivalents	**56,238**	**(8,757)**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
V. Srikumar
Partner

Place : Bangalore
Date : May 12, 2017

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

For and on behalf of the Board of Directors

Atulya Misra	Chairman
T K Arun	Directors
Harish Bhat	
T. K. Balaji	
Vinita Bali	
Hema Ravichandar	
Ireena Vittal	
Ashwani Puri	

Consolidated significant accounting policies

for the year ended March 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES:

(i) Statement of Compliance

The consolidated financial statements of Titan Company Limited and its entities ("Group") 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.

Up to the year ended March 31, 2016, the Group had prepared and presented its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles ("GAAP"), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS consolidated financial statements. The date of transition is April 1, 2015. Refer note 2 for the details of first-time adoption exemptions availed by the Group.

(ii) Basis of preparation and presentation

The consolidated financial statements have been prepared on 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) defined employee benefit plans - plan assets are measured at fair value

c) brand and goodwill on business combination measured at fair value.

d) valuation of grants under Employees Share Options (ESOPs).

(iii) Basis of consolidation:

The consolidated financial statements relate to Titan Company Limited ("the Company") 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.

Investments in associates and jointly controlled entities are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

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 March 31, 2017	Ownership interest March 31, 2016
Titan TimeProducts Limited ("TTPL")	India	100%	100%
Favre Leuba AG	Switzerland	100%	100%
Titan Engineering & Automation Limited ("TEAL")	India	100%	100%
Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG)	Hong Kong	100%	100%
Carat Lane Trading Private Limited (w.e.f August 3, 2016) ("Caratlane")	India	66.59%	-

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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 March 31, 2017	Ownership interest March 31, 2016
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%

The financial statements of the subsidiary companies, jointly controlled entity 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, 2017. The financial statements of the subsidiaries included in consolidation are audited. The figures used in consolidation for equity accounting of the investment in jointly controlled entity and associate company are unaudited.

(iv) Business combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the consolidated statement of 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) 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 financial statements. The actual outcome may diverge from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(vii) Functional and presentation currency

Items included in the consolidate financial statements of the Group are measured using the currency of the primary economic environment in which the Company operate (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 Holding Company.

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(viii) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

a) Sale of goods : Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which generally coincides when the goods are dispatched from factory/stock points/ or delivered to customers as per the terms of the contract.
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of goods that result in credits for customers, under the "Encircle" Scheme, which entitles customers to avail discounts on repeat purchases are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value and the outstanding award credits are also remeasured at their fair values at each period end. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

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.

d) Revenue from trademark, platform and license fee is recognised as percentage of the sale of products net of discount and service tax, reported by the licensee.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(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 lease.

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 cost increases, 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

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized 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 retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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Exchange differences on monetary items are recognised in consolidated statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge.

The exchange differences on translation of balances relating foreign operation are recognised in other comprehensive income and accumulated under the heading Foreign Currency Translation Reserve.

(xi) Employee benefits

Short-term employee benefits

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

Defined contribution plan

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

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

Contribution to Provident Fund and Pension Fund (of a subsidiary) are made at predetermined rates to the Regional Provident Fund Commissioner and debited to the consolidated statement of profit and loss on accrual basis.

Defined benefit plan

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. Remeasurment, 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. Remeasurment recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the consolidated statement of profit and loss.

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.

(xii) Taxation

Income tax expense is the sum of current tax and deferred tax.

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 consolidated 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 Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company in the group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

c) Deferred tax: Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences

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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 liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally 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. 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.

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.

(xiii) 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, 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. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. 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 consolidated statement of profit and loss.

Property, plant and equipment were carried at cost under previous GAAP as at March 31, 2015. The Group has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2015.

Capital work-in-progress: Projects under which property,plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost,related incidental expenses and attributable interest.

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b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value.

The Group depreciates property, plant and equipment over the estimated useful life prescribed in Schedule II to the 2013 Act on a straight line basis from the date assets are ready for intended use, except in respect of the following categories of asset, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technology changes, manufacturers warranties and maintenance support, etc.:

Vehicles - 4 years
Furniture & fixtures - 5 years

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. Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Company in the group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in the consolidated 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 consolidated statement of profit and loss.

(xiv) 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 consolidated statement of profit and loss in the period in which the property is derecognised.

(xv) 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.

(xvi) (a) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and

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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, 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 consolidated 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 consolidated statement of profit and loss.

(b) 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 consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(xvii) Inventories

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the average cost of production.

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

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

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

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

(xviii) Provisions and contingencies

Provisions: A provision is recognised when the Group has a present obligation as a result of past events

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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: Contingent liabilities are not recognised but are disclosed in notes to accounts.

(xix) Financial instruments

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 consolidated statement of profit and loss.

a) Non-derivative Financial assets:

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.

Classification of 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 financial asset 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 the consolidated statement of profit and loss."

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 in other comprehensive income pertaining to investments in 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

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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 consolidated 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
- 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 do not have any investments in equity instruments which are held for trading and therefore non of the instruments are designated as FVTOCI.

iii) Investments in equity instruments at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

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.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurment recognised in consolidated statement of profit and loss. The net gain or loss recognised in consolidated statement of profit and loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends 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 cost of the investment and the amount of dividend can be measured reliably.

b) Impairment of financial assets

The Group recognizes 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 recognized as an impairment gain or loss in the consolidated statement of profit and loss.

c) 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. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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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.

For the purpose of transition to Ind AS, the Group has applied derecognition requirements of financial assets prospectively for transactions occurring on or after the transition date.

Financial liabilities

a) 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.

b) Non-derivative 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.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurment recognised in the consolidated statement of profit and loss. The net gain or loss recognised in the consolidated statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/ Other expenses' line item.

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.

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 between 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.

For the purpose of transition to Ind AS, the Group has applied derecognition requirements of financial liabilities prospectively for transactions occurring on or after the transition date.

(xx) 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 consolidated 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 the consolidated statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

b) Cash flow hedges

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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 consolidated statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in hedging reserve is retained until the forecast transaction occurs upon which it is recognized in the consolidated statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the consolidated statement of 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 under the previous GAAP. On the transition date to Ind AS, the Group had assessed that all the designated hedging relationship qualifies for hedge accounting under Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition date to Ind AS.

(xxi) 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 and Others, where 'Others' include Precision Engineering, Machine Building, Fragrance, Accessories and Sarees. 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.

(xxii) Share-based payments

Equity settled stock options are accounted for as per the accounting treatment in accordance with the requirements of Ind-AS 102, Share-based Payment. Accordingly, the value of options granted to its employees are recognised in the consolidated statement of profit and loss on the date of grant, with a corresponding increase in the equity for equity settled transactions.

2.1 TRANSITION TO IND AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101 - 'First-time Adoption of Indian Accounting Standards' using transition date as April 1, 2015.

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Ind AS 101 requires that all Ind AS standards be consistently and retrospectively applied for fiscal years presented. The Group has prepared opening balance sheet on the transition date and subsequent financials based on the accounting policies set out in note-1.

In preparing these financials, the Group has availed following exemptions in the transition from previous GAAP to Ind AS in accordance with Ind AS 101.

Optional exemptions

a) Business combinations

The Group has elected not to apply Ind AS 103-Business Combinations retrospectively for the past business combinations that occurred before the transition date. Thus business combinations that have occurred prior to transition date have not been restated. The Group has applied same exemption for investment in associate and jointly controlled entity.

b) Deemed cost

i) Property, plant and equipment and intangible assets were carried at cost under previous GAAP as at March 31, 2015. The Group has elected to regard such carrying amount as deemed cost at the date of transition i.e. April 01, 2015.

ii) Under previous GAAP, investment in subsidiaries, jointly controlled entity and associate were stated at cost and provisions made to recognise the decline, other than temporary. Under Ind AS, the Group has elected to regard such carrying amount as at March 31, 2015 as deemed cost at the date of transition.

iii) Under previous GAAP, non-current Investments were stated at cost. Where applicable, provision was made to recognise a decline, if any, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments [other than those in ii) above] have been classified as Fair Value through Profit and Loss (FVTPL) through an irrevocable election at the date of transition.

iv) Under previous GAAP, current investments were stated at lower of cost and fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition and fair value changes after the date of transition has been recognised in the consolidated statement of profit and loss.

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for the year ended March 31, 2017

2.2 The following statement provides first-time Ind AS adoption reconciliation that quantifies the significant differences arising on account of transition from previous GAAP to Ind AS and adjustments due to demerger of PED division

a) Effect of Ind AS adoption and adjustments due to demerger of PED division on the balance sheet as at March 31, 2016 and April 1 ,2015 (transition date)

₹ lakhs

Particulars	Note No.	As at March 31, 2016					As at April 1, 2015		
		Amount as per previous GAAP	Transfer on demerger of PED business	Amount as per previous GAAP	Effect of transition to Ind AS (Also refer note xii & xiii)	Ind AS	Amount as per previous GAAP	Effect of transition to Ind AS	Opening balance as at April 1, 2015
ASSETS									
(1) Non-current assets									
(a) Property, plant and equipment	i) & ii)	77,019	-	77,019	(2,936)	74,083	68,887	(2,657)	66,230
(b) Capital work-in-progress		10,681	-	10,681	(10)	10,671	5,519	-	5,519
(c) Investment property	ii)	-	-	-	972	972	-	972	972
(d) Intangible assets		1,870	-	1,870	129	1,999	1,023	-	1,023
(e) Financial assets									
(i) Investments	iii)	297	-	297	2,489	2,786	310	640	950
(ii) Other financial assets	iv) & v)	12,409	-	12,409	(1,900)	10,509	12,127	(2,663)	9,464
(f) Deferred tax assets (net)		2,563	(2,223)	340	(1,646)	(1,306)	1,934	(2,577)	(643)
(g) Tax assets (net)		10,244	-	10,244	-	10,244	6,966	-	6,966
(h) Other non-current assets	i), iv) & v)	6,431	-	6,431	3,967	10,398	5,306	4,240	9,546
		121,514	**(2,223)**	**119,291**	**1,065**	**120,356**	**102,072**	**(2,045)**	**100,027**
(2) Current assets									
(a) Inventories		445,351	-	445,351	(636)	444,715	404,931	-	404,931
(b) Financial assets									
(i) Investments		250	-	250	5	255	-	-	-
(ii) Trade receivables		19,250	-	19,250	-	19,250	18,974	-	18,974
(iii) Cash and cash equivalents		12,917	-	12,917	(1,282)	11,635	21,380	-	21,380
(iv) Other financial assets	iv) & v)	25,671	-	25,671	(1,387)	24,284	28,256	(824)	27,432
(c) Other current assets	i), iv) & v)	11,683	-	11,683	707	12,390	11,706	845	12,551
		515,122	**-**	**515,122**	**(2,593)**	**512,529**	**485,247**	**21**	**485,268**
TOTAL ASSETS		**636,636**	**(2,223)**	**634,413**	**(1,528)**	**632,885**	**587,319**	**(2,024)**	**585,295**
EQUITY AND LIABILITIES									
Equity									
(a) Equity share capital		8,878	-	8,878	-	8,878	8,878	-	8,878
(b) Other equity	c) & x)	340,260	(2,223)	338,037	3,713	341,750	299,510	26,830	326,340
		349,138	**(2,223)**	**346,915**	**3,713**	**350,628**	**308,388**	**26,830**	**335,218**
Liabilities									
(1) Non-current liabilities									
(a) Provisions		10,899	-	10,899	-	10,899	9,045	-	9,045
(2) Current liabilities									
(a) Financial liabilities									
(i) Borrowings		11,305	-	11,305	-	11,305	9,979	-	9,979
(ii) Trade payables	vi)	170,767	-	170,767	(5,292)	165,475	194,353	(4,365)	189,988
(iii) Other financial liabilities		7,083	-	7,083	(48)	7,035	2,609	-	2,609
(b) Provisions	ix)	2,116	-	2,116	-	2,116	26,197	(24,576)	1,621
(c) Other current liabilities	vii) & viii)	85,328	-	85,328	99	85,427	36,748	87	36,835
TOTAL EQUITY AND LIABILITIES		**276,599**	**-**	**276,599**	**(5,241)**	**271,358**	**269,886**	**(28,854)**	**241,032**
		636,636	**(2,223)**	**634,413**	**(1,528)**	**632,885**	**587,319**	**(2,024)**	**585,295**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

b) Reconciliation of profit between Ind AS and previous GAAP and adjustments on account of demerger of PED division:

₹ lakhs

Nature of adjustments		Note no.	Year ended March 31, 2016
Profit after tax as reported under previous GAAP			**68,994**
1)	Impact due to remeasurement of lease rentals on straight line basis	vi)	449
2)	Effect of discounting of security deposit, employee loans and reclassification of land as operating lease	i), iv) & v)	(16)
3)	Impact due to recognition of revenue over the period in which services are rendered	vii)	(39)
4)	Reclassification of actuarial gains / (losses), arising in respect of employee benefit schemes, to Other Comprehensive Income	viii)	605
5)	Impact of measuring investments at Fair Value through Profit or loss	iii)	6
6)	Impact on account of considering indefinite useful life of trademarks	xii)	129
7)	Tax adjustments		(592)
8)	Non-GAAP adjustment with respect to a subsidiary on account of Income-tax		139
9)	Impact on deferred tax for the year ended March 31, 2016 pursuant to scheme of demerger of PED business		(2,223)
Profit under Ind AS (after tax)			**67,452**
Other Comprehensive Income (after taxes)			
10)	On actuarial gain/ (loss) on employee benefits	viii)	(480)
11)	Exchange losses on translation of foreign operations		(83)
12)	Gain/ (loss) arising on changes in fair value of hedging instruments designated as cash flow hedge	ix)	(3,421)
Total comprehensive income as reported under Ind AS			**63,468**

c) Reconciliation of equity between Ind AS and previous GAAP:

₹ lakhs

Nature of adjustments		Note no.	Year ended March 31, 2016	As at April 1, 2015
Total equity (Shareholder's fund) as reported under previous GAAP			346,915	308,388
1)	Impact due to remeasurement of lease rentals on straight line basis	vi)	4,814	4,365
2)	Effect of discounting of security deposit, employee loans and reclassification of land as operating lease	i), iv) & v)	(103)	(87)
3)	Impact of measuring investments at Fair Value through Profit or loss	iii)	646	640
4)	Impact due to recognition of revenue over the period in which services are rendered	vii)	(126)	(87)
5)	Impact on account of recognising liability for dividend and tax thereof as and when approved by shareholders		-	24,576
6)	Impact on account of considering indefinite useful life of trademarks	xii)	129	-
7)	Tax adjustments		(1,647)	(2,577)
Total equity (Shareholder's fund) as reported under Ind AS			**350,628**	**335,218**

d) There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Notes:

i) Under previous GAAP, leasehold land were recognised at cost in property, plant and equipment. Under Ind AS, leases of land are classified as operating leases and accordingly amortised over the period of lease.

Notes forming part of the Consolidated Financial Statements

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ii) Under previous GAAP, there was no requirement to present investment property separately and the same was included under property, plant and equipment and measured at cost. Under Ind AS, investment property is required to be presented separately in the balance sheet.

iii) Under previous GAAP, current investments were stated at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL on the date of transition and fair value changes after the date of transition has been recognised in the consolidated statement of profit and loss.
Under previous GAAP, non current Investments were stated at cost. Where applicable, provision was made to recognise a decline, other than temporary, in valuation of such Investments. Under Ind AS, financial assets in equity instruments (other than investments in associate and a jointly controlled entity) have been classified as FVTPL.

iv) Under previous GAAP, employee loans were stated at the amount paid to the employees. Under Ind AS, employee loans are carried at amortised cost over the period of employee loans.

v) Under previous GAAP, lease deposits were recognised at amount paid to lessors. Under Ind AS, lease deposits are carried at amortised cost over the period of deposits.

vi) Under previous GAAP, lease payments on all operating leases were recognised as an expense on a straight line basis over the lease term. Under Ind AS, lease payments under operating leases recognised on a straight line basis as expense only if the payments to lessor vary because of factors other than expected general inflation.

vii) Under previous GAAP, revenue relating to EMG (Extended Maintenance Guarantee) and signing fees were recognised at the point of receipt / agreement respectively. Under Ind AS, EMG and signing fees is recognised in the accounting periods in which services are rendered.

viii) Under previous GAAP, actuarial gain/losse were recognised in the consolidated statement of profit and loss. Under Ind AS, the actuarial gain/losses form part of remeasurement of the defined benefit liability/asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in the Other Comprehensive Income under Ind AS.

ix) Under previous GAAP, liability for dividend and dividend distribution tax thereof is recognised in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date. Under Ind AS, dividend is recognised in the year in which the obligation to pay is established.

x) Under previous GAAP, gain/ (loss) arising on changes in fair value of hedging instruments designated and effective as hedges of future cash flows is shown as "Hedging Reserve" under Reserves and surplus. Under Ind AS, the same is recognised as a component of Other Comprehensive Income. Tax effect on the same is also recognised under Other Comprehensive Income.

xi) Under previous GAAP, profit/ loss, assets and liabilities in the jointly controlled entity, which is not subsidiary, have been consolidated on a line-by-line basis by adding together the book value of like item of assets, liabilities, incomes and expenses on a proportionate basis to the extent of Group's equity interest in such entity. Under Ind AS, the same is recognised under equity method by adding/reducing group's share of profit /losses to the investment value.

xii) Under previous GAAP, in case of integral operations, exchange differences arising out of translation of assets and liabilities, revenue and expenses are charged to the consolidated statement of profit and loss. Under Ind AS, such exchange differences arising out of translations are accumulated in "Foreign Currency Translation Reserve" under Reserves and Surplus.

xiii) Under previous GAAP, trademark of a foreign subsidiary is amortised over a period of 10 years. Under Ind AS, useful life is considered infinite and would be tested for impairment annually.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

3.1 PROPERTY, PLANT AND EQUIPMENT

₹ lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Lease hold improvements	Furniture, fixtures and equipment	Office equipment	Vehicles	Total
Useful life (in years)		28.5 - 60	3 - 15	#	5 - 10	4 - 5	4 and 8	
Cost or deemed cost								
At April 1, 2015	**7,748**	**12,284**	**35,992**	**-**	**7,844**	**1,410**	**952**	**66,230**
Additions	782	1,421	11,112	-	3,918	464	342	18,039
Disposals / adjustments	-	8	2,632	-	1,028	96	181	3,945
At March 31, 2016	8,530	13,697	44,472	-	10,734	1,778	1,113	80,324
At April 1, 2016	**8,530**	**13,697**	**44,472**	**-**	**10,734**	**1,778**	**1,113**	**80,324**
Addition on account of acquisition	-	-	112	295	280	245	17	949
Additions	-	5,809	10,044	28	5,351	768	251	22,251
Disposals / adjustments	-	-	2,893	30	2,486	246	352	6,007
At March 31, 2017	**8,530**	**19,506**	**51,735**	**293**	**13,879**	**2,545**	**1,029**	**97,517**
Accumulated depreciation								
At April 1, 2015								
Depreciation expense	-	520	4,880	-	3,086	615	401	9,502
Disposals / adjustments	-	5	2,204	-	840	69	143	3,261
At March 31, 2016	-	515	2,676	-	2,246	546	258	6,241
At April 1, 2016	-	515	2,676	-	2,246	546	258	6,241
Depreciation expense	-	601	5,470	73	3,432	668	377	10,621
Disposals / adjustments	-	-	2,306	29	1,852	182	292	4,661
At March 31, 2017	**-**	**1,116**	**5,840**	**44**	**3,826**	**1,032**	**343**	**12,201**
Net carrying value								
April 1, 2015	**7,748**	**12,284**	**35,992**	**-**	**7,844**	**1,410**	**952**	**66,230**
March 31, 2016	**8,530**	**13,182**	**41,796**	**-**	**8,488**	**1,232**	**855**	**74,083**
March 31, 2017	**8,530**	**18,390**	**45,895**	**249**	**10,053**	**1,513**	**686**	**85,316**

* Represents owned assets unless otherwise stated

Useful life in case of leasehold premises based on the term of the lease agreement entered into with the lessor, ranging from 1-9 years

3.2 CAPITAL WORK-IN-PROGRESS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	10,671	5,519
Additions on account of acquisition	25,007	23,079
Transfer to property, plant and equipment	(21,354)	(17,927)
Balance at the end of the year	14,324	10,671

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

4.1 INTANGIBLE ASSETS

₹ lakhs

Particulars	Trademarks	Computer software	Brand on consolidation (refer note 35)	Total
Cost or deemed cost				
At April 1, 2015	**1,023**	**-**	**-**	**1,023**
Additions	309	984	-	1,293
Disposals / adjustments	-	-	-	-
At March 31, 2016	**1,332**	**984**	**-**	**2,316**
At April 1, 2016	**1,332**	**984**	**-**	**2,316**
Additions	119	505	18,000	18,624
Disposals / adjustments	-	1	-	1
At March 31, 2017	**1,451**	**1,488**	**18,000**	**20,939**
Accumulated amortisation				
At April 1, 2015				
Amortisation expense	253	64	-	317
Disposals / adjustments	-	-	-	-
At March 31, 2016	**253**	**64**	**-**	**317**
At April 1, 2016	**253**	**64**	**-**	**317**
Amortisation expense	71	361	-	432
Disposals / adjustments	-	-	-	-
At March 31, 2017	**324**	**425**	**-**	**749**
Net carrying value				
April 1, 2015	**1,023**	**-**	**-**	**1,023**
March 31, 2016	**1,079**	**920**	**-**	**1,999**
March 31, 2017	**1,127**	**1,063**	**18,000**	**20,190**

The estimated amortisation for each of the three fiscal years subsequent to March 31, 2017 is as follows:

Year ending March 31,	₹ lakhs
2018	346
2019	307
2020	183

4.2 INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	-	-
Additions during the year	817	-
Additions on account of acquisition	73	-
Transfer to intangible assets	(7)	-
Balance at the end of the year	883	-

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

5 INVESTMENT PROPERTY

₹ lakhs

Particulars	Land
Cost or deemed cost	
At April 1, 2015	**972**
Additions	-
Disposals / adjustments	-
At March 31, 2016	**972**
At April 1, 2016	**972**
Additions*	93
Disposals / adjustments	-
At March 31, 2017	**1,065**
Net carrying value	
April 1, 2015	**972**
March 31, 2016	**972**
March 31, 2017	**1,065**

All of the Company's investment property represents owned assets

* Capitalisation of land previously held as inventory.

The Company's investment properties consist of free hold land and therefore no depreciation is chargeable.

Fair market value of land at ₹ 7,353 lakhs (2016 : ₹ 5,794 lakhs and April 1, 2015: ₹ 5,065 lakhs) have been arrived at on the basis of valuations carried out by the Group internally on the basis of market value of land as on the respective dates.

Non- current assets

6 FINANCIAL ASSETS

6.1 Investments

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1) Investment in equity instruments (unquoted)			
In jointly controlled entity			
31,150,000 (2016: 20,335,000 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited (formerly Snowcap Retail (India) Private Limited)	2,724	1,851	-
In associate company			
1,500,000 (2016: 1,500,000 and April 1, 2015 : 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited [refer note below]	209	181	198
	2,933	**2,032**	**198**
2) Other investments			
a) Investments in equity instruments - quoted			
Nil (2016: Nil and April 1, 2015 : 1000) fully paid equity shares of ₹ 1 each in Timex Watches Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 1,010)]	-	-	-
1,000 (2016: 1,000 and April 1, 2015 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	1	1	1
2,025 (2016: 2,025 and April 1, 2015 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	10	7	7

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₹ lakhs

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	6,000 (2016: 6,000 and April 1, 2015 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	9	7	8
	560 (2016: 560 and April 1, 2015 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	3	2	2
	3,000 (2016: 300 and April 1, 2015 : 300) fully paid equity shares of ₹ 1 (2016: fully paid equity shares of ₹ 10 each and 2015: fully paid equity shares of ₹ 10) each in Trent Limited	8	5	5
	Nil (2016: Nil and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 1,935)]	-	-	-
	Nil (2016: Nil and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [₹ Nil (2016: ₹ Nil and April 1, 2015 : ₹ 905)]	-	-	-
		31	**22**	**23**
b)	**Investments in equity instruments - unquoted**			
	114,663 (2016: 114,663 and April 1, 2015 : 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-	-
	97,624 (2016: 97,624 and April 1, 2015 : 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-	-
	400 (2016: 400 and April 1, 2015 : 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-	-
	100 (2016: 100 and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-	-
	100 (2016: 100 and April 1, 2015 : 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-	-
	525,000 (2016: 525,000 and April 1, 2015 : 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	726	726	726
	Nil (2016: Nil and April 1, 2015 : 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	-	-	3
	91,200 (2016: 63,600 and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	6	-
	18,000 (2016: Nil and April 1, 2015 : Nil) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	-	-
		737	**732**	**729**
		3,701	**2,786**	**950**
	Aggregate book value of quoted investments	**31**	**22**	**23**
	Aggregate market value of quoted investments	**31**	**22**	**23**
	Aggregate value of unquoted investments	**3,670**	**2,764**	**927**
	Aggregate amount of impairment in value of investments	**-**	**-**	**-**

Notes:

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

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

6.2 Other financial assets (Unsecured and considered good)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	5,545	8,151	7,539
Employee loans	2,930	1,807	1,536
Other financial assets	527	551	389
	9,002	**10,509**	**9,464**

7 OTHER NON-CURRENT ASSETS (UNSECURED AND CONSIDERED GOOD)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances	1,696	2,388	1,432
Balance with revenue authorities	3,810	4,006	3,873
Prepaid expenses	1,539	1,557	1,577
Other assets	2,440	2,447	2,664
	9,485	**10,398**	**9,546**

8 a) Deferred tax

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	7,820	5,072	3,604
Deferred tax liabilities	(7,494)	(6,378)	(4,247)
Net deferred tax asset / (liabilities)	**326**	**(1,306)**	**(643)**

₹ lakhs

	For the year ended March 31, 2017			
Particulars	**Opening balance**	**Recognised in the consolidated statement of profit and loss**	**Recognised in Other Comprehensive Income**	**Closing balance**
Deferred tax assets				
Cash flow hedges	451	-	(451)	-
Allowance for doubtful trade receivables	113	64	-	177
Employee benefits	4,059	369	-	4,428
Compensation towards voluntary retirement of employees	-	2,843	-	2,843
Others	449	(85)	8	372
Sub-total	**5,072**	**3,191**	**(443)**	**7,820**
Deferred tax liability				
Cash flow hedges	-	-	(539)	(539)
Fair value of investments	(188)	(37)	-	(225)
Property, plant and equipment	(6,190)	(540)	-	(6,730)
Sub-total	**(6,378)**	**(577)**	**(539)**	**(7,494)**
Net deferred tax asset / (liabilities)	**(1,306)**	**2,614**	**(982)**	**326**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

₹ lakhs

Particulars	For the year ended March 31, 2016			
	Opening balance	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets				
Cash flow hedges	-	-	451	451
Allowance for doubtful trade receivables	302	(189)	-	113
Employee benefits	3,113	946	-	4,059
Others	189	258	2	449
Sub-total	**3,604**	**1,015**	**453**	**5,072**
Deferred tax liability				
Cash flow hedges	(947)	-	947	-
Fair value of investments	(186)	(2)	-	(188)
Property, plant and equipment	(3,114)	(3,076)	-	(6,190)
Sub-total	**(4,247)**	**(3,078)**	**947**	**(6,378)**
Net deferred tax asset/(liability)	**(643)**	**(2,063)**	**1,400**	**(1,306)**

b) 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:

₹ lakhs

Particulars	Current year	Previous year
Profit before tax	97,502	86,811
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	33,745	30,045
Effect of:		
Expenses that are not deductible in determining taxable profit	576	589
Effect of concessions	(9,764)	(14,177)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(376)	(108)
Effect of temporary differences	3,008	(177)
Effect due to MAT @ 21.34%	389	1,663
Effect of inapplicability of surcharge on subsidiaries*	2,633	(739)
Income tax expense recognised in the statement of profit and loss	**30,211**	**17,096**

* With respect to its subsidiaries TEAL & TTPL surcharge on income tax is not applicable.

c) Net of provision for tax amonting to ₹ 202,713 lakhs (2016 : ₹ 172,098 lakhs and April 1, 2015: ₹ 153,529 lakhs)

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

9 INVENTORIES

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials	89,936	74,360	54,058
Work-in-progress {Refer i) below}	20,217	18,123	12,223
Finished goods	306,934	285,855	264,514
Stock-in-trade	72,204	64,006	72,104
Stores and spares	2,294	1,478	1,077
Loose tools	989	893	955
	492,574	**444,715**	**404,931**
Included above, goods- in- transit			
Raw materials	303	201	241
Stock-in-trade	847	402	15
	1,150	**603**	**256**
i) Details of inventory of work-in-progress			
Watches	11,365	11,556	8,211
Jewellery	6,693	3,944	1,794
Others	2,159	2,623	2,218
	20,217	**18,123**	**12,223**

The cost of inventories recognised as an expense during the year is ₹ 942,916 lakhs (2016: ₹ 818,074 lakhs).

The cost of inventories recognised as an expense includes ₹ 1,714 lakhs (2016: ₹ 6,586 lakhs) in respect of written-downs of inventory to net-realisable value.

10 FINANCIAL ASSETS

10.1 Investments

₹ lakhs

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Investments in mutual funds (Quoted)						
Name of the fund	**No of units**	**Amount**	**No of units**	**Amount**	**No of units**	**Amount**
BSL Cash Plus - Growth-Direct	1,939,365	5,068	-	-	-	-
DSP Blackrock Liquidity Fund-Dir-G	218,007	5,084	-	-	-	-
DSP Blackrock Ultra Short Term Fund	21,226,375	2,528	-	-	-	-
IDFC Cash Fund	256,143	5,061	-	-	-	-
IDFC Ultra Short Term Fund	10,916,231	2,527	-	-	-	-
L & T Liquid fund	135,707	3,026	-	-	-	-
Reliance Liquid Fund-Treasury Plan	127,714	5,067	-	-	-	-
Reliance Money Manager Fund - Growth-Direct	44,406	1,011	-	-	-	-
Tata Liquid Fund Direct Plan - Growth	168,688	5,060	7,300	204	-	-
Tata Money Market Fund Direct Plan - Growth	117,859	3,021	2,149	51	-	-
Birla Sunlife Dynamic Bond Fund	2,078,860	604	-	-	-	-
Birla Sunlife Short Term Fund	127,609	79	-	-	-	-
DSP Blackrock Mutual Fund - Income Opportunities Fund	4,599,731	1,236	-	-	-	-
		39,372		**255**		**-**
Aggregate carrying amount of quoted investments		**39,372**		**255**		**-**
Aggregate market value of quoted investments		**39,372**		**255**		**-**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

10.2 Trade receivables

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured)			
Considered good*	20,760	19,250	18,974
Considered doubtful	832	684	890
Less: Allowance for doubtful debts	(832)	(684)	(890)
	20,760	**19,250**	**18,974**

* Includes dues from related parties (refer note 36)

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 days, the receivables are due and the rates are given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%)			
	Titan Company Limited			TEAL
	Watches	Jewellery	Eye-wear	Machine Building & Precision Engineering
With in credit period	2%	0%	2%	7%
Less than 1 year	2%	0%	8%	5%
1 to 2 years	26%	1%	33%	43%
2 to 3 years	54%	15%	42%	43%
Over 3 years	100%	100%	75%	95%

₹ lakhs

Age of receivables	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
With in credit period	13,615	11,432	11,830
Less than 1 year	6,170	7,159	6,508
1 to 2 years	693	816	865
2 to 3 years	456	164	375
Over 3 years	658	363	286

Movement in the expected credit loss allowance ₹ lakhs

	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	684	890
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	148	(206)
Balance at the end of the year	**832**	**684**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

With respect to its subsidiaries TTPL and Caratlane, based on the computation of the expected credit loss allowance, it was noted that, there has not been any risk of default on the outstanding trade receivables as at the balance sheet date.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

10.3 Cash and cash equivalents

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents			
Cash on hand	1,029	851	827
Cheques, drafts on hand	715	598	903
Balances with banks			
(i) Current account (refer note below)	11,019	6,896	5,729
(ii) Demand deposit (refer note below)	55,037	100	9,740
Total Cash and cash equivalents as per Ind AS 7	**67,800**	**8,445**	**17,199**
Other bank balances			
(iii) Earmarked accounts			
- Unclaimed dividend	732	1,087	578
- Unclaimed debenture and debenture interest	11	12	13
(iv) Fixed deposits held as margin money against bank guarantee	3,600	2,091	3,590
(v) Fixed deposits held as deposit reserve fund	8,000	-	-
Total other bank balances	**12,403**	**3,190**	**4,181**
	80,203	**11,635**	**21,380**

Note: Balance with banks includes funds in transit - ₹ 1,425 lakhs (2016: ₹ 666 lakhs and April 1, 2015 : ₹ 1,778 lakhs).

10.4 Details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016:

₹ lakhs

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	15,106	827	**15,933**
Add: Permitted receipts	-	7,861	**7,861**
Less: Permitted payments	-	(32)	**(32)**
Less: Amount deposited in banks	(15,106)	(7,898)	**(23,004)**
Closing cash in hand as on December 30, 2016	-	758	**758**

Note:

a) With respect to its subsidiary, TEAL, there were no holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Accordingly, disclosure required as per the notification is not applicable.

b) With respect to its subsidiary, Favre Leuba AG, being a foreign Company, the notification is not applicable.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

10.5 Other financial assets (Unsecured and considered good)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inter-corporate deposits	19,500	20,000	23,800
Security deposits	5,547	1,674	1,478
Employee loans	1,414	1,392	940
Derivative instruments in designated hedge accounting relationship	712	-	668
Other financial assets	1,556	1,218	546
	28,729	**24,284**	**27,432**

11 OTHER CURRENT ASSETS (UNSECURED AND CONSIDERED GOOD)

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to suppliers	8,561	5,781	3,889
Prepaid expenses	2,249	1,511	1,511
Balance with revenue authorities	5,119	4,167	3,976
Other assets	1,878	931	3,175
Considered doubtful	-	-	2,224
	17,807	**12,390**	**14,775**
Less: Allowance for doubtful advances	-	-	2,224
	17,807	**12,390**	**12,551**

12.1 SHARE CAPITAL

Particulars	2017		2016		2015	
	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs	No. of shares in lakhs	Amount ₹ lakhs
a) Authorised						
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000	40	4,000
b) Issued, subscribed and fully paid up						
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878	8,878	8,878

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

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:

Particulars	2017		2016	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

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

No. in lakhs

Name of Shareholders	2017		2016		2015	
	No. of shares held	% total holding	No. of shares held	% total holding	No. of shares held	% total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88	2,475	27.88
Tata Group						
Tata Sons Limited	1,850	20.85	1,850	20.85	1,351	15.22
Tata Steel Limited	-	-	-	-	388	4.37
Tata Investment Corporation Limited	179	2.01	179	2.01	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56	138	1.56
Tata Global Beverages Limited	-	-	-	-	92	1.04
Ewart Investments Limited	50	0.56	50	0.56	50	0.56
Tata International Limited	-	-	-	-	26	0.29
Piem Hotels Limited	18	0.20	18	0.20	18	0.20
Total - Tata Group	**2,235**	**25.18**	**2,235**	**25.18**	**2,235**	**25.18**
Jhunjhunwala Rakesh Radheshyam	618	6.96	609	6.86	503	5.66

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

No. in lakhs

Particulars	2017	2016	2015
Equity shares with voting rights			
Fully paid up by way of bonus shares	4,439	4,439	4,439

12.2 OTHER EQUITY

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

₹ lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserve (Surplus on reissue of forfeited shares & debentures)	3	3	3
Capital redemption reserve (Reserve created on redemption of capital)	74	74	74
Capital reserve on consolidation (Reserve arising on consolidation of a subsidiary)	37	37	37
Securities premium reserve (Amounts received on issue of shares in excess of the par value has been classified as securities premium.)	14,072	13,913	13,888
General reserve (Represents appropriation of profit by the Group)	281,573	230,967	178,841
Retained earnings* (Retained earnings comprise of the Group's prior years' undistributed earnings after taxes.)	118,968	98,427	131,184
Other comprehensive income (Items of other comprehensive income consist of cash flow hedge reserve, foreign currency translation reserve and remeasurement of net defined benefit liability/asset.)	(301)	(1,671)	2,313
Share options outstanding (Share options granted by a subsidiary to its employees)	(66)	-	-
	414,360	**341,750**	**326,340**

* Of the same, ₹ 35 lakhs (2016: ₹ 35 lakhs, April 1, 2015 : ₹ 35 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

With respect to the Company, the Board of Directors at its meeting held on May 7, 2015 had declared a final dividend of ₹ 2.3 per equity share of par value of ₹ 1 each and the same was paid during the year ended March 31, 2016. The proposal was approved by shareholders at the Annual General Meeting held on July 31, 2015.

The Board of Directors at its meeting held on March 16, 2016 had declared an interim dividend of ₹ 2.2 per equity share of par value ₹ 1 each.

This has resulted in a total outflow of ₹ 48,083 lakhs including corporate dividend tax of ₹ 8,133 lakhs. No dividends were paid during F.Y. 2016-17.

The Board of Directors, in its meeting on May 12, 2017, have proposed a final dividend of ₹ 2.60/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on August 3, 2017 and if approved would result in a cash outflow of approximately ₹ 27,781 lakhs, including corporate dividend tax.

Non-current liabilities

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

13 PROVISIONS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for compensated absences {refer note 31 c)}	11,595	10,366	8,437
Provision for pension	248	399	415
Provision for gratuity {refer note 31 b) }	265	134	193
	12,108	**10,899**	**9,045**

Current liabilities

14 FINANCIAL LIABILITIES

14.1 Borrowings

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans repayable on demand from banks (secured)	-	11,305	9,979
	-	**11,305**	**9,979**

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

14.3 Other financial liabilities

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unclaimed dividends (refer note below)	734	1,089	580
Unclaimed matured fixed deposits	4	4	4
Unclaimed matured debenture and debenture interest	11	12	13
Payables on purchase of property, plant & equipment	1,844	1,003	782
Derivative instruments in designated hedge accounting relationship	974	3,793	-
Derivative instruments other than in designated hedge accounting relationships	1,386	62	134
Other financial liabilities	1,145	1,072	1,096
	6,098	**7,035**	**2,609**

Note: Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 2 lakhs (2016: ₹ 2 lakhs and April 1, 2015: ₹ 2 lakhs) and therefore amounts relating to the same have not been transferred.

15 OTHER CURRENT LIABILITIES

₹ lakhs

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from customers {refer note a) below}	85,962	62,610	15,957
Unclaimed advance from customers {refer note b) below}	1,756	1,993	-
Liability towards award credit for customers	6,575	6,359	8,289
Gratuity {refer note 31 b)}	2,816	2,062	2,690
Statutory dues	5,909	4,728	3,451
Other liabilities	10,886	7,675	6,448
	113,904	**85,427**	**36,835**

a) Advances from customers includes amounts of ₹ 72,414 lakhs (2016: ₹ 51,656 lakhs and April 1, 2015: ₹ 6,808 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Represents the unclaimed advances relating to various retail customer programmes for sale of jewellery products which have been discontinued.

16 PROVISIONS

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for compensated absences {refer note 31 c)}	1,291	1,403	1,048
Provision for warranty { refer note below}	687	616	568
Provision for gratuity {refer note 31 b)}	31	97	5
	2,009	**2,116**	**1,621**

Provision for warranty

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	616	568
Provisions made during the year	687	616
Utilisations/reversed during the year	(616)	(568)
Provision at the end of the period	**687**	**616**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

17 REVENUE FROM OPERATIONS

₹ lakhs

Particulars	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	183,462	179,121
Jewellery	923,313	753,936
Eyewear	5,864	5,406
Others	20,862	16,849
	1,133,501	955,312
Traded goods		
Watches	19,755	18,583
Jewellery	102,771	108,210
Eyewear	34,596	31,925
Others	9,237	5,716
	166,359	164,434
Total - Sale of products (a)	**1,299,860**	**1,119,746**
Sale of tools and components (b)	**1,793**	**1,733**
Income from services provided (c)	**854**	**708**
Other operating revenue		
Sale of precious / semi-precious stones	3,986	5,730
Sale of gold / platinum	2,911	2,119
Scrap sales	612	966
Total - Other operating revenue (d)	**7,509**	**8,815**
Revenue from operations (a+b+c+d)	**1,310,016**	**1,131,002**

18 OTHER INCOME

₹ lakhs

Particulars	Current year	Previous year
Interest income on financial assets carried at amortised cost	5,137	5,755
Gain on investments carried at fair value through profit and loss	1,278	816
Miscellaneous income	634	821
	7,049	**7,392**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

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

₹ lakhs

Particulars	Current year	Previous year
Closing stock		
Finished goods	306,934	285,855
Work-in progress	20,217	18,123
Stock-in-trade	72,204	64,006
	399,355	**367,984**
Opening stock		
Finished goods	285,855	264,514
Work-in progress	18,123	12,223
Stock-in-trade	64,006	72,104
	367,984	**348,841**
(Increase) / decrease in inventory	**(31,371)**	**(19,143)**

20 EMPLOYEE BENEFITS EXPENSE

₹ lakhs

Particulars	Current year	Previous year
Salaries, wages and bonus	68,439	59,264
Contribution to provident and other funds		
- Gratuity {refer note 31 b)}	1,582	1,490
- Provident and other funds {refer note 31 a)}	3,312	3,079
Welfare expenses	5,960	5,795
Employee stock compensation expense (refer note 34)	93	-
	79,386	**69,628**

21 FINANCE COSTS

₹ lakhs

Particulars	Current year	Previous year
Interest expense on :		
Borrowings	646	465
Gold on lease charges / interest on gold loan	2,402	3,598
Others	144	36
	3,192	**4,099**
Other borrowing cost :		
Commercial paper discounting charges	582	137
	3,774	**4,236**

22 DEPRECIATION AND AMORTISATION EXPENSE

₹ lakhs

Particulars	Current year	Previous year
Depreciation of property, plant and equipment (refer note 3.1)	10,621	9,502
Amortisation of intangible assets (refer note 4)	432	317
	11,053	**9,819**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

23 OTHER EXPENSES

₹ lakhs

Particulars	Current year	Previous year
Loose tools, stores and spare parts consumed	10,903	10,838
Agency labour	6,774	6,743
Power and fuel	4,384	4,120
Repairs to buildings	503	368
Repairs to plant and machinery	1,776	1,739
Repairs & Maintenance others	111	30
Advertising	46,295	42,947
Selling and distribution expenses	16,939	13,935
Insurance	502	420
Rent (refer note 26)	19,539	18,538
Increase / (decrease) of excise duty on inventory	1,683	883
Rates and taxes {refer note a) below}	10,264	9,025
Travel	3,372	3,379
Bad trade receivables and advances written off	118	2,256
Less : Provision released	118	2,559
	-	**(303)**
Provision for doubtful trade receivables	266	129
Loss on sale / disposal / scrapping of property, plant and equipment (net)	841	459
Gold price hedge ineffectiveness	1,129	2,250
Expenditure on corporate social responsibility	1,712	1,666
Miscellaneous expenses {refer note b) & c) below}	32,637	28,916
Directors' fees	38	29
Commission to Non Whole-time Directors	378	312
Expenses capitalised	(11)	(10)
	160,035	**146,413**

Notes:

a) Rates and taxes include ₹ 6191 lakhs (Previous year: ₹ 5,569 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

b) Includes exchange (gain) / loss (net) of ₹ 629 lakhs (Previous year: ₹ (85) lakhs)

c) Auditors remuneration comprises fees for audit of statutory accounts ₹ 201 lakhs (Previous year: ₹ 186 lakhs), taxation matters ₹ 29 lakhs (Previous year: ₹ 38 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 10 lakhs), other services ₹ 38 lakhs (Previous year: ₹ 49 lakhs) and reimbursement of levies and expenses ₹ 62 lakhs (Previous year: ₹ 19 lakhs).

24 SEGMENT INFORMATION

a) Description of segments

The 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 Precision Engineering, Machine Building, Clocks, Accessories, Fragrances and Sarees.

Corporate (unallocated) represents other income, expenses, assets and liabilities which relate to the company as a whole and are not allocated to segments.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

b) Segment revenues and segment profit/ (loss)

₹ lakhs

Segment	Revenue		Profit / (loss)	
	Current year	Previous year	Current year	Previous year
Watches	203,551	197,436	11,035	15,927
Jewellery	1,034,874	872,265	99,796	80,004
Eyewear	40,580	37,452	1,278	2,061
Others	33,431	26,005	(2,971)	(3,603)
Corporate (unallocated)	4,629	5,236	(8,039)	(3,542)
	1,317,065	**1,138,394**	**101,099**	**90,847**
Finance costs			3,774	4,236
Profit before taxes			**97,325**	**86,611**

There is no inter segment revenue.

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ lakhs

Segment	Current year
Watches	17,633
Jewellery	101,229
Eyewear	1,687
Others	(2,971)
Corporate (unallocated)	(6,210)
Total	**111,368**

d) Segment assets and liabilities

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Segment assets			
Watches	126,807	121,475	106,168
Jewellery	499,150	415,954	382,011
Eyewear	22,589	16,771	14,008
Others	36,773	51,205	45,865
Corporate (unallocated)	158,582	28,786	37,886
	843,901	**634,191**	**585,938**
Segment liabilities			
Watches	53,818	41,995	41,593
Jewellery	343,641	213,804	187,722
Eyewear	8,693	6,899	4,967
Others	32,517	26,695	21,274
Corporate (unallocated)	(20,316)	(7,136)	(5,479)
	418,353	**282,257**	**250,077**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

e) Other segment information

₹ lakhs

Particulars	Depreciation and amortisation	
	Current year	Previous year
Watches	3,602	3,603
Jewellery	3,316	3,874
Eyewear	1,101	896
Others	1,160	979
Corporate (unallocated)	1,874	467
	11,053	**9,819**

f) Geographical information

₹ lakhs

Particulars	Current year	Previous year
Revenue		
India	1,277,922	1,094,650
Others	39,143	43,744
Total	**1,317,065**	**1,138,394**
Assets*		
India	834,943	627,842
Others	8,958	6,349
Total	**843,901**	**634,191**

*Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used inter changeably 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.

25 EARNINGS PER SHARE

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

Particulars	Current year	Previous year
Profit for the year (₹ lakhs)	69,728	67,452
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	7.85	7.60

26 OPERATING LEASES

Payments recognised as an expense

₹ lakhs

Particulars	Current year	Previous year
Minimum lease payments	19,418	18,428
Contingent rentals	121	110
	19,539	**18,538**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

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.

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:

₹ lakhs

Particulars	2017	2016	2015
For a period not later than one year	2,859	2,404	4,266
For a period later than one year but not later than five years	4,728	2,022	1,544
For a period later than five years	1,687	8	15
Total	**9,274**	**4,434**	**5,825**

27 Contingent liabilities not provided for - ₹ 30,170 lakhs (2016: ₹ 29,222 lakhs) comprising of the following:

a) Sales Tax - ₹ 2,949 lakhs (2016: ₹ 2,316 lakhs)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs Duty - ₹ 69 lakhs (2016: ₹ 150 lakhs)
(relating to denial of benefit of exemptions)

c) Excise Duty - ₹ 19,311 lakhs (2016: ₹ 19,335 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 - ₹ 7,081 lakhs (2016: ₹ 6,850 lakhs)
(relating to disallowance of deductions claimed)

e) Others - ₹ 760 lakhs (2016: ₹ 571 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 Group 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 Group's rights for future appeals before the judiciary. No reimbursements are expected.

28 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 18,751 lakhs (2016: ₹ 11,132 lakhs)

29 The Company was issued with show cause notices by the Excise authorities aggregating to ₹ 34,819 lakhs (2016: ₹ 34,819 lakhs) without quantifying interest and penalty, relating to disallowance of cenvat credit availed. The Hon'ble High Court of Madras allowed the writ petition filed by the Company by setting the show cause notices. Against the aforesaid Order the Excise department filed an appeal before the Hon'ble Supreme Court which is pending for admission.

30 OTHER COMMITMENTS

a) Unclaimed liability on shares of joint venture ₹ Nil (2016: ₹ 1,078 lakhs)

Notes forming part of the Consolidated Financial Statements

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31 EMPLOYEE BENEFITS

a) Defined Contribution Plans

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

₹ lakhs

Particulars	Current year	Previous year
Provident Fund	1,646	1,411
Superannuation Fund	569	574
National Pension Scheme	117	105
Employee Pension Fund	980	989
Total	**3,312**	**3,079**

ii) 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.

b) Defined Benefit Plans

i) Funded

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

The gratuity benefit of the subsidiaries TTPL and Caratlane is non-funded.

The plan is of a final salary defined benefit in nature 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 longetivity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at		
	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate (p.a.)	6.80% - 7.25%	8.00% - 8.05%	7.95%
Salary escalation rate (p.a.)			
-Non-management	7.00% - 10.00%	7.00%	7.00%
-Management	8.00%	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 (2006-08) Ult table.
- Rates of leaving service (leaving service due to disability included) at specimen ages for the Company, TTPL and TEAL are as shown below:

Age (Years)	Rates (p.a.)
21-44	2%
45 and above	1%

- Rate of leaving service (leaving service due to disability included) for Caratlane is 23%.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

Components of defined benefit costs recognised in the consolidated statement of profit and loss are as follows:

₹ lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Funded	Non Funded	Funded	Non Funded
Current service cost	1,411	28	1,281	11
Interest on net defined benefit liability/ (asset)	126	17	182	16
Total expense charge to the consolidated statement of profit and loss	**1,537**	**45**	**1,463**	**27**

Components of defined benefit costs recognised in other comprehensive income are as follows:

₹ lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Funded	Non Funded	Funded	Non Funded
Opening amount recognised in Other comprehensive Income outside the consolidated statement of profit and loss	599	6	-	-
Remeasurements during the period due to:				
- Changes in financial assumptions	118	18	(15)	(1)
- Changes in demographic assumptions	2,114	-	(209)	-
- Experience adjustments	(44)	19	925	7
- Actual return on plan assets less interest on plan assets	(909)	-	(102)	-
Closing amount recognised outside the consolidated statement of profit and loss	**1,878**	**43**	**599**	**6**

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.

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

₹ lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Funded	Non Funded	Funded	Non Funded
Opening net defined benefit liability/ (asset)	2,062	231	2,690	198
On acquisition of subsidiary	-	80	-	-
Expense charged to the consolidated statement of profit and loss	1,537	45	1,463	27
Amount recognised outside the consolidated statement of profit and loss	1,279	37	599	6
Benefits paid	-	(97)	-	-
Employer contributions	(2,062)	-	(2,690)	-
Closing net defined benefit liability/ (asset)	**2,816**	**296**	**2,062**	**231**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

Movements in the present value of the defined benefit obligation are as follows:

₹ lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Funded	Non Funded	Funded	Non Funded
Opening defined benefit obligation	19,390	231	16,553	198
On acquisition of subsidiary	-	80	-	-
Current service cost	1,411	28	1,281	11
Interest cost	1,529	17	1,286	16
Remeasurement due to				
- Actuarial gains and losses arising from changes in demographic assumptions	2,114	-	(209)	-
- Actuarial gains and losses arising from changes in financial assumptions	118	18	(15)	(1)
- Actuarial gains and losses arising from experience adjustments	(44)	19	925	7
Benefits paid	(1,945)	(97)	(431)	-
Closing defined benefit obligation	**22,573**	**296**	**19,390**	**231**

Movements in the fair value of plan assets are as follows

₹ lakhs

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Funded	Non Funded	Funded	Non Funded
Opening fair value of plan assets	17,328	-	13,863	-
Employer contributions	2,062	-	2,690	-
Interest on plan assets	1,403	-	1,104	-
Remeasurements due to actuarial return on plan assets less interest on plan assets	909	-	102	-
Benefits paid	(1,945)	-	(431)	-
Closing fair value of plan assets	**19,757**	**-**	**17,328**	**-**

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:

₹ lakhs

Particulars	Year ended March 31, 2017	
	Discount rate	Salary growth
Defined benefit obligation on plus 50 basis points	24,384	24,223
Defined benefit obligation on minus 50 basis points	21,170	21,331

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

Maturity profile of defined benefit obligation

₹ lakhs

	Year ended March 31, 2017
With in year 1	609
1 year to 2 years	1,067
2 years to 3 years	1,212
3 years to 4 years	1,052
4 years to 5 years	1,036
Over 5 years	57,280

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:

₹ lakhs

Particulars	Year ended March 31, 2017	
	Quoted	Unquoted
Government debt instruments	10,473	-
Other debt instruments	7,237	-
Entity's own equity instruments	325	-
Others	-	1,722
	18,035	**1,722**

c) Unfunded

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

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Compensated absences			
Non-current	11,595	10,366	8,437
Current	1,291	1,403	1,048
	12,886	**11,769**	**9,485**

32 RESEARCH AND DEVELOPMENT (R&D) EXPENSES :

₹ lakhs

Particulars	Current year	Previous year
Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centers		
Capital	116	313
Revenue	2,007	1,518
	2,123	**1,831**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

33 NOTE ON EXCEPTIONAL ITEM

Voluntary Retirement Scheme

The Company has announced Voluntary Retirement Scheme (VRS) to its employees during the year. The entire expenses relating to the same being exceptional are classified accordingly and accounted for in the year.

34 NOTE ON EMPLOYEE STOCK OPTION PLAN

Carat Lane Trading Private Limited has granted stock options to eligible employees under the Carat Lane Stock Option Plan, 2013. During the year ended March 31, 2017 the Company has granted 1,18,000 options to ten of its employees who were eligible under the said plan. The employees have the option to purchase shares at a price as determined by the Board but not less than the face value of the shares, at any time during the course of their employment with the Company, subject to other terms and conditions of the plan.

As at March 31, 2017 a maximum of 3,92,017 options issuable under the plan. The activity under the Carat Lane Stock Option Plan, 2013 during the year ended March 31, 2017, March 31, 2016 and April 1, 2015 is set out below:

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Outstanding at the beginning of the year	**351,000**	**197,000**	**160,000**
Add: Granted	118,000	162,000	37,000
Less: Forfeited and expired	65,600	8,000	-
Less: Exercised	81,400	-	-
Outstanding at the end of the year	**322,000**	**351,000**	**197,000**

The weighted average share price of options exercised under the 2013 Plan on the date of exercise was ₹ 24.10.

The weighted average remaining contractual life of the options outstanding as of March 31, 2017, March 31, 2016 and April 1, 2015 under the Carat Lane stock Option Plan was 8.44, 9.80 and 8.80 years respectively.

The fair value of the above impact analysis is estimated on the date of grant using the Black-Scholes-Merton Model with the following assumptions:

Options granted during	2017	2016	2015
Stock Price (₹)	25.40	44.12	65.65
Exercise Price (₹)	2.00	2.00	2.00
Expected Volatility (%)	1.60	1.03	1.20
Expected Life of Options (Years)	8.44	9.80	8.80
Expected Dividends (%)	-	-	-
Risk-free Interest Rate (%)	7.10	7.89	8.51
Weighted Average Fair Value as on Grant Date (₹)	24.10	43.06	64.64

The stock price of the Company is arrived using the Net Asset Value approach as on a particular 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 Company 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, 2017 the Company recorded employee compensation of ₹ 93 lakhs in the consolidated statement of profit and loss toward options granted / forfeited / expired, net of diminution in the fair value of options.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

35 GOODWILL ON ACQUISITION OF CARATLANE

Pursuant to a share purchase agreement dated July 14, 2016 entered into between the Company, the erstwhile shareholders of Caratlane and Caratlane, during the year ended March 31, 2017, the Company acquired 20,042,545 equity shares of face value ₹ 2 each for a consideration of ₹ 37,403 lakhs representing 66.59% of the equity share capital of Caratlane, thereby making Caratlane a subsidiary of the Company.

The consideration has been allocated based on management's estimates and independent appraisal of fair values as follows:

Particulars	**₹ lakhs**
Fair value of consideration transferred	37,403
Non-controlling interest *	4,064
Total	**41,467**
Less: Net of the amounts of the identifiable assets acquired and liabilities assumed as at acquisition-date	(11,166)
Total Intangibles	**30,301**
Less: Brand estimated at fair value	(18,000)
Goodwill arising from the combination	**12,301**

* Measured at the non-controlling interest's proportionate share of Caratlane's net assets (at cost)

36 RELATED PARTY DISCLOSURES :

a) With Respect to Titan company limited

Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited
		Tata Sons Limited
b)	Joint venture	Montblanc India Retail Private Limited (formerly Snowcap Retail (India) Private Limited)
c)	Associate	Green Infra Wind Power Theni Limited
d)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director
		Directors
		Mr. Atulya Misra (Chairman) (from March 31, 2017)
		Mr. T K Arun
		Mr. Harish Bhat
		Mr. N N Tata
		Mr. T K Balaji
		Dr. C G Krishnadas Nair
		Ms. Vinita Bali
		Mrs. Hema Ravichandar
		Prof. Das Narayandas
		Mrs. Ireena Vittal
		Mr. Ashwani Puri (from May 6, 2016)
		Mr. Vikram Kapur (from October 18, 2016 to March 31, 2017)
		Mr. C V Sankar (uptill August 20, 2017)
		Mr. Gnanadesikan (from June 27, 2016 to August 29, 2016)

Notes forming part of the Consolidated Financial Statements

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e)	Group entities (Wherever there are transactions)	Arvind and Smart Value Homes LLP	Tata Capital Financial Services Limited
		Ecofirst Services Limited	Tata Capital Housing Finance Limited
		HL Promoters Private Limited	Tata Consultancy Services Limited
		Infiniti Retail Limited	Tata Interactive Systems AG
		Kriday Realty Private Limited	Tata International Limited
		Princeton Infrastructure Private Limited	Tata West Asia FZE
		Promont Hilltop Private Limited	TC Travel and Services Limited
		Tata Advanced Material Limited	Tata Unistore Limited
		Tata Limited	Tata Value Homes Limited
		Tata Business Support Services Limited	Sohna City LLP
		Tata AIG General Insurance Company Limited	Shapoorji Pallonji & Company

Transactions with related parties during the year are set out in the table below:
(Previous year figures are in brackets)

₹ lakhs

Nature of transaction	Promoters	Joint venture	Associate	Key Management Personnel	Group entities	Total
Purchase of property, plant and equipment	-	-	-	-	13	13
	(-)	(-)	(-)	(-)	(36)	(36)
Purchase of services	-	-	-	-	2,580	2,580
	(-)	(-)	(-)	(-)	(1,477)	(1,477)
Sale of components and finished goods	6	-	-	-	383	389
	(11)	(-)	(-)	(-)	(254)	(265)
Rent paid	56	-	-	-	-	56
	(51)	(-)	(-)	(-)	(-)	(51)
Purchase of power	-	-	392	-	-	392
	(-)	(-)	(241)	(-)	(-)	(241)
Dividend paid	-	-	-	-	-	-
	(18,762)	(-)	(-)	(-)	(-)	(18,762)
Commission and sitting fees to non whole-time directors	83	-	-	387	-	470
	(83)	(-)	(-)	(230)	(-)	(313)
Brand equity subscription	2,203	-	-	-	-	2,203
	(1,913)	(-)	(-)	(-)	(-)	(1,913)
Reimbursement towards rendering of services / expenses	41	-	-	-	-	41
	(74)	(-)	(-)	(-)	(-)	(74)
Recovery towards rendering of services / expenses	-	619	-	-	-	619
	(-)	(194)	(-)	(-)	(-)	(194)
Managerial remuneration	-	-	-	529	-	529
	(-)	(-)	(-)	(476)	(-)	(476)
Subscription to Share capital / application money	-	1,078	-	-	-	1,078
	(-)	(2,034)	(-)	(-)	(-)	(2,034)
Balance as on balance sheet date						
Credit balance						
Tata Sons Limited	1,710	-	-	-	-	1,710
	(1,444)	(-)	(-)	(-)	(-)	(1,444)
Tamilnadu Industrial Development Corporation Limited	-	-	-	-	-	-
	(77)	(-)	(-)	(-)	(-)	(77)
Green Infra Wind Power Theni Limited	-	-	-	-	-	-
	(-)	(-)	(4)	(-)	(-)	(4)
Mr.Bhaskar Bhat	-	-	-	368	-	368
	(-)	(-)	(-)	(260)	(-)	(260)

Notes forming part of the Consolidated Financial Statements

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(Previous year figures are in brackets) ₹ lakhs

Nature of transaction	Promoters	Joint venture	Associate	Key Management Personnel	Group entities	Total
Tata Capital Financial Services Limited	-	-	-	-	13	13
	(-)	(-)	(-)	(-)	(3)	(3)
Tata Consultancy Services Limited	-	-	-	-	55	55
	(-)	(-)	(-)	(-)	(-)	(-)
Tata Value Homes Limited	-	-	-	-	1	1
	(-)	(-)	(-)	(-)	(-)	(-)
Sohna City LLP	-	-	-	-	1	1
	(-)	(-)	(-)	(-)	(-)	(-)
Debit balance						
Montblanc India Retail Private Limited	-	35	-	-	-	35
	(-)	(1)	(-)	(-)	(-)	(1)
Infiniti Retail Limited	-	-	-	-	5	5
	(-)	(-)	(-)	(-)	(4)	(4)
Tata AIG General Insurance Company Limited	-	-	-	-	4	4
	(-)	(-)	(-)	(-)	(5)	(5)
Tata Consultancy Services Limited	-	-	-	-	3	3
	(-)	(-)	(-)	(-)	(9)	(9)
Tata West Asia FZE	-	-	-	-	34	34
	(-)	(-)	(-)	(-)	(34)	(34)
Tata Advanced Material Limited [₹ 35,947 (Previous year: ₹ Nil)]	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
Tata Business Support Services Limited [₹ 13,913 (Previous year: ₹ 62,640)]	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(1)	(1)
Shapoorji Pallonji & Company	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(2)	(2)

The above includes the following material related party transactions :-

₹ lakhs

Nature of transaction	Category	Name	Amount
Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	-
			(11,136)
	Promoter	Tata Sons Limited	-
			(7,626)
Brand Equity Subscription	Promoter	Tata Sons Limited	2,203
			(1,913)
Recovery towards rendering of services/expenses	Joint venture	Montblanc India Retail Private Limited	619
			(194)
Reimbursement towards rendering of services/ expenses	Promoter	Tata Sons Limited	41
			(74)
Subscription to Share capital/ Application money	Joint venture	Montblanc India Retail Private Limited	1,078
			(2,034)
Purchase of services	Group entity	Tata Consultancy Services Limited	2,123
			(1,130)

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.

Notes forming part of the Consolidated Financial Statements

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b) With Respect to Carat Lane Trading Private Limited,

a) List of Related Parties

Name of the Related Party	Nature of Relationship
Lister Technologies Private Limited	Shareholder
Caratlane Inc – USA	Fully owned Subsidiary (Non Operational Entity)
Mr. Mithun Padam Sacheti	Director - KMP / Shareholder
Mr. Siddhartha Padam Sacheti	Shareholder
Mr. Padam Chand Sacheti	Relative of Director
Mrs. Manju Sacheti	Relative of Director
Mr. Srinivasa Gopalan	Director (till August 03, 2016)
Mr. Lee Jared Fixel	Director (till August 03, 2016)
Mr. Kalyan Raman Krishnamurthy	Director (till August 03, 2016)
Gemlane Inc. - USA	Fully owned Subsidiary (Dissolved on July 26, 2016)
GV Merger Subsidiary Inc. - USA	Fully owned Subsidiary (Dissolved on July 26, 2016)
Mr. Bhaskar Bhat	Director (from August 04, 2016)
Mr. CK Venkataraman	Director (from August 04, 2016)
Mr. S Subramaniam	Director (from August 04, 2016)

b) Enterprises in which Key Management Personnel or relative of Key Management Personnel has Significant Influence

1.	Jaipur Gems	13.	The Gem and Jewellery Skill Council of India
2.	Starfire Gems Private Limited	14.	Ponniyin Selvan & Friends
3.	Ajmer Trading Private Limited	15.	Trent Limited
4.	Sacheti Sons Trading Private Limited	16.	Bosch Limited
5.	Relevant e-Solutions Private Limited	17.	Tata Ceramics Limited
6.	Niojak Technologies Private Limited	18.	Titan International Middle East FZE
7.	Lister Technology Ventures Private Limited	19.	Favre Leuba AG, Switzerland
8.	Lister Technologies Foundations	20.	Rallis India Limited
9.	Tata Chemicals Limited	21.	Montblanc India Retail Private Limited
10.	Tata Engineering & Automation Limited	22.	Tata SIA Airlines Limited
11.	Innoviti Payment Solutions Private Limited	23.	Dr. Agarwal's Health Care Limited
12.	Tata Unistore Limited	24.	Hydronauts Private Limited

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

₹ lakhs

Name of the Related Party	Nature of Transaction	Value of transactions 2016-17
Jaipur Gems	Purchase of goods	6
	Sale of goods	134
	Reimbursement of expenses - receivable	8
	Reimbursement of expenses - payable	1
Mr. Mithun Padam Sacheti	Director's remuneration	120
	Sweat Equity	1,825
	Reimbursement of expenses	1
Starfire Gems Private Limited	Purchase of goods	107
	Sale of goods	431
	Rent	22
Mr. Padam Chand Sacheti	Rent and amenities	15
Mrs. Manju Sacheti	Rent and amenities	5

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

₹ lakhs

Name of the Related Party	Balance as on balance sheet date	Balance as on March 31 2017
Jaipur Gems	Receivable	1
	Reimbursement of expenses-receivable	8
Mr. Mithun Padam Sacheti	Payables	11
Mr. Padam Chand Sacheti	Security deposits	9
	Payables	1
Mrs. Manju Sacheti	Security deposits	3
Starfire Gems Private Limited	Receivable	92
	Payables	64
	Security deposits	6
	Reimbursement of expenses-payable	5

37 FINANCIAL INSTRUMENTS

37.1 Categories of financial instruments

Financial assets

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)			
Designated as FVTPL-Equity investments and mutual funds	40,140	1,009	752
Total financial assets measured at FVTPL (a)	**40,140**	**1,009**	**752**
Measured at amortised cost			
- Trade receivables	20,760	19,250	18,974
- Cash and cash equivalents	80,203	11,635	21,380
- Inter-corporate deposits	19,500	20,000	23,800
- Security deposits	11,092	9,825	9,017
- Employee loans	4,344	3,199	2,476
- Other financial assets	2,083	1,769	935
Total financial assets measured at amortised cost (b)	**137,982**	**65,678**	**76,582**
Derivative instruments in designated hedge accounting relationships (c)	**712**	**-**	**668**
Total financial assets (a + b + c)	**178,834**	**66,687**	**78,002**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

Financial liabilities

₹ lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)			
- Derivative instruments other than in designated hedge accounting	1,386	62	134
- Trade payables	159,922	121,160	140,686
Total financial liabilities measured at FVTPL (a)	**161,308**	**121,222**	**140,820**
Measured at amortised cost			
- Borrowings	-	11,305	9,979
- Trade payables	124,312	44,315	49,302
- Other financial liabilities	3,738	3,180	2,475
Total financial liablities measured at amortised cost (b)	**128,050**	**58,800**	**61,756**
Derivative instruments in designated hedge accounting (c)	**974**	**3,793**	**-**
Total financial liabilities (a + b + c)	**290,332**	**183,815**	**202,576**

37.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ lakhs

a)	Financial assets and liabilities measured at fair value - March 31, 2017	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted investments at FVTPL	39,403	-	-	39,403
	- Other unquoted investments	-	-	737	737
	- Derivative instruments in designated hedge accounting relationship	-	712	-	712
	Total financial assets	**39,403**	**712**	**737**	**40,852**
	Financial liabilities				
	- Derivative instruments in designated hedge accounting	235	739	-	974
	- Derivative instruments other than in designated hedge accounting	-	1,386	-	1,386
	- Trade payables	-	159,922	-	159,922
	Total financial liabilities	**235**	**162,047**	**-**	**162,282**

₹ lakhs

b)	Financial assets and liabilities measured at fair value - March 31, 2016	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted equity investments at FVTPL	277	-	-	277
	- Other unquoted investments	-	-	732	732
	Total financial assets	**277**	**-**	**732**	**1,009**
	Financial liabilities				
	- Derivative instruments in designated hedge accounting	547	3,246	-	3,793
	- Derivative instruments other than in designated hedge accounting	-	62	-	62
	- Trade Payables	-	121,160	-	121,160
	Total financial liabilities	**547**	**124,468**	**-**	**125,015**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

₹ lakhs

c)	Financial assets and liabilities measured at fair value - April 1, 2015	Level 1	Level 2	Level 3	Total
	Financial assets				
	- Quoted investments at FVTPL	23	-	-	23
	- Other unquoted investments	-	-	729	729
	- Derivative instruments in designated hedge accounting	147	521	-	668
	Total financial assets	**170**	**521**	**729**	**1,420**
	Financial liabilities				
	- Trade payables	-	140,686	-	140,686
	- Derivative instruments other than in designated hedge accounting	-	134	-	134
	Total financial liabilities	**-**	**140,820**	**-**	**140,820**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes quoted equity instruments, mutual funds and derivative financial instruments. The fair value of all such instruments that are traded in the stock exchanges is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example: Over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Fair value of derivative financial instruments are measured using closing rates as provided by the financial institutions as at the reporting date.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(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 pricing models.
- the fair value of remaining financial instruments is determined using discounted cash flow analysis.

37.3 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.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

37.4 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.

37.5 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.

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2017			
Non-derivatives			
Trade payables	192,399	91,835	284,234
Other financial liabilities	3,698	40	3,738
Total non-derivative liabilities	**196,097**	**91,875**	**287,972**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting	980	406	1,386
Derivative instruments in designated hedge accounting	974	-	974
Total derivative liabilities	**1,954**	**406**	**2,360**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
March 31, 2016			
Non-derivatives			
Borrowings	11,305	-	11,305
Trade payables	81,370	84,105	165,475
Other financial liabilities	3,157	23	3,180
Total non-derivative liabilities	**95,832**	**84,128**	**179,960**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting	62	-	62
Derivative instruments in designated hedge accounting	547	3,246	3,793
Total derivative liabilities	**609**	**3,246**	**3,855**

₹ lakhs

Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	Total
April 1, 2015			
Non-derivatives			
Borrowings	9,979	-	9,979
Trade payables	134,220	55,768	189,988
Other financial liabilities	2,469	6	2,475
Total non-derivative liabilities	**146,668**	**55,774**	**202,442**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting	134	-	134
Total derivative liabilities	**134**	**-**	**134**

37.6 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 financial instruments are primarily in the nature of future commodity contracts, forward commodity contracts 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.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

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

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amounts (₹ lakhs)
March 31, 2017	2,787	5,180	144,375
March 31, 2016	2,742	5,736	157,289
April 1, 2015	2,623	4,458	116,952

- The line items in the Balance Sheet that include the above hedging instruments are other financial assets and other financial liabilities.

As at March 31, 2017, the aggregate amount of gains under forward 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:

₹ lakhs

Particulars	Current year	Previous year
Balance at beginning of the year (Net of Tax)	**(1,103)**	**2,318**
Changes in fair value of effective portion of cash flow hedges	(3,802)	(7,048)
Deferred tax on fair value of effective portion of cash flow hedges	1,110	2,045
Cumulative gain/(loss) arising on changes in fair value of cashflow hedges reclassified to the consolidated statement of profit and loss	7,213	2,227
Deferred tax on gain/(loss) arising on changes in fair value of cashflow hedges reclassified to the consolidated statement of profit and loss	(2,092)	(645)
Balance at end of the year (Net of Tax)	**1,326**	**(1,103)**

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 37.6.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

(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 and Euro currencies. The Company's sensitivity to an increase and decrease in ₹ against the relavant foreign currencies is presented below:

₹ lakhs

Particulars	% variance	Impact on Equity [Increase/ decrease]
Titan Company Limited	1.0%	14
TTPL	5.0%	6
TEAL	0.5%	15
Caratlane	1.0%	1

37.7 The Company's exposure to Forward foreign exchange contracts at the end of the reporting year are as follows:

The Company has 159 forward exchange contracts for US Dollars 638 lakhs equivalent to ₹ 42,721 lakhs (2016: 6 forward exchange contracts for US Dollars 56 lakhs equivalent to ₹ 3,734 lakhs and April 1, 2015: 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs), and Nil forward exchange contracts for Euro (2015: 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs) for firm commitment of purchases.
In addition to the above, the Company has 3 Option contracts in USD 170 lakhs equivalent to ₹ 11,296 lakhs (2016 : Nil, April 1, 2015 Nil)

The Company has Nil forward exchange contracts for US Dollars (2016 : Nil, April 1, 2015: 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs) for firm commitment on sales.

38 Full particulars of loans given, investment made, guarantees given, security provided together with purpose in terms of section 186 (4) of the Companies Act, 2013

Name of entity	Amount (₹ lakhs)	Full particulars	Purpose
Investments made			
Montblanc India Retail Private Limited	1,078	10,780,000 fully paid equity shares of ₹ 10 each	Investment in Joint venture to explore luxury retail
Clean Wind Power (Pratapgarh) Private Limited	2	18,000 fully paid equity shares of ₹ 10 each	Towards purchase of wind power
Inter Corporate Deposits (Including reinvestment)			
Cox & Kings Limited	10,000		Cash management/Trade deposits
Religare Securities Limited	10,000		
RHC Holding Private Limited	7,000		
Tata Housing Development Company Ltd	5,000		
Fortis Healthcare Ltd	5,000		

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2017

39 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act.
(Previous year figures are in brackets)

₹ lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount
Parent : Titan Company Limited	84.11%	358,239	109.24%	76,174
	(93.06%)	(326,322)	(103.44%)	(69,772)
Subsidiaries :				
Indian				
1) Titan TimeProducts Limited	0.34%	1,431	0.08%	53
	(0.35%)	(1,223)	(0.03%)	(18)
2) Titan Engineering & Automation Limited	5.28%	22,472	0.89%	620
	(-5.53%)	(-19,381)	(-1.48%)	(-997)
3) Carat Lane Trading Private Limited	8.79%	37,449	-5.89%	(4,104)
	(-)	(-)	(-)	(-)
Foreign				
1) Favre Leuba AG	0.79%	3,350	-4.07%	(2,838)
	(0.48%)	(1,672)	(-1.69%)	(-1,141)
2) Titan Watch Company Limited	-	-	-	-
	(-)	(-)	(-)	(-)
Associate:				
Green Infra Wind Power Theni Limited	0.05%	209	0.04%	28
	(0.05%)	(181)	(-0.03%)	(-17)
Jointly controlled entity:				
Montblanc India Retail Private Limited	0.64%	2,724	-0.29%	(205)
	(0.53%)	(1,849)	(-0.27%)	(-183)
Total	**100%**	**425,874**	**100%**	**69,728**
	(100%)	**(350,628)**	**(100%)**	**(67,452)**

40 a) The figures pertaining to subsidiary companies have been reclassified, where necessary, to bring them in line with the parent Company's financial statements.

b) The figures of the previous year have been regrouped/recasted, wherever necessary to conform with the current year classification.

For and on behalf of the Board of Directors

Atulya Misra — Chairman

T K Arun
Harish Bhat
T. K. Balaji
Vinita Bali
Hema Ravichandar
Ireena Vittal
Ashwani Puri
— Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Vice President - Legal & Company Secretary

Place : Bangalore
Date : May 12, 2017

FINANCIAL STATISTICS (PREVIOUS GAAP*)

₹ crores

BALANCE SHEET	1987-88	1992-93	1997-98	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Equity share capital	24	42	42	42	42	42	42	44	44	44	44	44	89	89	89	89
Preference share capital	-	-	38	40	40	40	40	-	-	-	-	-	-	-	-	-
Reserves and surplus	-	78	116	80	83	95	150	283	392	507	680	981	1,361	1,876	2,435	3,003
Deferred tax liability/ (asset)	-	-	-	42	35	29	24	17	25	18	5	2	(4)	(8)	(9)	(20)
Borrowings	38	114	382	467	407	318	268	247	258	175	73	15	11	6	806	100
Current, Non-current Liabilites & Provisions	9	36	58	173	164	267	360	593	879	1,035	1,284	2,694	3,233	3,905	2,777	2,680
TOTAL SOURCES OF FUNDS	71	270	636	844	771	791	884	1,184	1,598	1,779	2,086	3,736	4,690	5,868	6,098	5,852
Net tangible and intangible assets	54	131	238	192	177	175	196	267	282	294	275	300	394	490	629	738
Investments	-	-	27	37	28	27	27	27	47	8	8	9	16	19	27	33
Inventories	8	86	173	142	164	272	374	677	1,021	1,203	1,340	1,994	2,879	3,678	3,867	4,047
Cash and bank balances	3	9	8	24	27	44	38	51	52	55	187	1,096	961	1,137	889	210
Other Current Assets	6	44	190	403	342	249	235	158	196	219	276	337	440	544	686	824
Deferred revenue expenditure	-	-	-	46	33	24	14	4	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	**71**	**270**	**636**	**844**	**771**	**791**	**884**	**1,184**	**1,598**	**1,779**	**2,086**	**3,736**	**4,690**	**5,868**	**6,098**	**5,852**

₹ crores

PROFIT & LOSS ACCOUNT	1987-88	1992-93	1997-98	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue from operations	17	191	442	798	959	1,135	1,481	2,136	3,041	3,848	4,703	6,571	8,971	10,206	10,955	11,937
Expenses	16	157	357	726	862	1,020	1,327	1,938	2,791	3,551	4,308	5,959	8,138	9,196	9,906	10,783
Interest	1	18	53	41	38	31	25	20	20	29	5	35	44	51	87	81
Depreciation/Amortisation	1	7	19	21	22	20	20	26	30	42	60	34	45	54	66	87
Operating Profit/ (loss)	(2)	9	13	10	37	64	109	152	200	226	330	543	744	905	896	985
Add: Other Income	2	2	3	10	2	3	2	3	2	5	12	56	94	101	120	71
Less: Exceptional Item	-	-	-	(10)	(25)	(35)	(25)	(24)	-	-	-	-	-	-	-	-
Profit Before Taxes	-	11	16	10	14	32	86	131	202	231	342	599	838	1,006	1,016	1,056
Taxes	-	-	1	4	3	7	13	38	52	72	71	169	238	281	275	233
Profit After Taxes	-	11	15	6	11	25	73	93	150	159	271	430	600	725	741	823
Equity Dividend (%)	-	22%	25%	10%	10%	20%	30%	50%	80%	100%	150%	250%	175%	210%	210%	230%
Equity Dividend (₹)	-	7	11	4	4	8	13	22	36	44	67	111	155	186	186	204
Employee costs (excluding VRS)	1	13	49	72	85	96	109	157	189	233	274	365	392	485	534	626
% to Sales Income	6.1%	6.7%	11.1%	9.0%	8.9%	8.4%	7.4%	7.4%	6.2%	6.1%	5.8%	5.6%	4.4%	4.8%	4.9%	5.2%
Advertising	2	13	20	47	60	77	101	134	152	181	211	303	381	377	404	382
% to Sales Income	11.0%	6.9%	4.5%	5.9%	6.2%	6.8%	6.8%	6.3%	5.0%	4.7%	4.5%	4.6%	4.2%	3.7%	3.7%	3.2%

* There are no significant differences under previous GAAP as compared to Ind AS

FINANCIAL STATISTICS UNDER IND AS

₹ crores

BALANCE SHEET	April 1, 2015	March 31, 2016	March 31, 2017
(1) Non-current assets			
Property, plant and equipment, Capital Work-in-progerss, Investment property and Intangible assets	628	741	855
Financial assets			
- Investments	39	80	512
- Other financial assets	93	103	83
Deferred tax asset (net)	-	-	2
Tax assets (net)	69	103	81
Other non-current assets	95	103	93
(2) Current assets			
Inventories	3,986	4,382	4,806
Financial assets			
- Investments	-	-	375
- Trade receivables	140	135	115
- Cash and cash equivalents	210	112	773
- Other financial assets	441	436	512
Other current assets	116	114	145
TOTAL ASSETS	**5,816**	**6,308**	**8,352**
Equity share capital	89	89	89
Other equity	3,268	3,446	4,223
Non-current liabilities			
Provisions	81	100	109
Deferred tax liability (net)	10	16	-
Current liabilities			
Financial liabilities			
- Borrowings	100	113	-
- Trade payables	1,874	1,629	2,753
- Other financial liabilities	26	70	60
Provisions	15	18	18
Other current liabilities	355	828	1,100
TOTAL EQUITY AND LIABILITIES	**5,816**	**6,308**	**8,352**

₹ crores

PROFIT & LOSS ACCOUNT	2015-16	2016-17
Revenue from operations	11,105	12,717
Expenses	10,161	11,522
Interest	42	37
Depreciation/Amortisation	87	93
Operating Profit/ (loss)	815	1,065
Add: Other income	73	65
Less: Exceptional Item	-	96
Profit before tax	888	1,033
Tax expense	191	272
Profit for the year	698	762
Other comprehensive income	(39)	15
Total comprehensive income	659	777
Equity Dividend (%)	220%	260%
Equity Dividend (₹)	195	231
Employee costs (excluding VRS)	623	701
% to Sales Income	5.6%	5.5%
Advertising	429	450
% to Sales Income	3.9%	4.1%

TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in

ATTENDANCE SLIP

(To be presented at the entrance)

33rd ANNUAL GENERAL MEETING ON THURSDAY, 3rd AUGUST 2017 AT 3:00 P.M.

At 3, SIPCOT Industrial Complex, Hosur 635 126

Folio No._____ DP ID No._____ Client ID No._____

Name of the Member_____ Signature _____

Name of the Proxyholder _____ Signature_____

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act,2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the Member(s) : .....

Registered Address : .....

E-mail id : .....

Folio No./Client ID No. : ..... DP ID No.....

I/ We, being the member(s) of ..... Shares of Titan Company Limited, hereby appoint

1. Name: ..... E-mail: .....
   Address: .....
   ..... Signature: .....
   or failing him
2. Name: ..... E-mail: .....
   Address: .....
   ..... Signature: .....
   or failing him
3. Name: ..... E-mail: .....
   Address: .....
   ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Thursday, 3rd August 2017 at 3:00 p.m. at 3, SIPCOT Industrial Complex, Hosur 635 126 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, together with the Report of the Auditors thereon
2. Declaration of dividend on equity shares for the financial year 2016-17
3. Re-appointment of Mr. Harish Bhat as a Director
4. Appointment of Auditors
5. Appointment of Mr. Atulya Misra as a Director
6. Appointment of Branch Auditors

Affix Revenue Stamp

Signed this _____day of _____2017.

Signature of shareholder _____ Signature of Proxyholder(s)_____

NOTE : This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.











concept, content and design at aicl (info@aicl.in)



TITAN

SONATA

fastrack

xylys
Swiss made

TANISHQ

ZOYA

TITAN eyeplus

SKINN
TITAN

3 SIPCOT Industrial Complex Hosur 635 126

NOTICE

Notice is hereby given pursuant to Section 96 and 101 of the Companies Act, 2013 (the "Act") that the Thirty Third 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, Tamilnadu, on Thursday, 3rd August, 2017 at 3:00 P.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a. the Audited Financial Statements for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.

   b. the Audited Consolidated Financial Statements for the financial year ended 31st March, 2017 together with the Report of the Auditors thereon.

2. To declare dividend on equity shares for the financial year ended 31st March 2017.

3. To appoint a Director in place of Mr. Harish Bhat (DIN: 00478198), who retires by rotation and, being eligible, offers himself for re-appointment.

4. Appointment of Auditors:

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

   "RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed thereunder, as amended from time to time, BSR & Co., LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 33rd AGM till the conclusion of the 38th AGM of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM if so required under the Act) at such remuneration plus applicable taxes, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

5. Appointment of Mr. Atulya Misra as a Director

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

   "RESOLVED THAT Mr. Atulya Misra, IAS (DIN: 02210369) who was appointed as a Director by the Board of Directors with effect from 31st March 2017 and who holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 ("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 of the Companies Act, 2013 from a shareholder proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

6. Appointment of Branch Auditors

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

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

Notes:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 5 & 6 of the Notice, is

annexed hereto. The relevant details of the Directors seeking re-appointment/ appointment under Item Nos. 3 and 5, pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed.

2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a member of the Company.** A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A proxy form is enclosed herewith. The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 26th July 2017 up to Thursday, 03rd August, 2017 (both days inclusive).**

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

   Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed for a period of seven years from the date they became due for payment, were required to be transferred to the IEPF. Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which are applicable with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed 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.

   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 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 encashed their dividend warrant(s) pertaining to the dividend for the financial year 2009-10 onwards are requested to lodge their claims with TSR Darashaw Limited (TSRDL). Members' attention is particularly drawn to the "Corporate Governance" section of the Annual Report in respect of unclaimed dividend.

   The Ministry of Corporate Affairs ('MCA') on May 10, 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 and under 'Investors' section on the website of the Company viz. www.titan.co.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 10th August 2017 to those members whose names appear on the Register of Members of the Company as on 25th July 2017. 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 25th July 2017.

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 Registrars and Transfer Agents, 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 can contact the Company or TSRDL for assistance in this regard.

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: Vice President – Legal & Company Secretary, Titan Company Limited, No. 132/133, Divyasree Technopolis, Yemalur, off Old Airport Road, Bangalore 560037. (E-mail: arrajaram@titan.co.in). Members are requested to bring their copies of Annual Report to the Meeting.

13. For the convenience of Members, the Company will provide a coach service from Bangalore on the day of the Meeting.

    The coaches will leave for Hosur at 12:00 noon from the following four locations:

    A. Jayanagar - Ashok Pillar, 1st Block, Siddapura Police Station Road, Bangalore - 560 011.

    B. Rajajinagar - near ISKCON temple, Opp. Varasidhi Vinayaka Temple, Government School Grounds, Bangalore- 560 010.

    C. Golden Palm Station, near BRV theatre, Bangalore -560 001.

    D. i. Corporate Office – 132/133, Divyasree Technopolis, Yemalur, off Old Airport Road, Bangalore - 560 037.

       ii. At 12:30 p.m. from Golden Enclave, Next to Britannia Gardens, Old Airport Road, Bangalore 560 017.

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 the PAN 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 33rd 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 E-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their E-mail address, physical copies of the Notice of the 33rd 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 also note that the Notice of the 33rd Annual General Meeting and the Annual Report for 2016- 17 will also be available on the Company's website www.titan.co.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.

18. 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 NSDL, on all resolutions set forth in this Notice.

19. Mr. Pramod SM of M/s. BMP & Co. LLP, Practicing Company Secretaries (Membership No. FCS No: 7834), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

20. 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.

21. 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.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail IDs are registered with the Company/Depositories):

   i. Open the e-mail and open PDF file viz; "TCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

   ii. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com.

   iii. Click on Shareholder – Login.

   iv. If you are already registered with NSDL for e-voting, then you can use your existing User ID and password for casting your vote.

   v. If you are logging in for the first time, please enter the User ID and password provided in the PDF file attached with the e-mail as initial password. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

vi. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.

vii. Select "EVEN" (E-Voting Event Number) of Titan Company Limited which is 106265. Now you are ready for remote e-voting as Cast Vote page opens.

viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

ix. Upon confirmation, the message "Vote cast successfully" will be displayed.

x. Once the vote on a resolution is cast, the Member shall not be allowed to modify it subsequently.

xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to pramod@adyanta.co.in with a copy marked to evoting@nsdl.co.in

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available at the Downloads section of www.evoting.nsdl.com or call on toll free no.: 1800 222 990.

B. In case a Member receives a physical copy of the Notice of the AGM (for Members whose E-mail addresses are not registered with the Company/Depositories):

i. Initial password is provided in the enclosed attendance slip: EVEN (E-Voting Event Number) + User ID + Password.

ii. Please follow all steps from Sl. No. 21. A (ii) to Sl. No. (xii) above, to cast vote.

C. Other Instructions:

i. The e-voting period commences on Monday, 31st July 2017 (9:00 a.m. IST) and ends on Wednesday, 2nd August, 2017 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 27th July 2017, 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 i.e. 23rd June 2017 may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.

iv. A Member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

v. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of e-voting or polling paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

vi. The Scrutinizer shall after the conclusion of voting at the General Meeting, first count the votes cast at the Annual Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not

in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

vii. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company, www.titan.co.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9:00 A.M. to 5:00 P.M.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors,

12th May 2017

A R Rajaram
Vice President-Legal and Company Secretary

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

ANNEXURE TO NOTICE

Item No. 4

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s Deloitte Haskins & Sells, Chartered Accountants, the present Auditors of the Company complete their term as Auditors. The Board of Directors has, based on the recommendation of the Audit Committee, proposed the appointment of M/s BSR & Co. LLP, having Registration No. 101248W/W-100022 as the Statutory Auditors of the Company for a period of five years, to hold office from the conclusion of the 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting, subject to ratification of their appointment by the Members at every intervening Annual General Meeting on a remuneration plus applicable taxes, out-of-pocket expenses, etc. incurred in connection with the audit as may be decided by the Board of Directors in consultation with the Auditors.

BSR & Co. LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board commends the Resolution at Item No.4 for approval by the Members.

None of the Directors or Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No.4 of the Notice.

Pursuant to Section 102 of the Act, the following explanatory statement sets out all material facts relating to the business mentioned under item Nos. 5 & 6 of the accompanying Notice.

Item No.5

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. Atulya Misra, IAS, Principal Secretary, Industries Department, Government of Tamil Nadu as a Nominee Director of TIDCO on the Board of the Company effective 31st March 2017 in place of Mr. Vikram Kapur and was appointed as an Additional Director of the Company by the Board of Directors. As such, Mr. Atulya Misra 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 the intention to propose Mr. Atulya Misra

for the office of Director at the forthcoming Annual General Meeting.

None of the Directors or Key Managerial Personnel or their respective relatives other than Mr. Atulya Misra is concerned or interested in the Resolution at Item No. 5 of the Notice.

ITEM NO.6

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

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

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

By Order of the Board of Directors,

A R Rajaram
12th May 2017 Vice President-Legal and Company Secretary

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

ROUTE MAP to the Venue of the 33rd Annual General Meeting from Hosur Bus Stand



NOTICE

Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting
(In pursuance of Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015)
(Directorship & Committee membership other than Titan Company Limited)

Particulars	Mr. Harish Bhat	Mr. Atulya Misra
Date of Birth	8th November 1962	13th December 1965
Date of Appointment	20th April 2015	31st March 2017
Qualifications	BE (Hons) - BITS Pilani, PGDM - Indian Institute of Management, Ahmedabad.	M.Sc., MA (PP) - Teri/ University of Texas
Expertise in specific functional areas	Overall business management including funcational expertise in sales, marketing and corporate management.	Has held critical and important positions in the Government of Tamilnadu as well as the Government of India. Has close to 3 decades of wide experience in Public Administration, Management of regulatory bodies and heading large infrastructure and commercial organisations.
Directorships held in other companies (excluding foreign companies)	i. Trent Limited ii. Tata Coffee Limited iii. Tata Global Beverages Limited iv. Infiniti Retail Limited v. Tata Unistore Limited vi. Tata AIA Life Insurance Company Limited	i. Tamilnadu Industrial Development Corporation Limited ii. State Industries Promotion Corporation of Tamilnadu Limited iii. Tamilnadu Sugar Corporation Limited iv. Tamilnadu Cements Corporation Limited v. Tamilnadu Generation and Distribution Corporation Limited vi. TNEB Limited vii. TIDEL Park Limited viii. Tamilnadu Petroproducts Limited ix. Tamilnadu Minerals Limited
Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Stakeholders Relationship Committee: i. Tata Coffee Limited	NIL
Number of shares held in the Company	80,000	NIL