TITAN
COMPANY

INTEGRITY

IN EVERY RELATIONSHIP

TITAN COMPANY LIMITED

ANNUAL REPORT **2017-18**

ANNUAL REPORT 2017–18

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Announcement

We are taking our first step to move to Integrated Reporting in line with our continuous commitment to voluntarily disclose more information to our stakeholders on all aspects of our business. Accordingly, we have introduced key content elements of Integrated Reporting <IR> aligned to the International Integrated Reporting Council Framework (IIRC) and as per SEBI's circular dated 6th February 2017. We will add more IR content elements over the years as we move towards a complete <IR>.

It is possible that some IR related data are management estimates.

Reporting Principle

The financial and statutory data presented in this Report is in line with the requirements of the Companies Act, 2013 (including the Rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards.

The non-financial section of the Report is guided by the framework of the International Integrated Reporting Council (IIRC), Securities and Exchange Board of India and Principles of National Voluntary Guidelines on social, environmental and economic responsibilities of business.

Integrity - The new Corporate Office in Bengaluru

INTEGRITY at Titan underscores every aspect of our many relationships. Emanating from the deeply ingrained TATA Ethos, integrity permeates every stakeholder group.

FROM CUSTOMERS TO KARIGARS

FROM INVESTORS TO ASSOCIATES

FROM EMPLOYEES TO COMMUNITIES

Every person, every activity and every relationship at Titan starts with the purity of intent and endures with commitment to fairness.

About this Report

This report combines the Annual Report with key elements of Integrated Reporting <IR> framework laid down by IIRC. Our focus has been on a holistic evaluation of how we create and sustain value using financial as well as other non-financial capitals. We have used simple infographics to illustrate the value creation process through our business model and demonstrated the relationship and interlinkages of various inputs under each capital with outputs and outcomes.

Key Reporting Topics under IR

Being our maiden attempt at Integrated Reporting <IR>, we have explained the two fundamental <IR> concepts of value creation using the six multiple capitals. The <IR> content elements we have highlighted separately are Overview and Context, Performance (including individual business performance), Business Model and Strategy.

Other <IR> content elements like our engagement with key stakeholders, risks, governance, CSR and environmental initiatives are further explained in the statutory section of the Annual Report under topics like Management Discussion and Analysis (MDA) and Board's Report as well as Business Responsibility Report.

FINANCIAL HIGHLIGHTS

Revenue

₹15,656 Cr.

₹12,999 Cr.
FY 2016-17

EBIDTA

₹1,728 Cr.

₹1,164 Cr.
FY 2016-17

PBT

₹1,571 Cr.

₹1,033 Cr.
FY 2016-17

PAT

₹1,163 Cr.*

₹762 Cr.
FY 2016-17

ROCE

35.98%

29.68%
FY 2016-17

ROE

24.47%

19.42%
FY 2016-17

EPS

₹13.10

₹8.58
FY 2016-17

Dividend

₹333 Cr.

₹231 Cr.
FY 2016-17

Net Worth

₹5,194 Cr.

₹4,312 Cr.
FY 2016-17

Market Capitalisation

₹83,656 Cr.
As on 31st March 2018

₹41,082 Cr.
As on 31st March 2017

CSR Spend

₹23.44 Cr.

Employee Volunteering

8,000 Hours

* PAT and ROE after exceptional item of ₹ 91.65 Cr.

OPERATING CONTEXT

The Indian consumption story continued to gather momentum during the year. Buoyed by 6.7% growth in GDP, India's affluent middle class and aspirational youth are the key drivers of the impressive and increasing Indian consumption trajectory. Long-term reforms like the implementation of the Goods and Services Tax (GST) are in line with formalisation of the economy as they create a unified marketplace for the first time.

India today is home to over 245,000 dollar millionaires and has over 400 million millennials, who are set to triple consumption in India to US$ 4 trillion by 2025. As the Indian consumption story unfolds, there are interesting themes that are emerging:

FOR TITAN, THE OPERATING CONTEXT FOR THE YEAR WAS EXTREMELY POSITIVE. ALL THE KEY BUSINESSES OF THE COMPANY DELIVERED AN EXCEPTIONAL PERFORMANCE. TWO OF OUR BUSINESSES HAD A STERLING YEAR; THE WATCHES BUSINESS HAD AN IMPRESSIVE DOUBLE-DIGIT GROWTH WHILE THE JEWELLERY BUSINESS RECORDED ITS BEST PERFORMANCE EVER. OTHER BUSINESSES CONTINUED TO STRENGTHEN AND GROW.

US$ 5 Trillion

India's household wealth

12%

India's YoY nominal expenditure growth rate compared to global rate of ~5%

Source: BCG, Credit Suisse, Morgan Stanley, IMF, Industry data

THE TITAN JOURNEY

THE TITAN JOURNEY BEGAN WITH SMALL BUT CONFIDENT STEPS IN 1984 AS A JOINT VENTURE BETWEEN THE TATA GROUP AND TAMIL NADU INDUSTRIAL DEVELOPMENT CORPORATION (TIDCO). STARTED WITH AN OBJECTIVE TO CREATE WORLD-CLASS WATCHES FOR EVERY INDIAN, TITAN TODAY IS THE FIFTH LARGEST INTEGRATED WATCH MANUFACTURER IN THE WORLD.

In 1995, Titan launched its jewellery business. In a short span of two decades, Tanishq has become India’s most trusted brand, renowned as much for its elegance and design as for its authentic quality and craftsmanship.

Titan continued its journey entering more lifestyle categories like eyewear (Titan EyePlus), accessories and fragrance (Skinn). The latest foray is a natural extension of the Titan value proposition: design, lifestyle and self-expression, with handcrafted sarees by Taneira.

Our Vision

WE CREATE ELEVATING EXPERIENCES FOR THE PEOPLE WE TOUCH AND SIGNIFICANTLY IMPACT THE WORLD WE WORK IN.

Our Mission

WE WILL DO THIS THROUGH A PIONEERING SPIRIT AND A CARING, VALUE-DRIVEN CULTURE THAT FOSTERS INNOVATION, DRIVES PERFORMANCE AND ENSURES THE HIGHEST GLOBAL STANDARDS IN EVERYTHING WE DO.

Our Values and Standards

Total Customer Orientation
Customers take precedence over everything else, always.

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

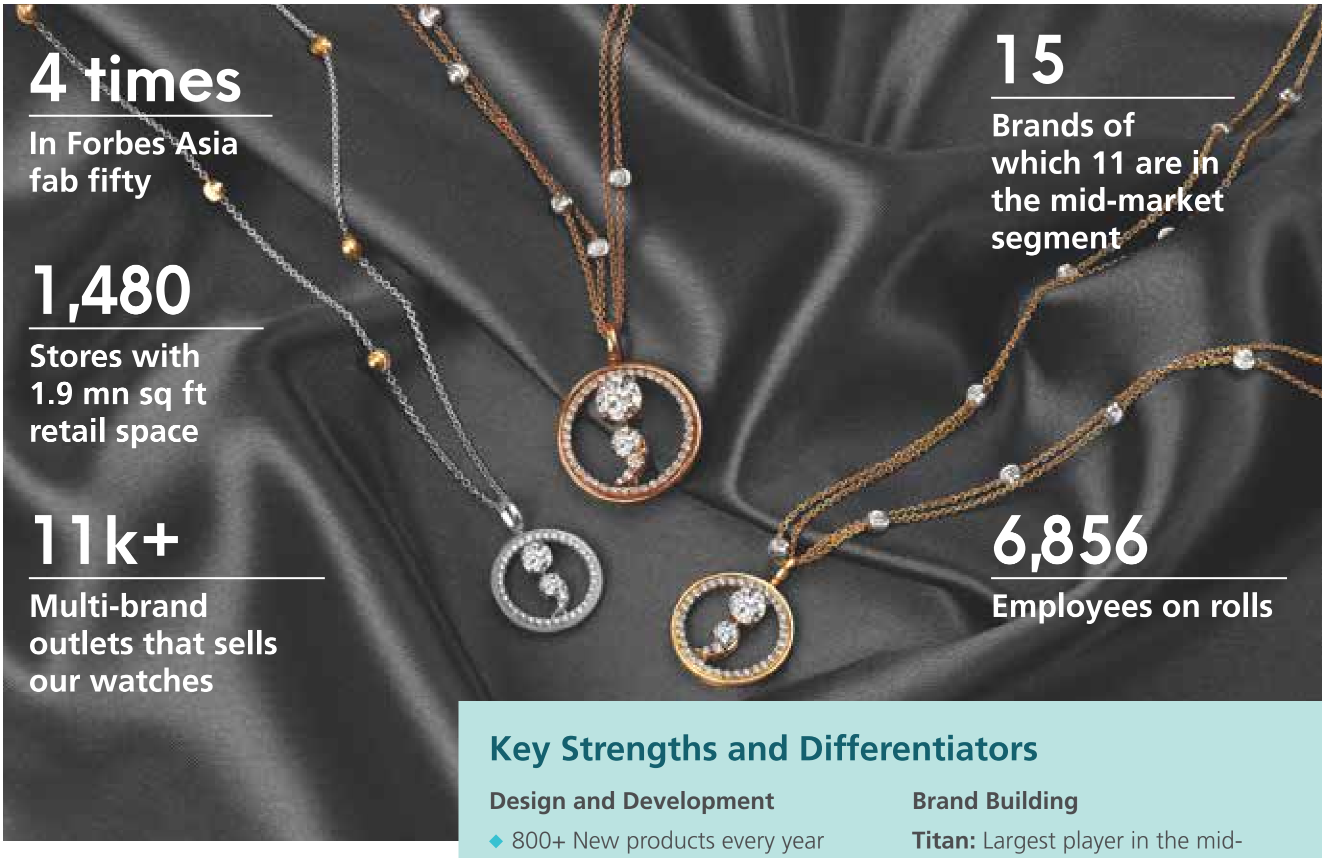
Performance Culture and Teamwork
At Titan, high performance is a way of life and is nurtured by teamwork.

Creativity and Innovation
Driven by innovation and creativity, we thrive on questioning the status quo and investing in current technologies.

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

Corporate Citizenship
We ensure that a part of our resources are invested in the betterment of the environment and community, in general.

TITAN TODAY



Reach and Presence in India

1,480 EXCLUSIVE STORES IN 276 CITIES /TOWNS SPANNING OVER 1.9 MILLION SQ FT OF RETAIL SPACE

Key Strengths and Differentiators

Design and Development

- 800+ New products every year
- 2 Edge Watches awarded the Red Dot award
- Differentiated Jewellery Collections
- Customised lenses with 3D visual mapping

Manufacturing

- 12 Manufacturing and assembly facilities
- State-of-the-art Karigar Centres for Jewellery
- Suppliers of watch components to Swiss customers
- 3,600+ employees engaged in factories
- Machine Building and Automation

Brand Building

Titan: Largest player in the mid-premium watch segment
Sonata: India's largest selling watch brand

Fastrack: India's largest youth brand

Tanishq: India's leading Jewellery brand

Raga: Exclusive watch brand for women

Skinn: India's leading Fine Fragrance brand

Retail and Customer Service

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

Our Brands

	Bridge-to-Luxury	Premium	Mid Market	Mass Market
	FAVRE-LEUBA	XYLYS NEBULA by TITAN	TITAN fastrack Zoop TITAN RAGA	SONATA
	ZOYA A TATA PRODUCT	TANISHQ	Mia by Tanishq CARATLANE	
			TITAN eyeplus OLEO by TITAN SUNGLASSES fastrack	
				SKINN by TITAN Fine French Perfumes

Brands Titan is associated with

Joint Venture

- Montblanc

Licensed Brands

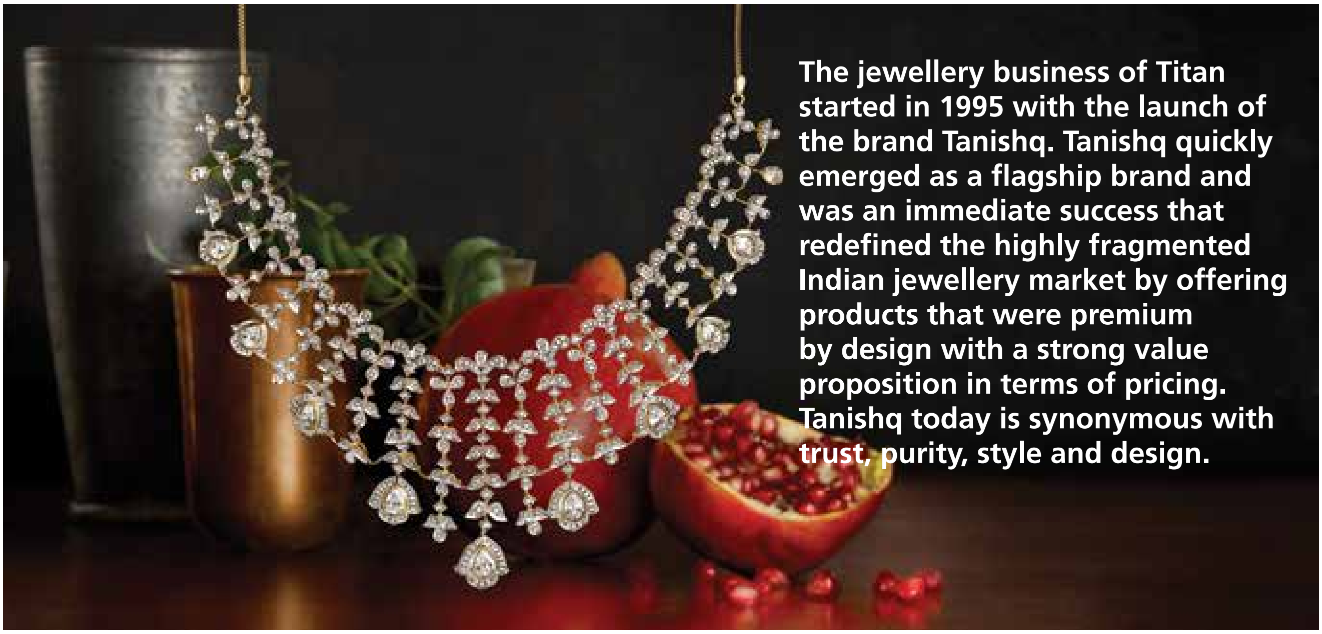
- Tommy Hilfiger
- Police
- FCUK
- Annie Klein
- Kenneth Cole
- Coach
- Lee Cooper

The Indian consumption story being one of the world's most compelling; Titan is committed to cater to this demand. With over 15 lifestyle and aspirational brands, a pan-India reach and presence of 11,000 consumer touchpoints, state-of-the-art integrated manufacturing, cutting-edge in-house design and innovation, every Titan product is created with purity of intent, thoughtfully designed and manufactured with ethically sourced materials and sustainable processes.

WHERE ELEGANCE MEETS EXCELLENCE, DESIGN MEETS INNOVATION AND TRANSPARENCY MEETS TRUST – THIS IS WHAT DIFFERENTIATES TITAN.

BUSINESS REVIEW

Jewellery Business



The jewellery business of Titan started in 1995 with the launch of the brand Tanishq. Tanishq quickly emerged as a flagship brand and was an immediate success that redefined the highly fragmented Indian jewellery market by offering products that were premium by design with a strong value proposition in terms of pricing. Tanishq today is synonymous with trust, purity, style and design.

The jewellery business multiplied the Tanishq success with both brand and reach expansion. Brand Zoya was launched in the luxury segment, while Mia, a sub-brand under Tanishq was started specifically for work-wear jewellery. CaratLane leverages technology to bring the best seamless omni-channel experience to customers with features like virtual try-on and option to finally close the sale at a nearby store. With growing digitisation, online commerce and m-commerce, CaratLane has made it easier for Titan to tap untapped markets.

Brands

TANISHQ	Flagship Brand
ZOYA	Bridge-to-Luxury Brand
Mia by Tanishq	Sub-brand of Tanishq for young women
CARATLANE	Tanishq partnership, e-commerce brand

Design

- Tanishq Design Studio with teams across Kolkata, Mumbai, Delhi and Bengaluru
- From trend research to highly differentiated designs

Reach and Presence

Exclusive Brand Outlets

- Tanishq – 256 showrooms (including 3 Zoya stores) across 159 towns and cities
- Mia – 16 stores across 15 cities / towns
- CaratLane – 36 showrooms across 13 towns making Titan the largest jewellery retailer in the country

Manufacturing

- A good proposition of studded jewellery manufactured in-house
- 4 manufacturing facilities
- 4 Karigar centres to nurture artisans and craftsmen while ensuring quality

Performance

Total Revenue
₹13,036 Cr.

₹10,485 Cr.
FY 2016-17

EBIT
₹1,543 Cr.

₹1,039 Cr.
FY 2016-17

ROCE
67%

48%
FY 2016-17

The jewellery business recorded its best-ever performance since inception. Driven by strong same-store sales growth of around 20%, the total revenues rose by 20% for the second consecutive year, outperforming both the national and local/regional competition.

With the launch of new collections and continuing geographic expansion, the business continues to improve upon operational efficiencies. The business continued to capitalise on the formalisation opportunity in the Indian economy created by demonetisation and the implementation of GST. Brand metrics were strongest in many years. The business continued to garner a higher share in the Wedding jewellery segment as well as in the High Value Diamond Jewellery segment with 35% and 30% contribution respectively. The mass-market expansion acceleration continued during the year with 45 new stores with brand presence in 159 towns. Golden Harvest, the gold exchange scheme is the best exchange scheme in the market in terms of transparency and value, helping increase ticket size and wallet-share. CaratLane continues to reach newer customers and is expected to achieve EBITDA break-even in FY 2018-19.

Highpoints
- 45 Tanishq and 1 Zoya store added
- 5 Mia stores added
- 7 new collections launched
- 1 new manufacturing unit started at Sikkim
- 21 CaratLane stores added
- CaratLane won the Real Innovation Award instituted by London Business School

CaratLane

In 2016, Titan invested in CaratLane, India's biggest online jewellery company. Designing stylish fine jewellery in gold and diamonds for everyday wear and making it affordable as well as accessible, CaratLane has transformed the jewellery buying and wearing experience in India. With 36 stores across the country, CaratLane also has a growing store presence, making it a truly omni-channel jewellery brand. CaratLane reported a turnover of ₹ 290 Cr. in FY 2017-18.

INTEGRITY
IN EVERY RELATIONSHIP

KARIGAR

The fine craft of jewellery-making has been passed down from generations in Lalmohan's family. Unfortunately, poor working conditions and high exploitation almost forced Lalmohan to abandon karigari and take up farming. The heritage Indian art of Karigari was in danger of being lost forever.

The Karigar Centres aim to preserve and promote goldsmiths, artisans and craftsmen uniquely skilled in the heritage art of jewellery-making. By creating and enabling an ecosystem with dedicated workstations, comfortable accommodations and fair remuneration, the Karigar Centre fosters a culture of integrity through action and association. By empowering Karigars through dignified and sustainable employment, the Centre is committed towards ensuring that Indian art and artisans flourish for generations to come.

Tanishq has 15 Karigar Centres and has transformed the lives of 720 karigars. Integrity at Titan goes beyond business–ensuring that the 5,000-year Indian tradition of jewellery-making continues to thrive for posterity.

Please scan the QR code to watch the story of Lalmohan Diyashi

Lalmohan Diyashi
Karigar, Titan Karigar Centre

INTEGRITY
IN EVERY RELATIONSHIP

VENDOR

Sometimes, delivery deadlines could cause a compromise in quality, but not at Titan. Quality is always a top-priority. With a desire to achieve world-class high-quality products, providing support to vendor partners is an integral part of the Titan ecosystem.

Jugnu Uberoi, a vendor partner for Titan Watches, was faced with the challenge of faulty raw materials. Instead of merely stating the problem and expecting him to fix it, Titan worked with Jugnu to get to the root of the problem and take corrective measures. Today, many like Jugnu are grateful for Titan's support for helping them find solutions that reinforce quality consciousness and make them better vendors.

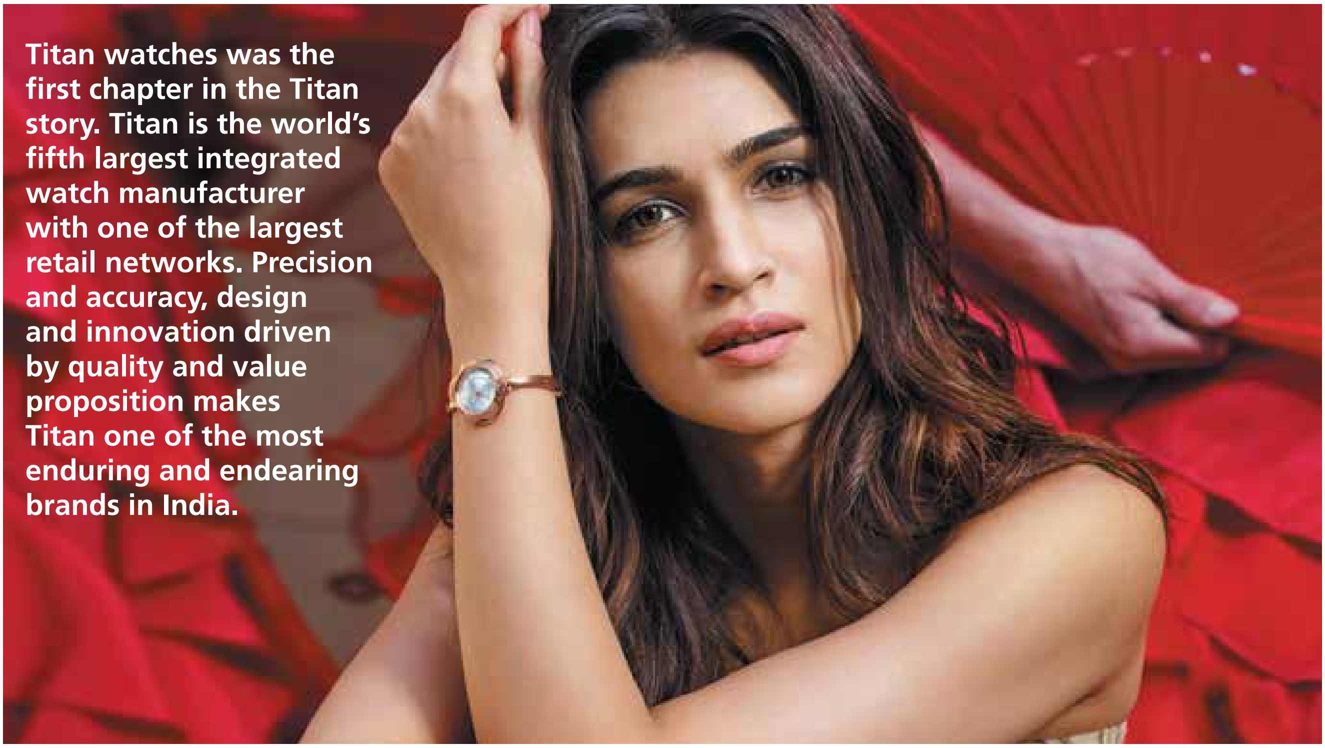
Vendor partners are an integral part of Titan. Titan collaborates with vendors helping them solve typical problems of quality, timely delivery and adherence to quality standards. The Company conducts regular vendor-meets and workshops that help vendor partners improve in every aspect ranging from latest materials to cutting-edge technology.

Please scan the QR code to watch the story of Jugnu Uberoi

Jugnu Uberoi
Vendor Partner, Titan Watches

BUSINESS REVIEW

Watches Business



From Edge to Xylys and from Raga to Sonata, each brand has a key unique differentiator sold from The World of Titan stores. The division also owns and operates multi-brand outlets – Helios, offering over 30 licensed premium and international brands. Additionally, watches and accessories are also available at other major multi-brand outlets as well as online. Globally, the division exports to 31 countries.

Brands

TITAN	xylys
fastrack	NEBULA
FAVRE-LEUBA	TITAN RAGA
SONATA	HELIOS

Reach and Presence

Exclusive Brand Outlets

- 486 World of Titan in 29 cities
- 166 Fastrack in 83 cities

Premium Multi-brand Outlets

- 70 Helios in 33 cities

Other Multi-brand Outlets

- Over 11,000+ dealers
- 223 Large Format Stores
- Online: www.titan.co.in + major online marketplaces
- 31 Countries – 2,264 touchpoints

Customer Service

730 Watch care centres in 277 towns – largest network of exclusive service centres

Manufacturing and Assembly

- 2 Manufacturing units
- 3 Assembly plants
- 3 Business units - Titan, Sonata and Fastrack

Performance

Total Revenue

₹2,126 Cr.

₹2,053 Cr.
FY 2016-17

EBIT

₹258 Cr.

₹138 Cr.
FY 2016-17

ROCE

35%

30%
FY 2016-17

The re-crafting strategy to improve revenue and profitability started in 2016-17 that started bearing rich fruits during the year. The division achieved double digit growth on the back of increasing premiumisation of the Titan brand and reigniting of the Fastrack brand.

The year also saw expansion of the network with over 44 new stores added. Over 100 stores were renovated during the year. The World of Titan stores crossed the ₹ 1,000 Cr. landmark during the year. Helios almost doubled its reach during the year, in line with the strong momentum the channel is gathering. The division now handles 7 licensed brands.

Taking a huge step forward for women empowerment and safety, Sonata launched ACT, a watch with an App Enabled Coordinates Tracker. The watch can send instant distress alerts by interfacing with the user's mobile phone.

Titan WE is a smartwatch made for women that helps them connect with their loved ones and stay safe. Users can send an SOS message with their location, just with the click of a button on the watch.

The division continues to invest significantly in branding initiatives. Favre-Leuba, the second oldest watch brand in the world, was revived by the Company in 2016. It has opened 50 retail outlets in just 18 months and is steadily gaining presence, particularly in Japan. The division continues to invest in the brand with a long-term perspective.

Highpoints

- 12 World of Titans added
- 21 Helios added
- 38 other touchpoints added
- 27 service centres added
- Many exciting collections launched during the year
- Fastrack gets a refreshed look with stronger youth connect
- Fastrack gets smart with 'Reflex'
- Raga by Masaba gets over 230 million impressions
- VH1 Supersonic – styled by Fastrack
- Shut the Fake Up – Fastrack campaign gives a new voice to the youth of India
- 17 million online views for Fastrack Reflex campaign
- Fastrack wins India's Buzziest Brands Award under Apparel, Fashion and Accessory category
- Sonata ACT bagged the Brand Launch of the Year Award in 2018

Favre Leuba AG (FLAG)

Incorporated in 2012, Favre Leuba AG (FLAG) is a 100% subsidiary of Titan. FLAG is headquartered in Solothurn, Switzerland and owns the Favre Leuba brand, one of the oldest Swiss watch brands. For today's global watch connoisseur, the brand is now being invigorated in a contemporary form that brings together innovation and practicality while staying true to its rich heritage.

BUSINESS REVIEW

Eyewear

Titan EyePlus, the third major venture of consumer business by Titan, was launched into the organised eyewear segment in March 2007. The pioneering Titan EyePlus aims to bring world-class optical retail experience through differentiated and design-led products.

Titan EyePlus has redefined the unorganised eyewear market in India through Titan EyePlus stores where customers can see, touch, browse latest styles of frames and sunglasses. The stores offer top quality solution for prescription eyewear in the form of lenses and contact lenses, with a unique eye-testing process linked to the lens-maker, enabling delivery of trusted and high quality eyewear in one visit.

Brands

- Titan – in-house brand for frames and lenses
- Fastrack and Glares – for sunglasses

Exclusive Brand Outlets/ Retail Stores

- 500 Titan EyePlus stores in 218 cities – India's largest optical retail chain
- Sunglasses also sold through other multi-brand outlets and departmental stores (Shop-in-Shop and kiosk)

Manufacturing

- State-of-the-art lens lab and frame manufacturing facility at Chikkaballapur, Karnataka
- Satellite lens labs in major cities for faster turnaround

Differentiators

- Expertise that is trustworthy
- Store staff and optometrists trained by Sankara Nethralaya
- Error-free, remote eye-testing
- Correct-selling to meet customer requirement
- Wide range of style and designs with a strong value proposition

Performance

Total Revenue

₹415 Cr.

₹414 Cr.
FY 2016-17

EBIT

₹2 Cr.

₹13 Cr.
FY 2016-17

ROCE

2%

15%
FY 2016-17

The eyewear business maintained a stable growth rate of 8%. Titan EyePlus continued to do well, while the sunglasses business faced challenges due to GST disruption.

Over 52 new stores were added, taking the total to 500 stores. Many old format stores underwent major renovations to reflect the new identity. A key branding initiative undertaken during the year was to position Titan EyePlus on the expertise platform from the earlier lifestyle platform. The business continued to invest in both back-end, training, innovation, omni-channel as well as higher customer-centricity to strengthen the foundation essential for future scale-up and expansion.

Highpoints

- Titan EyePlus brand platform changed from lifestyle to expertise
- Modern and contemporary new identity for Titan EyePlus stores
- 30-minute delivery of prescription glasses highly successful
- Real-time Net Promoter Score (NPS) introduced at all stores to track customer satisfaction
- 300 new frames and 350 new sunglasses introduced
- FLIP innovative frames launched
- 3 satellite lens labs opened at Kolkata, Noida and Mumbai

Titan Engineering & Automation

Titan also has a Precision and Engineering Division started in 2005 to leverage precision engineering capabilities to other industries like aerospace, automotive, oil & gas, engineering, hydraulics, solar and medical instruments. This division is now housed under a wholly-owned subsidiary – Titan Engineering & Automation Limited (TEAL). During FY 2017-18, TEAL generated a total Revenue of ₹ 252 Cr. and added two new clients in Aerospace and four new clients in Automation, including one in food-processing, opening a new business segment.

BUSINESS REVIEW

Fragrances

Skinn perfumes are reshaping the fragrance market in India, with a combination of world-class fine fragrances along with the trust and consumer expertise of Titan. In a market otherwise dominated by international brands, Skinn has become one of the leading fine fragrance brands across most chains.

As consumer lifestyles evolve, Skinn aims to grow the fine fragrance category in India, by attracting more users with great products, and affordable price points.

Product Portfolio

- Range of over 15 distinct fragrances. Each fragrance is available in multiple formats and packs – to meet individual and gifting needs

Distribution Strength

- Over 2,000 points of sale including World of Titan stores, major department store chains, multi-brand outlets and online channels, Skinn is one of the most widely distributed fine fragrance brands in India. In addition, there are around 30 exclusive Skinn kiosks in malls and airports where consumers can experience the entire range of Skinn

Manufacturing

- Crafted by some of the best perfumers in the world, using a palette of exotic international ingredients
- Bottled to the highest manufacturing standards in France and India

Differentiators

- Crafted by the best perfumers in France, to suit Indian consumer preferences
- Authentic, exceptional quality – best of expertise and ingredients
- Trust of Titan
- Accessible price points

Highpoints

- No. 1 selling perfume brand (By Value) in all major chains
- High consumer acceptance and advocacy

Taneira Sarees

Taneira, the youngest brand from Titan is the Company's foray into Indian dress wear, currently anchored in handcrafted sarees.

Derived from the word 'Tan' meaning body and 'Eira', the Sanskrit name for Goddess Saraswati, Taneira celebrates the magnificence and diversity of Indian textile, with handpicked designs from across the country. With a special focus on craftsmanship, weaves and the purity of fabric, Taneira's curated range caters to all occasions appealing to the cultural sensibilities of the Indian woman.

Differentiators

- Wide collection of unique handpicked sarees across pure cottons, silks, linens and tussars. Sourced from over 30 weaving and craft clusters in India, ranging from Bengal cottons at ₹1,000/- to Patan Patolas at ₹3,00,000/-
- Authenticity in craft and material, enhanced by tasteful curation
- Two stores in Bengaluru are a step in redefining the retail experience for the category, through their tactile and sensorial design of space
- A Bridal floor with exclusively designed Lehengas and curated bridal sarees from different parts of India, catering to the regional preferences of the bride-to-be
- An fully-equipped style studio that completes the ensemble through custom blouse stitching, fall and finishing

INTEGRITY
IN EVERY RELATIONSHIP

RETAIL SALES OFFICER

All our Tanishq store staff are well trained to ensure statutory requirement. Retail Sales Officers (RSO) like Sherly D' Souza ensure regulatory laws are never compromised.

In the odd event of the customer not agreeing to share mandatory details, integrity supersedes income, and the RSOs explain thoroughly and customers are convinced of the necessity. Tanishq is a leading jewellery brand not only for its designs and collections, but also due to the purity of gold and transparency in conducting business, encouraging customers to do business with total integrity and compliance.

> Tanishq works closely with its RSOs, ensuring the highest standards of integrity at its stores with RSOs being our key custodians of integrity.

Please scan the QR code to watch the story of Sherly D'Souza

Sherly D'Souza
Retail Sales Officer, Tanishq

THE JOURNEY TOWARDS INTEGRATED REPORTING

Starting this year, Titan is taking its first step towards Integrated Reporting. While value-creation remains at the core of all businesses, <IR> looks at how organisations create and sustain value in the short, medium and long-term. <IR> also broadens the scope of reporting by examining how non-financial factors like people skills, relationships, environment and others can affect the value-creation process. Thus, <IR> places before its readers, in addition to financial capital, five other capitals that are used in creating long-term value.

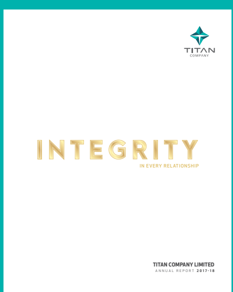
At the heart of <IR> is a sustainable value creation over long-term for all stakeholders, and not just shareholders, using multiple capitals.

As an institution that has integrity as its core value, this first attempt at <IR> reflects our commitment to disclose beyond the statutory requirement by being more open and transparent in our reporting. It is in line with the IIRC framework.

Mr. Bhaskar Bhat
Managing Director

"This year, we start with an Overview of Multiple Capitals followed by Business Model & Value Creation using multiple capitals, followed by a table showing the Interlinkages of Capitals."

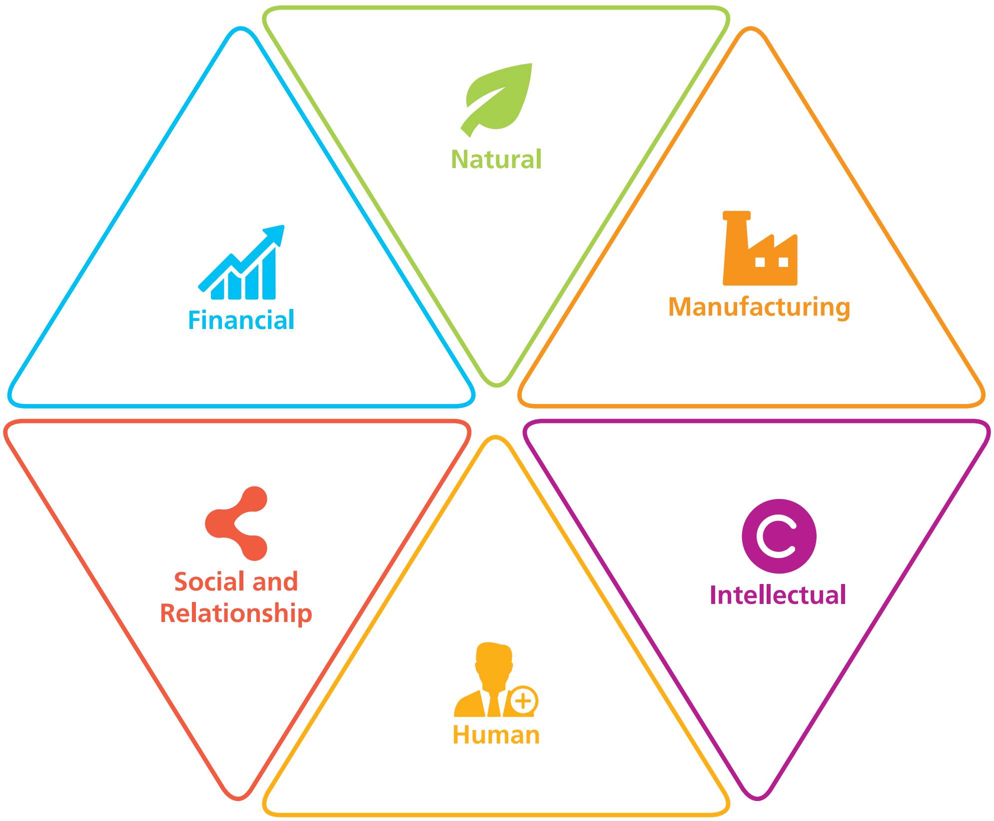
You can also find this report online at
www.titan.co.in



OVERVIEW OF MULTIPLE CAPITALS

BUSINESSES NEED AND USE MORE THAN JUST FINANCIAL CAPITAL TO CREATE VALUE. WHILE MANUFACTURING BUSINESSES USE PLANT, MACHINERY AND EQUIPMENT FOR PRODUCTION, CREATIVE BUSINESSES DEPEND ON PEOPLE SKILLS.

According to the IIRC framework, businesses utilise the following capitals:



THESE MULTIPLE CAPITALS GET TRANSFORMED INTO VALUE. SUSTAINABLE VALUE CREATION SEEKS TO BALANCE ECONOMIC, ENVIRONMENT AND SOCIAL VALUE BY ENSURING THAT ONE VALUE SHOULD NOT BE CREATED BY DESTROYING OR DEPLETING THE OTHER.

The overview of multiple capitals we use is showcased below:

FINANCIAL CAPITAL

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

MANUFACTURING CAPITAL

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

INTELLECTUAL CAPITAL

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

HUMAN CAPITAL

Our motivated and committed employees are the catalysts who drive our business and create value for all our stakeholders. Their experience and skills, their knowledge and expertise, their efforts and integrity across all functions, divisions and geographies are collectively our Human capital as well as our most valuable assets.

SOCIAL AND RELATIONSHIP CAPITAL

As manufacturers, brand-owners and retailers, relationships are paramount to value creation. Our lasting relationships with our direct stakeholders: our customers, our vendors, our business associates, our distribution network as well as our employees form our relationship capital, as does our enduring partnerships with external stakeholders like state and central government authorities, societies and communities, trade bodies and industry associations. These relationships form our Social and Relationship capital.

NATURAL CAPITAL

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

At Titan, we constantly endeavour and are committed to create and sustain long-term value for all stakeholders through an integrated and holistic capital management with integrity and responsibility.

MANUFACTURING CAPITAL

Business	Plant / Location	Products	Key Equipment and Processes
	Hosur & Coimbatore (Tamil Nadu)	Production of Watches	Design & Manufacturing of cases (Brass & Gold at Hosur, SS at Coimbatore), movements, tools. Surface finishing & allied activities. Pro-E, CAD / CAM for design, special tool-making machines, milling / turning, Proto making, laser marking, forging machines, decorative coating systems (PVD), electroplating & polishing / buffing systems. Assembly line with multi-point monitoring systems. Retail Stores-Laser Engraving.
	Pantnagar & Roorkee, (Uttarakhand), Coimbatore (Tamil Nadu) & Sikkim	Assembly of Watches	
	Hosur (Tamil Nadu), Pantnagar (Uttarakhand), Mumbai (Maharashtra), Kolkata (West Bengal) & Sikkim	Manufacturing and assembly of Jewellery Sorting Office	Manufacturing Technology & Equipment-Waxing, Casting, Melting, Rolling, Refining, Alloying, Assaying, Automated component bagging; Robotic Kit marshal, butterfly manufacturing and investment powder loading, 5 Axis CNC machine, Rapid prototyping, Laser welding & marking. Technology & Equipment for Quality-EDXRF for Purity testing, synthetic diamond detection.
	Lens Labs at Chikkaballapur (Karnataka), Delhi, Mumbai (Maharashtra) Kolkata (West Bengal) Patna (Bihar), Cochin (Kerala) & Bengaluru (Karnataka)	Production of lenses	Lens Labs - Lens manufacturing, testing, glass cutting, special coating systems.
	Frame Manufacturing-Chikkaballapur (Karnataka)	Manufacturing of Frames	Frame Manufacturing-Acetate & metal line, testing
	Hosur (Tamil Nadu)	Machines	Design and Manufacturing of machine lines & parts. Pro-E, CAD / CAM for design, special purpose machines, presses, lathes, tool making, milling & turning machines, non-destructive testing
	Muduganapalli (Tamil Nadu)	Parts	

INTELLECTUAL CAPITAL – DESIGN AND INNOVATION

Business	Design and Innovation Centres/Hubs	Products	Areas worked upon (material, functionality, design, technology-smart/connected)
	Hosur (Tamil Nadu)	Watches	Laser cutting, wire cutting, torch brazing, texturing finish, new colour laser, investment casting, fine numerals by forming, aluminium case by cold forming, stone set drilling on 5 axis etc.
	Hosur (Tamil Nadu)	Jewellery	Automatic diamond bagging, hollow ball making, 22kt hard alloy, low temperature melting gold alloy, stone detection, investment mixing operation, investment powder removal etc.
	Chikkaballapur (Karnataka)	Lenses and Frames	Designing of lenses and various types of coatings on lenses and different types of materials for frames
	Bengaluru (Karnataka)	Fragrances	Fragrance Development and directing the creativity of our international perfumers, Packaging development
	Centre of Excellence	Smart factory Demo Setup, Riveting Machine, Food Processing Machine	Technology-smart/connected, Design, Technology

Business	Brands	Category	Segment (Luxury/Premium/Mid/Mass)
	Favre Leuba, Nebula	Men / Women / Youth	Luxury & exclusive
	Xylys, Helios, Titan WE	Men / Women / Youth	Premium
	Titan, Sonata, Fastrack,	Men / Women / Youth	Modern, working professionals & upscale fashion seeker
	Raga	Women	Today's Indian Women
	Sonata	Men / Women / Youth	Aspiring middle and lower middle class
	Zoya	Women	HNI seeking exclusivity and Luxury
	Mia	Women	Modern Working Woman
	Rivaah	Women	Young Indian Bride
	Tanishq	Woman	Urban Indian, affluent and discerning women, today's women
	Titania, Flip On	Youth	Upscale urban youth seeking fashion
	Titan & Fastrack Sunglasses & Frames	Men / Women / Youth	Urban youth, today's Indian Woman, working professionals
	Titan EyePlus	Men / Women / Youth	Those seeking solutions to reading / viewing
	SKINN	Men / Women / Youth	Upwardly mobile, globally aware consumers with evolving grooming rituals; Working Professionals

Watches Jewellery Eyewear Fragrances TEAL

HOW WE CREATE, SUSTAIN AND DELIVER VALUE

HOW WE DELIVER VALUE

- Authentic and top quality products with high value proposition
- Happy and motivated employees with long-term career prospect and plans
- Reviving and nurturing Indian artisans and craftsmen
- Steady and assured supply for vendors
- Consistent financial performance and long-term wealth creation for investors
- Regular contribution to state and national exchequer
- Impacting lives in societies and communities through CSR
- Responsible use of Environment and Natural Resources

HOW WE SUSTAIN VALUE

- Vision, Mission, TATA Ethos, TATA Code of Conduct
- Governance Framework and Policies*
- Stakeholder Engagement
- Risk Management & Opportunities*
- Sustainability, Business Responsibility and CSR*

HOW WE CREATE VALUE

- Principal Activities and Revenue Streams

*part of statutory and management report

INTEGRITY
IN EVERY RELATIONSHIP

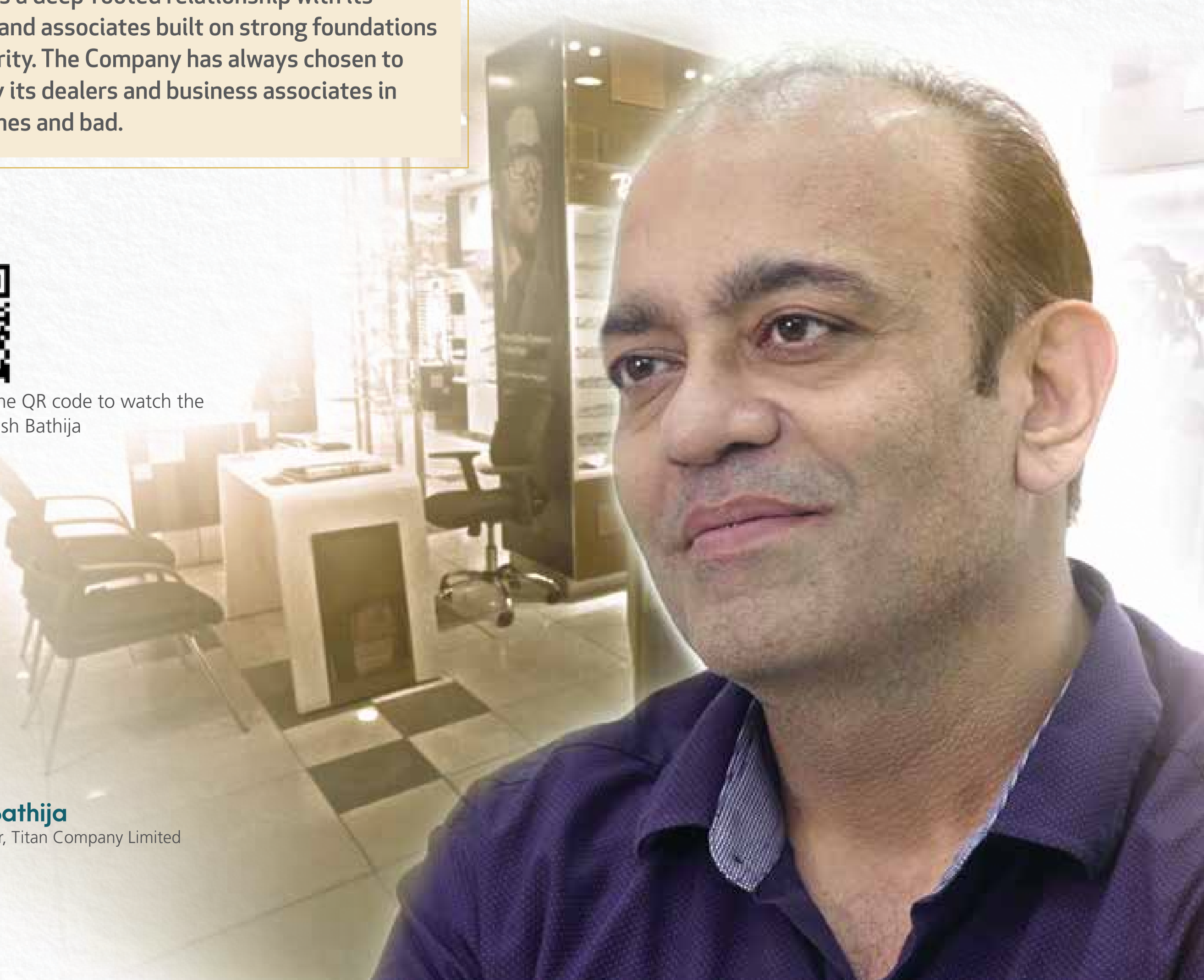
DEALER

The Dealer is an important associate of Titan, and the Company ensures this relationship is as mutually beneficial as possible. The introduction of GST created confusion among many businesses, especially smaller ones, as they were not sure of the impact on their livelihood.

Jagdish Bathija, a Titan Watch Dealer, was one among them. In such trying times, Titan demonstrated through its actions that principles matter, not profit. Staying true to its promise of relationship integrity, the Company stood together with Jagdish Bathija and many other such associates, helping them transition to the new tax structure and ready to bear any losses (if any), in this respect.

> Titan has a deep-rooted relationship with its dealers and associates built on strong foundations of integrity. The Company has always chosen to stand by its dealers and business associates in good times and bad.

Please scan the QR code to watch the story of Jagdish Bathija



Jagdish Bathija
Watches Dealer, Titan Company Limited

INTERLINKAGE OF MULTIPLE CAPITALS IN VALUE CREATION

Input

Financial Capital	UoM	2017-18
Equity	₹ Cr.	88.8
Reserves	₹ Cr.	5,105.2
Total Capital Employed	₹ Cr	5,194.0
Human Capital	**UoM**	**2017-18**
On Roll Employees	Nos.	6,856
Top Management and Leadership	Nos.	68
Manufacturing	Nos.	2,775
Sales, Marketing & Retail	Nos.	3,250
Corporate & Support Functions	Nos.	763
Off Roll Employees		
At Manufacturing and Offices	Nos.	5,074
At Retail stores	Nos.	9,773
Diversity Aspect		
Male	Nos.	5,066
Female	Nos.	1,790
Differentially Abled (Within the above)	Nos.	129
Training, Learning & Development		
Staff Training		
Investments Per Person	₹	4,200
Training	Man-days	2.2
Unionised Employees		
Investments Per Person	₹	4,050
Training	Man-days	1.4
Training for Senior/ Top Management / Professional courses		
Investments Per Person	₹	5,01,000
Training	Man-days	6.7
Relationship and Social Capital	**UoM**	**2017-18**
Number of Showrooms across all formats	Nos.	1,480
Retail Footprint	Sq.Ft	19,25,533
Number of Touchpoints (apart from showrooms)	Nos.	~11000
National Campaigns and Initiatives as part of government schemes/mission like Swachh Bharat, Skill India, etc	Nos.	1
Jewellery Division		
• Pan India Number of Showrooms	Nos.	256
• Key Vendor Base	Nos.	80
Watches Division		
• Pan India Number of Showrooms	Nos.	722
• Key Vendor Base	Nos.	64
Natural Capital	**UoM**	**2017-18**
Watches Division		
• Investments in Green Power	₹ Cr.	2.03
Manufactured Capital	**UoM**	**2017-18**
Jewellery Division		
• Tonnes of Gold Processed	Tonnes	14.54
• Tonnes of Silver Processed	Tonnes	3.09
• Investments in Quality	₹ Cr.	23
Watches Division		
• Quantity of Watches Produced	Lakhs	145.34
• Tonnes of Brass Processed	Tonnes	758
• Cost of Quality Per Watch Produced	₹	24
Eyewear Division		
Lenses production	Lakhs	6.98
Intellectual Capital		
Eyewear Division		
• New Collections (NC) Launched	Nos.	318
Jewellery Division		
• New Materials / Technologies Introduced	List	7
• Collaboration Investments (IIT s)	₹ Cr	0.51
Watches Division		
• New Materials Introduced-Aluminium Products	K	50
• New Technologies Introduced-Variety	K	300
• Collaboration Investments (IIT s)	₹ Cr.	2.11
• Number of Patents Filed	Nos.	8

Business Model showing Principal Activities

GOVERNANCE

KEY ASPECTS

Stakeholder Engagement

Risks and Opportunities

PRINCIPAL ACTIVITIES

Pre-manufacturing

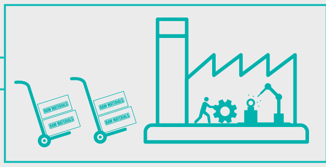
New Products

- Concept and Ideation
- Design, Innovation and Development
- Prototype and Testing

Manufacturing

New Products + Existing and Established Products

- Procurement of Materials and Parts
- Assembly and Final Product and Packaging
- In-house Manufacture and Production



SUPPORT FUNCTIONS

- Human Resources
- Administration
- Information Technology
- Finance
- Digital
- Legal & Secretarial

Mission, Vision, Values, Code of Conduct and Policy Framework

Strategy & Resource Allocation

Post-manufacturing

Route to Market

- Warehouse & Logistics
- Distribution Network (Franchisees, EBO and MBO Stores)
- Online and E-commerce
- Branding, Advertising and Promotions / Marketing

Sales, Customer Satisfaction

- Internal Audit
- Sustainability

OUTCOME

Excellent Products

- Watches
- Jewellery
- Eyewear
- Fragrances
- Sarees

Trusted Brands

Watch Brands

TITAN
FASTRACK
FAVRE LEUBA
XYLYS
NEBULA
RAGA

Jewellery Brands

TANISHQ
MIA
ZOYA
CARATLANE

Eyewear Brands

FASTRACK
TITAN EYEPLUS
GLARES

New Business

SKINN
TANEIRA

Output

Financial Capital	UoM	2017-18
PBT Margin - PBT Margin after exceptional items	%	10.0
Sales to Net fixed assets	Ratio	16.28
Sales to Debtors	Ratio	81.12
Sales to Inventory	Ratio	2.72
Retained Earnings	₹ Cr.	885.07
Return on Capital Employed (EBIT)	%	35.98
Return on Net worth	%	24.47
Market Capitalisation	₹ Cr.	83,656
Human Capital		
No. of candidates identified as Emerging Leaders	Nos.	28
Total Spends on Training, Learning and Development	₹ Cr.	20.19
Attrition-Overall	%	9.7
Relationship and Social Capital		
CSR Spend	₹ Cr.	23.4
Social Intervention areas / Causes supported	Nos.	5
Number of beneficiaries Impacted	Lakhs	3.6
Jewellery Division		
C-Sat Scores-Overall	%	91
Brand Track Scores (Spontaneous)	%	72
Complaints per thousand	Nos.	1.36
Quantities of Jewellery sold	Nos.	30,68,255
Number of Buyers-Tanishq	Lakhs	17.3
New Products Sale	₹ Cr.	3,792
Watches Division		
Brand Track Scores (Spontaneous)	Nos.	98
Market Returns	%	2.97
Number of Followers on Social Media	Nos.	83,527
Quantities of Watches sold	Lakhs	130
Net Promoter Score-World of Titan	Score	89
Net Promoter Score-Fastrack	Score	86
Eyewear Division		
Network Growth-Dealers and Franchisee	Nos.	500
Damage returns from stores	%	2.7
Brand Track Scores (Spontaneous)	Nos.	55
Energy Consumption Per Lens Manufactured	Kwh	2.28
Natural Capital		
Jewellery Division		
Specific Consumption of Energy Per Product	KW per unit	7.9
Specific Consumption of Water Per Product	KL per unit	78
Water / Steam Recycled	%	83
Watches Division		
Specific Consumption of Energy Per Product	KW per unit	2.28
Specific Consumption of Water Per Product	KL per unit	13.2
Wind Energy Contribution	%	82.2
Total Co_2 Emissions	Tonnes	2257
Specific Co_2 Emissions	Kgs / Watch	0.52
Total Silver Recycled	Kgs	16.3
Total Water Recycled	%	90.4
Manufactured Capital		
Jewellery Division		
Percentage of Outsourced Parts-Value	%	72
Watches Division		
Outsourced Parts-Value	₹ Cr.	805
Cost of Quality	%	1.52
Eyewear Division		
Overall quality of product usage	%	92
Intellectual Capital		
Jewellery Division		
Number of Patents Granted	Nos.	2
New Innovations	List	3
Contribution of New Products	%	28.69
Watches Division		
R & D expenditure	₹ Cr.	19.7

ENGAGING WITH OUR STAKEHOLDERS

OUR VALUE CREATION PROCESS INTEGRATES VALUE-CREATION FOR ALL OUR STAKEHOLDERS. WE ENGAGE WITH VARIOUS STAKEHOLDERS ON A REGULAR BASIS TO UNDERSTAND THEIR CONCERNS AND EXPECTATIONS AND WORK TOWARDS RESOLVING AND FULFILLING THESE.

Customers

As a lifestyle products Company, we are deeply aligned to the ever-evolving and changing needs of our customers. Creating and delivering a pleasant and delightful retail experience encompassing the right store experience with excellent products that are latest in terms of trend and fashion, an accessible and responsive customer service network is at the heart of our customer engagement initiatives.
We undertake various activities and initiatives to engage with our customers across geographies, demographics and segments. We use both traditional engagement channels like surveys and research as well as digital media to understand the concerns and needs of customers. We use the Net Promoter Score (NPS) to track our customer satisfaction. Creating forums and communities on the digital media ensures we can address their concerns and incorporate their feedback on a real-time basis, which also enables us to continuously upgrade and improve customer service with better proposition.

Vendors, Third-Party Contractors and Suppliers

We work with numerous vendors, suppliers and contractors – each of whom play an important role ranging from procurement to manufacture and from branding to logistics. We regularly conduct vendor meets, workshops and conferences as part of our continuous engagement to understand their issues relating to ease of doing business, maintaining quality, etc. These initiatives are held across our manufacturing units, regional offices as well as our corporate office.

Our Employees, our People

We are committed to our employees. We engage with our employees through various forums like Heartbeat, the Employee Engagement survey to understand their concerns and needs. This year, we introduced Hyphen, an online platform designed specially for Employee Engagement with AI capability. An Employee Satisfaction Survey for all E Level employees was run on Hyphen this year.

Employees have numerous platforms to voice their opinions. At our plants and manufacturing units, we conduct regular meetings and interactions with the representatives of employees covering aspects like safety, health, productivity, skill development, process improvement etc. The Employee Connect Framework deployed in the Regions and Retail network facilitates numerous Voice of Employee platforms and forums. Some of these include open houses, departmental meets and the TELL ME Survey, conducted by the Managing Director. We take corrective action to address the concerns raised and also incorporate the views and feedback into our policies.

As an example, after shifting to INTEGRITY, our new corporate office located at Electronics City, Bengaluru, we reduced our working hours and changed our office timings to make it more convenient for our employees. At all our plants, we have employee committees (unions) which are politically agnostic. Our HR team constantly upgrades policies for women empowerment and hiring of differently-abled persons. We also support Affirmative Action, especially at our manufacturing units.

We also increase the belonging towards the Company through many small and large format initiatives. A few examples are the T-Factor, Titan Premier League, The Annual Awards, etc.

Community & Society

We have always been a responsible corporate citizen with a firm belief in making a difference to the lives of people in the communities and societies we live and work in. We engage with communities and societies through direct CSR interventions as well as through partner NGOs and governmental agencies to understand key concerns and issues. Our CSR policy incorporates this feedback and focusses our interventions accordingly.

Government & Regulatory Bodies

We engage with various government departments and regulatory bodies from time to time to further address issues and concerns on behalf of the industry. Issues like ease of doing business, industry regulations, compliance and regulatory framework are some of the areas we regularly take up on behalf of the industry at various industry and government forums, ensuring the views of the industry and the government are aligned and attuned.

Business Associates (Franchisees, MBOs, etc.)

As a consumer company, we have a wide network of Business Associates comprising franchisees, multiple business outlets, retails chains, etc. Our business associates play a key role in connecting us to our final customers. We engage with our business associates through franchisee meets, forums, workshops as well as conduct one-to-one meetings to understand their issues and concerns, as well as share insights about consumers, behaviour and trends. Their feedback is incorporated by various teams to further improve our product and value proposition for our customers as well as our business associates.

Investors

We engage with our investors through quarterly conference calls as well as investor meets. The senior management addresses their questions and concerns on a regular basis. As part of investor relations, Titan has a dedicated Investor Relations department headed by the Chief Financial Officer. Detailed investor presentations are uploaded on the investor section of the Company's website regularly.
As part of the Shareholders relations, Titan has a department headed by the Company Secretary, as well as Stakeholders Relationship Committee. Investor complaints like non-receipt of dividends and other issues are adequately addressed by the Secretarial Department with support from the Company's Registrar & Share Transfer Agents – TSR Darashaw Limited.

This year, the Company has voluntarily started the journey towards Integrated Reporting as part of its endeavour to embrace the latest reporting standards.

(Note: Further details are available in the Business Responsibility Report in the Statutory Reports and Financial Statement section.)

OUTLOOK

THE INDIAN ECONOMY IS ON A HIGH-GROWTH TRAJECTORY WITH A GDP GROWTH RATE OF OVER 7% FORECAST FOR THE NEXT FEW YEARS. INDIA IS ALSO HOME TO ONE OF THE YOUNGEST COUNTRIES WITH AROUND 65% OF POPULATION BELOW 35 YEARS OF AGE. RURAL INDIA IS ALSO FAST PROGRESSING INTO THE MAINSTREAM DRIVEN BY HIGH PENETRATION OF SMART DEVICES AND DATA, NOT TO MENTION 97% ELECTRIFICATION.

The Indian middle class, among the largest in the world, is increasingly getting more affluent, while the youth is progressively getting more aspirational. This is creating a vortex of rising consumerism with spending on lifestyle products set to grow exponentially.

The key emerging consumer themes are :

1. Resurgent India Pride
2. Modernism integrated with Morality
3. Women-centric products created with technology
4. Premiumisation with brands as tangible ethos
5. Growing dominance of Gen A
6. Emergence of Omni-channels converging brick-and-mortar with digital
7. Rise of rural India

Titan - Ready for the Future

As one of the largest and leading consumer lifestyle products and brands company, we are excited about the future prospects and opportunities. Our future growth strategy will be driven by:

- Strengthening the Core
- Building Agility
- Focus on Productivity

We continue to enhance our capability and capacity on the one hand, while on the other, we continue with our exploration and expansion.

All this, with an unwavering focus on creating a wholesome institution that is synonymous with INTEGRITY.

OPPORTUNITIES

Growth Focus and Strategy

WE ASPIRE TO REACH 50 MILLION CUSTOMERS AND ACHIEVE A REVENUE OF ₹ 50,000 CR. IN UNIFORM CONSUMER PRICE BY 2023.

Jewellery

The jewellery business is expected to grow to ₹ 40,000 Cr. This translates to 2.5x FY 2017-18 sales or nearly 10% market-share.

Key Initiatives

- Strengthen the overall brand purpose: Adornment
  - Increase sale of new products from 31% in FY 2017-18 to 45% by FY 2022-23
- Strengthen presence in Wedding segment
  - Increase contribution from 35% in FY 2017-18 to 50% by FY 2022-23
- Strengthen presence in High Value Diamond Jewellery
  - Increase contribution from 30% in FY 2017-18 to 50% by FY 2022-23
- Expand reach and presence in India in Middle income segment
  - Increase number of stores from 250 across 150 towns in FY 2017-18 to 400 across 250 towns by FY 2022-23
  - Increase franchisee interest
  - Improve execution excellence
- Expand Gold Exchange
  - Increase from 40% in FY 2017-18 to 50% in FY 2022-23
- Increase contribution from 15+ Low Market Share cities
- CaratLane – achieve EBITDA break-even in FY 2018-19

Watches

We will continue with our "Recraft" strategy for our watches business by focussing on higher growth and profit. We continue seeding the future with our sustained investments in technology. Our big foray into smart watches, easily the most exciting opportunity in an increasingly connected world, will be a key growth driver. Wearables is another category that is very promising, and where our Reflex fitness band has already sold over 300,000 units.

The future is clearly new technology. We have a strong pipeline of futuristic products ranging from Smart Belts and Wallets that integrate new technologies and new platforms like NFC, Micromotor and Payments.

Eyewear

Our vision for the eyewear business is to reach 10 million customers a year, achieve market leadership and emerge as the best solution providers for vision care.

For Titan EyePlus, we will continue building the brand salience – expertise and style at great value. More innovative products and solutions in line with world-class optometry as well as top class retail experience will be the key initiatives.

DIGITAL STRATEGY

We believe that a sweet spot exists at the convergence of both physical and the digital. Our digital strategy is to create a seamless omni-channel that allows customers the flexibility to discover and buy both offline as well as online, and the freedom to use any channel and any device.

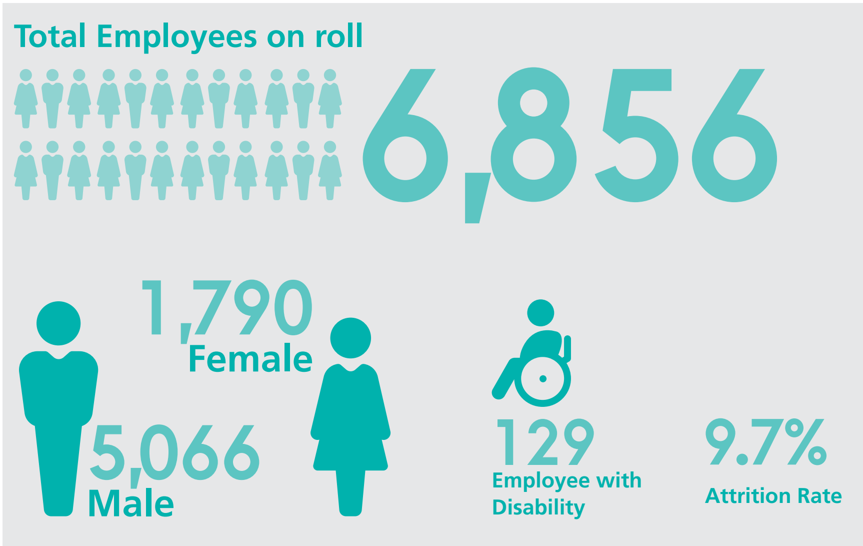
Analytics leading to insights that offer high-personalisation is where our mid-term focus is. Our Encircle membership is an integral part of this. Another aspect of our digital strategy is dematerialisation that include card-less Encircle, Endless Aisle, Virtual Warranty Cards and Continuous Real-time NPS from customers.

PEOPLE AND CULTURE

OUR PEOPLE ARE OUR MOST VALUABLE ASSETS. OUR PEOPLE ARE THE ONES WHO TRANSLATE OUR STRATEGY INTO ACTION, OUR VISION INTO REALITY AND OUR ASPIRATIONS INTO ACHIEVEMENTS.

Integrity is both a value as well as a character that is embedded in every Titan employee, manifesting itself in every thought and action, every day with everyone.

Titan has an ideal mix of youthful energy guided by mature leadership. Guided by core values and glued by a dynamic culture, we value diversity and respect excellence. As a learning organisation, we invest in upgrading and upskilling our people. We endeavour to become a preferred employer offering not just a job, but a lasting and rewarding career.



Culture

FORESEE
Anticipate, Adapt, Improvise, Overcome

OWN
Take charge, accept responsibility

DREAM
Innovate to create the future

ACT
Faster decisions, execution and problem resolution

LEADERSHIP DEVELOPMENT

Titan has always believed in creating and encouraging home-grown leadership with the signature Titan character comprising Integrity, Trust, Fairness and strong Values.

Titan has a well-thought and continuous leadership development and succession plan in place. Led by the Board of Directors through their nominated Leadership Development Council (LDC), Emerging and Young Leaders are regularly identified and specially groomed for future leadership roles. A coach or a mentor is assigned for a structured guidance in the leadership journey through a tiered approach. The Company also has specific Top Management Development and Senior Management Development programmes.

68
In-House Top and Leadership Management

108
Emerging Leaders

23
Emerging Leaders Workshop

28
Young Leaders

108
Young Leaders Workshop

Board Participation in Succession Planning

Formation of Leadership Development Council

Board has nominated a sub group for successor planning - Leadership Development Council

Role of the LDC

Advisory Role in creating the leadership development strategy and the leadership succession and development plan for CXO's and Key Management Personnel

Participate in progress review discussions

Play the role of Coach or mentors for specific individuals

Engage in the review discussion on succession planning for CXO's and Key Management Personnel

Leadership Development

Tiered Approach

- YLP Young Leaders Program
- Emerging Leaders Program
- SMD Senior Management Development
- TMD Top Management Development

PURITY OF INTENT

AT TITAN, INTEGRITY GOES BEYOND PRODUCT AND PROCESSES, CUSTOMERS AND EMPLOYEES. INTEGRITY AT TITAN IS ALL ABOUT PURITY OF INTENT - BEYOND ACHIEVING SUCCESS TO SHARING SUCCESS.

Titan has always believed in serving the community and improving the quality of life of the people it touches. The Company has successfully rewritten the rules of the game in the industry where it performs with a transformation on how it manufactures, sells, 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) 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 and engagement programme (Design: Impact Awards for Social Change) that seeks to recognise design thinking in product design that enables social change.

SUSTAINABILITY

We have enunciated a policy on Sustainability. Titan strives itself to adhere to the Sustainable Development Goals as part of its commitment to sustainability.

Besides focussing on renewables such as solar and wind at our plant locations, we track and monitor carbon footprint.

Two large initiatives in the recent past that we have embarked upon include:

- Rejuvenation of Veerasandra Lake adjacent to our new Corporate office at Bengaluru
- Greening and LEED certification of our new corporate office

Education with a Focus on the Girl Child

- Titan Kanya : Remedial education for both out of school girls and school dropouts in the states of Tamil Nadu, Uttarakhand and West Bengal
- Kanya Sampurna project : Holistic engagement with the Girl child in two districts – Cuddalore and Yadgir, right from anganwadi stage to skilling and employment
- Titan Scholarship programme

Supporting Education and Skills Development of Tribal Children as Part of Affirmative Action

- Educating high school girls and special focus on scholarships
- Building capacity through teacher education

Indian Arts Crafts and Heritage

- PORGAI – Embroidery work of Lambadi women
- Supporting craft clusters focussing on women in Benares, and youth of Kashmir

Responsible Citizenship

- Integrated Village Development and Water and Sanitation programmes in 11 villages in Uttarakhand
- Prevention of Substance abuse amongst school children in Sikkim

3.56 lakhs
Total Lives Impacted
During 2017-18

INTEGRITY
IN EVERY RELATIONSHIP

EMPLOYEE

Kumar was one of the first few employees recruited by Titan from the deaf and dumb school. He trusted Titan to brighten not only his future but also the life of his daughter, Mohana Priya. The Titan school provided Mohana with opportunities that may not have been possible for Kumar to provide.

The school not only transformed her childhood but has positively impacted her work life as well. Mohana finds that she is a more willing participant at her organisation and is always looking for out-of-the-box solutions. She credits this to the way her education was structured and the encouragement given to pursue sports. Integrity towards employees and their aspirations will continue to be a core value at Titan.

Titan is an equal opportunity provider and is proud of its 129 differently-abled employees. The Company's relationship with its employees is life-long, providing crucial support for their children's education at Titan schools that open up brighter future.

Please scan the QR code to watch the story of Kumar and Mohana Priya

Kumar
Employee, Watches Assembly

Mohana Priya
Alumni, Titan School

BOARD OF DIRECTORS

1

K. Gnanadesikan

Chairman

He joined the Titan Board on 1st February 2018. Mr. K. Gnanadesikan is a 1982 batch IAS officer who has held many key positions in various departments in the Government of Tamil Nadu. At present, Mr. K. Gnanadesikan is the Additional Chief Secretary of the Industries Department, Government of Tamil Nadu. During his career spanning over three decades, he has held key positions inter alia in the Finance, Home, Electricity, Revenue Administration, Industries, School Education Department. He has also served as the CMD of Tamil Nadu Electricity Board and the Tamil Nadu Generation and Distribution Corporation Limited. Further, Mr. K. Gnanadesikan was also the Chairman of the Tamil Nadu Transmission Corporation Limited.

2

N.N. Tata

Vice Chairman

He joined the Titan Board on 7th August 2003. He oversaw the growth of Westside and other Trent formats. 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 employs over 10,000 personnel in 39 countries across Africa, Asia, Europe, Latin America and Middle East.

3

Ramesh Chand Meena

He joined the Titan Board on 3rd January 2018. He has held several critical and important positions in the Government of Tamil Nadu. He is currently the Chairman and Managing Director of Tamil Nadu Industrial Development Corporation Limited.

4

Harish Bhat

He joined the Titan 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 IIM, Ahmedabad and also a B.E. (Hons.) degree in Electrical and Electronics from Birla Institute of Technology and Science, Pilani. At present, he is the brand custodian of Tata Sons.

5

Bhaskar Bhat

Managing Director

He assumed the position of Managing Director of Titan on 1st April 2002. He has a B.Tech (Mechanical Engineering) degree from IIT - Madras and a Post Graduate Diploma in Management (PGDM) from IIM - Ahmedabad, India. Since 1983, he has been associated with the Tata Watch Project, now Titan Company Limited. At Titan, Mr. Bhat have been involved in 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.

6

T.K. Balaji

He joined the Titan Board 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.

7

Hema Ravichandar

She joined the Titan Board on 30th March 2009. Mrs. Ravichandar is an alumnus of IIM, 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. Until 2005, Mrs. Ravichandar was the Senior Vice-President and Global Head of Human Resources for Infosys Technologies Limited.

8

Prof. Das Narayandas

He joined the Titan Board 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 IIT, a Post-Graduate Diploma in Management from IIM and a Ph.D. in Management from Purdue University, USA.

9

Ireena Vittal

She joined the Titan Board 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.

10

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.

11

B Santhanam

He joined the Titan Board on 10th May 2018. Mr. Santhanam is the founder Managing Director of Saint-Gobain Glass India and has handled critical functions of Information Technology, Operations, Product Development, Sales and Marketing at Grindwell Norton (Saint-Gobain Group Company).

AWARDS

Titan featured as one of the top 10 Innovative Company Brands at Bengaluru Brand Summit & Hot Brands 2018

Titan won 7 awards for excellence in communications at the Brand & Corporate Communicators Meet 2017

Titan won the first prize at the 7th Innovation Practitioners Summit organised by AIMA for the Lens Analyser Project

Titan won the first prize under innovation category at the 29th Qimpro Qualtech Award 2017 for the Lens Analyser Project

Tanishq Retail won ET Now Global Awards for Retail Excellence in "Best Technology Initiative / Implementation" category for the Automation & Integration of Karat meter, Weighing Scale & POSS

Diamond procurement team of Titan won "Procurement Excellence Award" in Jewellery Industry for its best procurement practices by Kamikaze B2B Media Group

World of Titan won the Best Customer Experience Program in the Retail Sector at Customer Fest 2018

Manufacturing Today has announced Watches & Accessories ISCM, Titan as a Winner under Excellence in Innovation Category for its project on Development of Smart Tooling (New Age Smart-4G)

Titan won "Implemented Innovations" award for the project Smart Fusion - In house Laser welding automation at the Tata Innovista Finals

Tanishq Lean Retailing awarded with ET Now global award for Retail Excellence

Favre Leuba's Raider Bivouac 9000 won the Watchstars New Star award for the best new watch in 2018

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Statutory Reports

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Standalone Financial Statements

Consolidated Financial Statements

NOTICE

Notice is hereby given pursuant to Section 96 and 101 of the Companies Act, 2013 (the "Act") that the Thirty Fourth 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 Friday, 3rd August, 2018 at 02:30 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, 2018 together with the Reports of the Board of Directors and Auditors thereon; and

   b. the Audited Consolidated Financial Statements for the financial year ended 31st March, 2018 together with the Report of the Auditors thereon.

2. To declare dividend on equity shares for the financial year ended 31st March 2018.

3. To appoint a Director in place of Mr. N.N. Tata (DIN: 00024713), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. Appointment of Mr. B Santhanam as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 ('the Act") and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), Mr. B Santhanam (DIN: 00494806), who was appointed as an Additional Director of the Company with effect from 10th May 2018, as per the provisions of Section 161 of the Companies Act, 2013 read with Article 117 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from 3rd August 2018 to 2nd August 2023 and whose office shall not be liable to retire by rotation."

5. Appointment of Mr. K. Gnanadesikan as a Director

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

"RESOLVED THAT Mr. K. Gnanadesikan, IAS (DIN: 00111798) who was appointed as a Director by the Board of Directors with effect from 1st February 2018 and who holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 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, liable to retire by rotation."

6. Appointment of Mr. Ramesh Chand Meena as a Director

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

"RESOLVED THAT Mr. Ramesh Chand Meena, IAS (DIN: 08009394) who was appointed as a Director by the Board of Directors with effect from 3rd January 2018 and who holds office up to the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 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, liable to retire by rotation."

7. 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 (the "Act") and the Rules framed thereunder, as amended from time to time, the Board of Directors of the Company be and is hereby authorized to appoint Branch Auditors 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. 4 to 7 of the Notice, is annexed hereto. The relevant details pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting("AGM") are also annexed.

2. **A Member entitled to attend and vote at the Annual General Meeting (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 (10%) of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A Proxy form is enclosed herewith. The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than Forty Eight (48) hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 25th July 2018 up to Friday, 03rd August 2018 (both days inclusive)**.

4. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

   Pursuant to Sections 124 and 125 and other applicable provisions, if any, of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all 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 / unpaid for a period of seven years from the date they became due for payment, were required to be transferred 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 / unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

   As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account. The Company has sent notice to all the Members whose dividends are lying unpaid / unclaimed against their name for seven consecutive years or more. Necessary steps will be initiated by the Company to transfer shares held by the members to IEPF as per applicable regulations. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF.

   In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in 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 pertaining to the dividend for the financial year 2010-11 onwards are requested to lodge their claims with TSR Darashaw Limited (TSRDL). It may be noted that the unclaimed Dividend for the financial year 2010-11 declared by the Company can be claimed by the Members.

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 2018 to those members whose names appear on the Register of Members of the Company as on 24th July 2018. 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 24th July 2018.

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. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their depository participants ("DPs") in case the shares are held by them in electronic form and to TSR Darashaw Limited ("TSRDL") in case the shares are held by them in physical form.

12. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Company Secretary, Titan Company Limited, "Integrity" #193, Veerasandra, Electronics City P.O, Off Hosur Main Road, Bengaluru 560100. (E-mail: arrajaram@titan.co.in / investor@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 Bengaluru on the day of the Meeting.

    The coaches will leave for Hosur at 11.30 am from the following three locations:

    A. Jayanagar - Ashok Pillar, 1st Block, Siddapura Police Station Road, Bengaluru - 560 011.

    B. Rajajinagar - near ISKCON temple, Opp. Varasidhi

Vinayaka Temple, Government School Grounds, Bengaluru- 560 010.

C. Golden Palm Station, near BRV theatre, Bengaluru -560 001.

For queries pertaining to pick up, shareholders may contact 080-67046646 on or after 1st August 2018.

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 34th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 34th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

17. Members may note that the Notice of the 34th Annual General Meeting and the Annual Report for 2017-18 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. Vijayakrishna KT, Practicing Company Secretary (Membership No. FCS 1788), 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 procedure to login to e-Voting website consists of two steps as detailed hereunder:

Step 1 : Log-in to NSDL e-Voting system

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details will be as per details given below :

   a. **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******).

   b. **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12************** then your user ID is 12**************).

   c. **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).

5. Your password details are given below:

   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a. Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b. **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2 : Cast your vote electronically on NSDL e-Voting system.

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the Company, which is 108440.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

GENERAL GUIDELINES FOR SHAREHOLDERS:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail vijaykt@vjkt.in to with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of https://www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

OTHER INSTRUCTIONS

1. The e-voting period commences on Tuesday, 31st July 2018 (9.00 a.m. IST) and ends on Thursday, 2nd August 2018 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, 27th July 2018, i.e. 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 the vote again.

2. 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.

3. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

4. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

5. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.titan.co.in and on the website of NSDL www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. The results shall also be displayed on the notice board at the Registered Office of the Company.

By Order of the Board of Directors

A R Rajaram
Vice President-Legal and
Company Secretary

10th May 2018

Bengaluru
CIN: L74999TZ1984PLC001456

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

Email: investor@titan.co.in
Website: www.titan.co.in

ANNEXURE TO NOTICE

Item No.4

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. B Santhanam as an Additional Director on 10th May 2018 and is now proposed to be appointed as an Independent Director.

Mr. Santhanam meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. Mr. Santhanam is an engineer (Civil) from IIT, Madras and also an alumnus of IIM, Ahmedabad. He is currently the Managing Director of Saint-Gobain India Private Limited and President, Flat Glass – South Asia, Malaysia & Egypt. He has worked closely with Saint-Gobain Group and was instrumental in the Group's investment of over Euro 800 million in Flat Glass to create a pan India manufacturing footprint across Tamilnadu, Gujarat and Rajasthan. Mr. Santhanam is the Chairman of CII Southern Region since 2006 and served on various committees of the organization.

Further details of Mr. B Santhanam have been given in the Annexure to this Notice.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. B Santhanam as an Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item No. 4 of this Notice for approval of the Members.

Except Mr. B Santhanam and his relatives, none of the Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested in the Resolution at Item No. 4 of this Notice.

Item No.5

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. K Gnanadesikan, IAS, Additional Chief Secretary, Industries Department, Government of Tamil Nadu as a Nominee Director of TIDCO on the Board of the Company effective from 1st February 2018 in place of Mr. Atulya Misra and was appointed as an Additional Director of the Company by the Board of Directors. As such, Mr. K Gnanadesikan holds office as Director up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member indicating his intention to propose Mr. K Gnanadesikan for the office of Director at the forthcoming Annual General Meeting.

Further details of Mr. K Gnanadesikan have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 5 of this Notice for approval of the Members.

Except Mr. K. Gnanadesikan and his relatives, none of the Directors or Key Managerial Personnel and their respective relatives is, in any way, concerned or interested in the Resolution at Item No. 5 of this Notice.

Item No.6

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. Ramesh Chand Meena, IAS, Principal Secretary, Government of Tamil Nadu and Chairman & Managing Director, TIDCO as a Nominee Director of TIDCO on the Board of the Company effective from 3rd January 2018 and was appointed as an Additional Director of the Company by the Board of Directors. As such, Mr. Ramesh Chand Meena holds office as Director up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member indicating his intention to propose Mr. Ramesh Chand Meena for the office of Director at the forthcoming Annual General Meeting.

Further details of Mr. Ramesh Chand Meena have been given in the Annexure to this Notice.

The Board recommends the Resolution at Item No. 6 of this Notice for approval of the Members.

Except Mr. Ramesh Chand Meena and his relatives, none of the Directors or Key Managerial Personnel and their respective relatives is, in any way, concerned or interested in the Resolution at Item No. 6 of this Notice.

Item No.7

The Company has branches outside India and may also open / acquire new branches outside India in future. It may be necessary to appoint branch auditors for carrying out the audit of the accounts of such branches. The Members are requested to authorize the Board of Directors of the Company to appoint branch auditors in consultation with the Company's Auditors and fix their remuneration.

The Board recommends the Resolution at Item No. 7 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No.7 of the Notice.

By Order of the Board of Directors

A R Rajaram
Vice President-Legal and
Company Secretary

10th May 2018

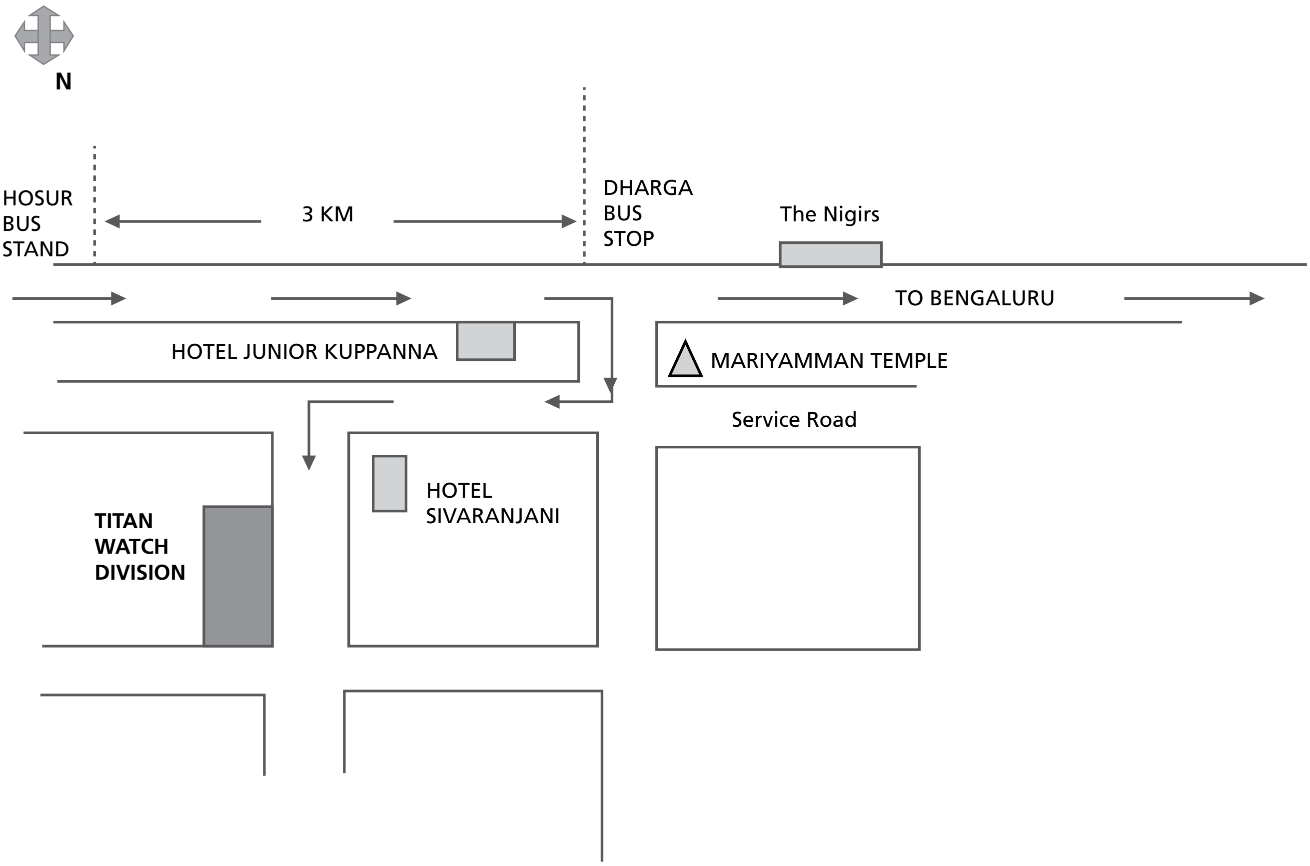
Bengaluru
CIN: L74999TZ1984PLC001456

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

Email: investor@titan.co.in
Website: www.titan.co.in

Route Map to the Venue of the 34th Annual General Meeting from Hosur Bus Stand

Not to Scale



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. N N Tata	Mr. B Santhanam
Date of Birth	12th November 1956	2nd March 1957
Date of Appointment	7th August 2003	10th May 2018
Qualifications	B.A (Economics) from University of Sussex, IEP, INSEAD, France	B.Tech (Civil) and PG in Management from IIM,Ahmedabad
Expertise in specific functional areas	Mr. Tata 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.	Mr. Santhanam is the founder Managing Director of Saint-Gobain Glass India and has handled critical functions of Information Technology, Operations, Product Development, Sales and Marketing at Grindwell Norton (Saint-Gobain Group Company).
Directorships held in other companies (excluding foreign companies and Section 8 Companies)	i. Trent Limited ii. Trent Hypermarket Private Limited iii. Voltas Limited iv. Tata Investment Corporation Limited v. Tata International Limited vi. Kansai Nerolac Paints Limited vii. Inditex Trent Retail India Private Limited viii. Massimo Dutti India Private Limited	i. Wheels India Limited ii. Saint-Gobain India Private Limited
Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	**Audit Committee:** i. Trent Limited – Member ii. Kansai Nerolac Paints Limited – Member	Nil
Number of shares held in the Company	46,900	Nil

Particulars	Mr. K Gnanadesikan	Mr. Ramesh Chand Meena
Date of Birth	16th April 1959	1st September 1965
Date of Appointment	1st February 2018	3rd January 2018
Qualifications	B.E (Hons) (E&CE) ; M. Soc.Sc (U.K)	B.Tech (Elec.), M.Tech (Commn. & Radar Engg.)
Expertise in specific functional areas	Mr. K. Gnanadesikan is a 1982 batch IAS officer who has held many key positions in various departments in the Government of Tamil Nadu. Presently, Mr. K. Gnanadesikan is the Additional Chief Secretary, Industries Department, Government of Tamil Nadu. During his career spanning over three decades, he has held key positions in Departments of Finance, Home, Electricity, Revenue Administration, Industries, School Education, etc. Earlier, Mr. K. Gnanadesikan served as the CMD of Tamil Nadu Electricity Board and CMD of Tamil Nadu Generation and Distribution Corporation Limited and as Chairman of Tamil Nadu Transmission Corporation Limited. Mr. K. Gnanadesikan has also held charge as Vigilance Commissioner, Commissioner for Administrative Reforms and as Chief Secretary to Government of Tamil Nadu.	Mr. Meena has held several critical and important positions in the Government of Tamilnadu.
Directorships held in other companies (excluding foreign companies and Section 8 Companies)	i. Tamilnadu Industrial Development Corporation Limited ii. State Industries Promotion Corporation of Tamilnadu Limited iii. Tamilnadu Cements Corporation Limited iv. Tamilnadu Industrial Investment Corporation Limited v. Tamilnadu Generation and Distribution Corporation Limited vi. TIDEL Park Limited vii. Tamilnadu Petroproducts Limited viii. Tamilnadu Minerals Limited ix. Tamilnadu Newsprints and Papers Limited	i. Tamilnadu Industrial Development Corporation Limited ii. State Industries Promotion Corporation of Tamilnadu Limited iii. TIDEL Park Limited iv. TIDEL Bio Park Limited v. TIDEL Park Coimbatore Limited vi. Tamilnadu Petroproducts Limited vii. TRIL Infopark Limited viii. L&T Shipbuilding limited ix. Mahindra World City Developers Limited x. Electronics Corporation of Tamilnadu Limited
Membership / Chairmanships of committees of other companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil	**Audit Committee:** i. TRIL Infopark Limited – Member ii. Electronics Corporation of Tamilnadu Limited
Number of shares held in the Company	Nil	Nil

BOARD'S REPORT

To the Members of Titan Company Limited

The Directors are pleased to present the Thirty Fourth Annual Report and the Audited Financial Statements for the year ended 31st March, 2018:

1. FINANCIAL RESULTS

(₹ in Crores)

	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from Operations	15,656	12,999	16,156	13,383
Other Income	86	65	89	70
Total Income	**15,742**	**13,064**	**16,245**	**13,453**
Expenditure	13,922	11,804	14,511	12,227
Profit before exceptional items, finance costs, depreciation and taxes	**1,820**	**1,260**	**1,734**	**1,226**
Finance Costs	48	37	53	37
Depreciation / Amortisation	110	93	131	111
Profit before share of profit/(loss) of an associate and joint venture and exceptional items and taxes	1,662	1,130	1,550	1,078
Share of profit/(Loss) of a associate and Jointly controlled entity	-	-	(3)	(2)
Profit before exceptional items and taxes	1,662	1,130	1,547	1.076
Exceptional items	91	97	17	103
Profit before taxes	**1,571**	**1,033**	**1,530**	**973**
Income taxes				
- Current	446	300	450	302
- Deferred	(38)	(29)	(22)	(26)
Profit for the year	**1,163**	**762**	**1,102**	**697**
Attributable to				
- Shareholders of the Company	1,163	762	1,130	711
- Non-controlling interests	-	-	(28)	(14)
Profit brought forward	1,268	1,012	1,190	984
Appropriations				
Dividend on Equity Shares (excluding tax)	(231)	-	(231)	-
Tax on dividends	(47)	-	(47)	-
Transfer to general reserve	(250)	(506)	(250)	(505)
Closing Balance in Retained Earnings	1,903	1,268	1,792	1,190

During the year under review, the Company's revenue grew by 20.44 % to ₹ 15,656 crores compared with ₹ 12,999 crores in the previous year. Profit before tax grew by 52.08 % to ₹ 1,571 crores and the net profit increased 52.62 % to ₹ 1,163 crores.

The Watches business of the Company recorded revenue of ₹ 2,126 crores, a growth of 3.56% which was achieved through meticulous planning and execution of key initiatives. The revenue from Jewellery segment grew by 24.33% touching ₹ 13,036 crores. The revenue from Eyewear segment was flat at ₹ 415 crores. The revenue from other segments recorded a sale of ₹ 95 crores, a growth of 45.85%.

The year witnessed aggressive expansion of the Company's retail network with a net addition of 114 stores. As on 31st March 2018, the Company had 1,480 stores, with over 1.9 million square feet of retail space delivering a retail turnover of over ₹ 15,656 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

Despite challenges, Watches export almost delivered the budgeted bottom-line. While Far East markets like Vietnam, Thailand, Philippines responded with high double digit growths to the several marketing innovations, the steep decline in higher contributing, economically troubled Middle East markets left the overall business with a 14% decline for the year. A comprehensive plan to address this is underway through diversification into the consumer and market pools through more cost-effective channels like e-commerce. Amazon tie-up in USA is seeding well and holds promise.

3. DIVIDEND

The Directors are pleased to recommend the payment of dividend on equity shares at the rate of 375% (i.e. ₹ 3.75 per equity share of ₹ 1 each), subject to approval by the shareholders at the Annual General Meeting (AGM).

4. TRANSFER TO GENERAL RESERVE

An amount of ₹ 250 crores is proposed to be transferred to the general reserve.

5. FINANCE

The impact on growth that the twin measures of demonetisation and introduction of GST had on the economy seem to be over. These measures to formalise the economy have actually helped the Company from a competitive situation, helping it gain market share. Compliance under GST has settled down. However, one of the impacts it has had on the Balance Sheet is the increase in working capital as IGST is now paid on stocks lying in the stores or at warehouses. The decision in the year to promote gold exchange programmes as a major customer acquisition programme while also acting as a hedge against possible curbs on gold imports in the future, have resulted in lower cash balances. Previously gold used to be largely purchased on Gold on lease programmes which offered credit up to 6 months. With the promotion of gold exchange programs, the credit is not available and hence cash balances have been lower. We expect this to stabilise in the next financial year and cash balances to improve.

6. PUBLIC DEPOSITS

The Jewellery Division of the Company was successfully operating customer schemes for jewelry 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 jewelry 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 jewelry 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: ₹ 1,684.82 crores

(b) remained unpaid or unclaimed as at the end of the year: ₹ 1,038.51 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. The particulars of loans given as part of treasury operations of the Company bearing interest ranging from 7.30% to 10.25% p.a. are provided in Note 35 of the Standalone Financial Statements covered in the Annual Report.

10. INTEGRATED REPORT

The Company is taking its first step to move to Integrated Reporting in line with its commitment to voluntarily disclose more information to the stakeholders on all aspects of the Company's business. Accordingly, the Company has introduced key content elements of Integrated Reporting <IR> aligned to the International Integrated Reporting Council Framework (IIRC) in this Annual Report.

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 31st March, 2018.

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

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

12. AUDIT COMMITTEE

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

13. RISK MANAGEMENT

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

14. RELATED PARTY TRANSACTIONS

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

15. SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANY

As on 31st March 2018, the Company had the following subsidiaries/ Associate/ Joint Venture:

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

During the year 2017-18, TTPL sold a total number of 35,82,992 ECBs and micro assemblies (previous year: 32,84,030 nos.). Sales income during the year was ₹ 39.76 crores against the previous year's figure of ₹ 37.08 crores and the profit before tax was ₹ 1.83 crores against the previous year's figures of ₹ 1.17 crores . The quality, delivery and competitive price of the products continue to be well-received by the Holding Company and external customers.

During the year 2017-18, Favre Leuba AG had registered a turnover of CHF 0.9 million i.e ₹ 6.05 crores against the previous year's figures of CHF 1.27 million, i.e ₹ 8.61 crores and loss of CHF 7.5 million, i.e ₹ 50.21 crores (2016-17: 4.31 million, i.e. ₹ 29 crores).

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.

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. During the year 2017-18 TEAL generated sales income of ₹ 252.13 crores against the previous year's figures of ₹ 244.60 crores and the profit before tax was ₹ 19.70 cores against the previous year's figures of ₹ 9.98 crores.

Carat Lane Trading Private Limited (CaratLane) is engaged in the business of manufacture of jewellery products and has significant online presence. During the year 2017-18 CaratLane has registered a turnover of ₹ 290.18 crores (previous year : ₹ 179.38 crores) and the loss amounted to ₹ 83.88 crores against the previous year's figures (loss) of ₹ 79.51 crores.

The annual accounts of these subsidiary companies were consolidated with the accounts of Titan Company Limited for 2017-18. None of these subsidiary companies declared a dividend in 2017-18.

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 furnished in the financial statements.

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

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

17. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

18. EXTRACT OF ANNUAL RETURN

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

19. DIVIDEND DISTRIBUTION POLICY

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

20. VIGIL MECHANISM

The Company has a whistle blower mechanism wherein the employees can approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. 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.

21. SECRETARIAL STANDARDS

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

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

The Company has 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 2017-18, the Company had received 11 complaints on sexual harassment, all were disposed-off with appropriate action taken and no complaint remains pending as of 31st March 2018.

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

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

24. CORPORATE GOVERNANCE

As per 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.

25. BUSINESS RESPONSIBILITY REPORTING

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

26. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Financial Year 2017-18 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. Subsequently, Ms. Vinita Bali, Independent Director resigned from the Board effective 1st April 2018.

Mr. B Santhanam was appointed as an Additional Director and Independent Director on the Board of the Company on 10th May 2018. Member's attention is drawn to Item No. 4 of the Notice for appointment of Mr. B Santhanam as an Independent Director of the Company.

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

Mr. Ramesh Chand Meena was appointed as an Additional Director on the Board of the Company on 3rd January 2018, Mr. K. Gnanadesikan was appointed as an Additional Director on the Board of the Company on 1st February 2018. Ms. Shilpa Prabhakar Satish was appointed as an Additional Director on the Board of the Company on 29th March 2018 but subsequently resigned effective 10th May 2018. Member's attention is drawn to Item No. 5 of the Notice for the appointment of Mr. K. Gnanadesikan as a Director of the Company & Item No. 6 of the Notice for the appointment of Mr. Ramesh Chand Meena 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.

Five 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.

27. 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 or resigned.

Mr. T. K. Arun, nominee of Tamilnadu Industrial Development Corporation Limited (TIDCO), retired from the services of TIDCO and consequently resigned from the Board effective 11th November 2017.

Mr. Ramesh Chand Meena nominee of TIDCO was appointed to the Board with effect from 3rd January 2018.

Mr. K Gnanadesikan, nominee of TIDCO was nominated as Chairman of the Board with effect from 1st February 2018 in place of Mr. Atulya Misra who resigned from the Board effective from 1st February 2018.

Ms. Shilpa Prabhakar Satish, nominee of TIDCO was appointed to the Board with effect from 29th March 2018 and subsequently resigned effective 10th May 2018.

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.

28. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls are adequate and operating effectively during FY 2017-18.

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

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. BOARD EVALUATION

The performance evaluation of the Board, its Committees and individual Directors was conducted and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, its Committees and self-evaluation pursuant to the provisions of the Companies Act, 2013, SEBI Listing Regulations and the Guidance Note on Board's Evaluation issued by SEBI on 5th January, 2017.

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

30. INDEPENDENT DIRECTORS

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

31. REMUNERATION POLICY

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

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

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

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

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

Process for selection

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

Attributes

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

ii) The candidate must be willing to regularly attend the meetings of the Board and develop a strong understanding of the Company, 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.

33. OTHER DISCLOSURES

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

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

Sl. No.	Name of the director	Commission (₹)	Sitting fee (₹)	Total (₹)	Ratio (times)
A]	Median Employee remuneration			6,20,580	
B]	Director's remuneration				
1	Chairman (nominated by TIDCO)#	58,01,667	2,05,000	60,06,667	9.68
2	Mr. T. K. Arun@	26,74,667	1,80,000	28,54,667	4.60
3	Mr. Ramesh Chand Meena@	7,03,083	50,000	7,53,083	1.21
4	Ms. Shilpa Prabhakar Satish@	2,06,500	Nil	2,06,500	0.33
5	Mr. N. N. Tata^	Refer note below	2,20,000	2,20,000	0.35
6	Mr. Harish Bhat^	Refer note below	3,85,000	3,85,000	0.62
7	Mr. T. K. Balaji	56,05,000	4,30,000	60,35,000	9.72
8	Ms. Vinita Bali	74,31,000	3,95,000	78,26,000	12.61
9	Mrs. Ireena Vittal	64,31,000	4,85,000	69,16,000	11.14
10	Mrs. Hema Ravichandar	56,64,000	3,60,000	60,24,000	9.71
11	Prof. Das Narayandas	14,16,000	50,000	14,66,000	2.36
12	Mr. Ashwani Puri	61,36,000	3,85,000	65,21,000	10.51
13	Mr. Bhaskar Bhat*	3,97,44,000	-	6,61,30,366*	106.56

Note: Remuneration includes sitting fees and commission for Non-Executive Directors. Commission relates to financial year ended 31st March 2018, which will be paid during the FY 2018-19.

Commission to the Chairman of the Company is paid to TIDCO (the Chairmanship was held by Mr. Atulya Misra upto 1st February 2018 and currently Mr. K Gnanadesikan is the Chairman.)

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

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

@ Paid to TIDCO

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)	9%
Mr. Ramesh Chand Meena[1]	-
Mr. T.K. Arun[2]	-
Ms. Shilpa Prabhakar Satish[3]	-
Mr. N.N. Tata[4]	-
Mr. Harish Bhat[4]	-
Mr. T.K. Balaji	36%
Ms. Vinita Bali	107%
Mrs. Hema Ravichandar	28%
Prof. Das Narayandas	10%
Mrs. Ireena Vittal	56%
Mr. Ashwani Puri	81%
Mr. Bhaskar Bhat, Managing Director	14%
Mr. S.Subramaniam, Chief Financial Officer	14%
Mr. A.R Rajaram, Company Secretary	19%

1 Mr. Ramesh Chand Meena, nominee of TIDCO, was appointed on the Board with effect from 3rd January 2018, hence previous year figures are not comparable

2 Mr. T.K Arun, nominee of TIDCO, retired from the services of TIDCO and hence resigned from the Board effective 11th November 2017.

3 Ms. Shilpa Prabhakar Satish, nominee of TIDCO, was appointed on the Board with effect from 29th March 2018, , hence previous year figures are not comparable.

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

iii) The percentage increase in the median remuneration of employees in the financial year: 11 %

iv) The number of permanent employees on the rolls of company: 6,856.

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 average percentage increase this year has been 11% across all levels.

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.

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

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

35. AUDITORS

a) Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with applicable Rules framed thereunder, M/s. B S R & Co. LLP Chartered Accountants (Firm Registration No.101248W/W-100022) have been appointed as Auditors for a term of five years, subject to ratification by the shareholders, from the conclusion of the 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting.

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

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. KT Vijayakrishna, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **Annexure-V**.

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

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

Acknowledgements

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

On behalf of the Board of Directors,

Bengaluru
10th May 2018

K. Gnanadesikan
Chairman

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

Watches ISCM has developed a new series of micro motors having 1 Hand / 2 Hand / 3 Hand functions with Unidirectional and Bi-directional motion capabilities. These Micro motors created a flexible platform to bring in lot of smart features in the Analog watch with multiple display options.

The Titan EDGE added with new functions in the family maintaining slimness as its feature. The new functions in the EDGE family are 3 hands, 3 hands date and 2 hands date.

Innovation

Handcraft Watches:

Titan Nebula has brought a unique handcrafted wrist watches from highly skilled artisans of Jaipur. The techniques which are well known in high end jewellery are revered for the first time in the watches.

3D Printing Technology:

Watch Division's Tool Design & manufacturing team has developed an alternate to metal elements through polymer based 3D printing targeting to reduce the lead time and cost by simplifying the manufacturing process.

JEWELLERY

The Division liaises with various universities and research institutes in India and abroad for research support, and continuous to work on cutting edge technologies in the jewellery industry. The Division has engaged technical experts in specific areas of operations for developing capability and adopting benchmark process technologies. The Division's R&D wing - Centre for Innovation & Technology Excellence (CITE) is recognized by the Department of Scientific & Industrial Research (DSIR).

Technologies such as CNC, Laser and Additive Manufacturing have been adopted in the manufacturing operations of the Division. New capabilities in lieu of these technologies have been incorporated in new designs launched by the Division. The Division also engages with the artisan community in the extended eco-system for process simplifications and technical inputs. Processes are continuously evaluated from safety, quality and productivity perspectives and process automations were suitably adopted. A new scheme for employee generated ideas and innovation called "Impact" was launched during the year. With over 1,000 implemented suggestions and over 500 improvements, the scheme was a grand success in the year of launch.

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 the year 2017-18, 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 2017-18, 10.60 million units of energy was sourced from the Company's joint venture with wind farms which represents 83% 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 2017-18, 2,66,000 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 2,50,000 litres to 1,25,000 litres)
- The Division has implemented two innovative energy conservation projects this year in air conditioning system to significantly reduce the energy consumption - Horizontal deployment of
  - Automatic Tube cleaning system for the centralized air conditioning 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 5% to 7%.
  - 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 Divisions' manufacturing plant at Hosur has been awarded with CII Green Co Rating under "Silver" category in recognition to the Green initiatives like energy efficiency, Green energy substitution, reduction in greenhouse gas emissions and environmental impacts through systematic environmental / energy management systems.

JEWELRY

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 only LED lightings were used for all the new projects, further Jewellery Division has taken various energy conservation initiatives which has led to cumulative savings of around 62,000 units /year.

The Jewellery Division manages around 38% of its energy requirements from renewable sources like windmills and solar PV cells, reducing the carbon footprint by 1,300 tonnes. Also, over 100 trees were planted across the Division's facilities improving the green cover which also lead to reduction in carbon footprint. Major thrust was given to water conservation with rain water harvesting and ground water replenishment systems. The Jewellery Division saved over 48 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 31.3.2018	Year ended 31.3.2017
(a)	Capital	2.70	1.16
(b)	Recurring	16.81	20.07
(c)	Total	19.51	21.23
(d)	Total R&D expenditure as percentage of turnover	0.12%	0.17%

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned ₹ 193.86 crores in foreign exchange and spent ₹ 620.12 crores.

On behalf of the Board of Directors,

Bengaluru
10th May 2018

K. Gnanadesikan
Chairman

Annexure – II

ANNUAL REPORT ON CSR- 2017-18

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

The Company has charted out its programs and projects that are both short and long term in nature. As part of 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 its programs. During the year 2017-18, the Company's programs have reached about 3.56 lakh individuals.

Two significant outreach programs having long term implications on the community and social impact i.e. The Titan Design Impact Awards for Social Change and The Holistic Engagement of the Girl Child Program at Kattumannar Koil in TN and Yadgir in Karnataka have been launched during the year.

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

The Company's volunteering program has been successfully operating in its locations over the years. During the year 2017-18, the Company clocked 8000 man-hours of volunteering involving more than 425 employees in either CSR projects or local causes.

From the year 2018-19, the Company will spend considerable time and resources on three large areas and scale them up, all of them having been initiated. These include:

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)

As reported in the previous year's CSR Report, the Company has initiated work towards rejuvenation and restoration of a water body in Bengaluru, near its new Corporate office along with the support of other organizations and companies of the Tata Group . Accordingly, during the year, a formal Memorandum of Understanding was signed in this regard with the Government of Karnataka during February 2018.

Besides this, design being a core competency that 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 endeavour, the Company has signed up with two other partners, i.e. Commitment to Kashmir and India Foundation for Arts (IFA), apart from working with Human Welfare organization supporting the Benares weaving community and will be taking these programs into its second year of implementation.

The Company's CSR Policy & Strategy can be accessed at http://www.titan.co.in/hot-policies

I. The CSR Committee of the Board of Directors of the Company consists of 4 members as of 31st March 2018 viz.,

   1. Chairperson: Mrs. Ireena Vittal – Chairperson & Independent Director
   2. Member: Ms. Vinita Bali – Independent Director*
   3. Member: Mr. Ramesh Chand Meena – Nominee Director of TIDCO
   4. Member: Mr. Bhaskar Bhat – Managing Director

*Resigned from the Board effective 1st April 2018 and accordingly ceased to be a member of CSR Committee.

II. The average net profits of the Company made in three preceding financial years for the purpose of computation of CSR Expenditure is - ₹ **1,038.99 crores**

III. Mandated CSR expenditure (2% of II above) is - ₹ **20.78 crores**

IV. Details of the amount spent of the budget earmarked in III above:

1. Total amount earmarked for the financial year - ₹ **20.78 crores**

2. Amount spent in the financial year - ₹ **23.44 crores**

3. Amount unspent – **Nil**

4. Manner of spending – **Refer Annexure**

V. The Company has spent the entire amount earmarked for CSR activities and no amount remains unspent for the Financial Year 2017-18.

VI. 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.

Bhaskar Bhat
Managing Director

Ireena Vittal
Chairperson
Board CSR Committee

Bengaluru
10th May 2018

KEY AREAS OF CSR SPENDS FOR THE YEAR 2017-18

Sl No	CSR Project or activity identified: 2a Programs	CSR Project or activity identified: 2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)	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: Direct (₹ Cr)	Amount spent: Through implementing agency / partner (₹ Cr)	Amount spent: Name 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	4.68	4.18	4.18	-	4.18	KCMET
		Out of schools girls education (upto learning level 5)	ii	Uttarakhand - Dehradun, Rudrapur, Tehri Garhwal, WB - 24 Paraganas & Murshidabad						IIMPACT
		Augmenting Education - Science education in Kanya schools, Kanya centres for life skill support and Swach Vidyalaya project in 57 schools	ii	TN - Krishnagiri Telangana - Hyderabad	0.78	0.77	0.77	-	0.77	Agasthya International foundation , KCMET
		Early child hood care, School readiness, augmented education, Adoloscent program , skilling, capacity building	i,ii	TN -Cuddalore Karnataka - Yadgir	0.80	1.11	1.11		1.11	CARE India, Kalike
		Other Education support initiatives								
		Titan Scholarship program for persuing higher studies	ii	TN - Krishnagiri, Uttarakhand - Dehradun, Pantnagar	0.75	0.84	0.84	0.84	-	Internal by Titan Volunteers
		Education and skill support for Tribal children and youth as part of affirmative action	i,ii	Karnataka - Mysore	0.83	0.92	0.92	-	0.92	SVYM/SRSA
		Prevention of Substance abuse among youth in schools	ii	Sikkim - Sikkim	0.30	0.42	0.42	-	0.42	SAATHI / Govt of Sikkim
		Support towards creating Civic awareness among children	ii	TN - Krishnagiri	0.13	0.16	0.16	-	0.16	CMCA
		Location based education related support to promote volunteering, and local initiatives	All	Locations where Titan facilities are present	0.00	0.64	0.64	0.64	-	Mostly volunteering
		Sub Total			**8.27**	**9.03**	**9.03**	**1.48**	**7.55**	

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		
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partner (₹ Cr)	Name 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 - Bengaluru TN - Madurai Region	1.60	0.82	0.82	-	0.82	DBSM & NAANDI
		Augmenting Welder training to five more ITIs	ii	TN - Madurai, Dharmapuri & Krishnagiri Karnataka - Bengaluru	0.97	0.97	0.97	-	0.97	Direct
		Adoption of Government ITI for holistic development	ii	TN - Salem	0.28	0.22	0.22	-	0.22	Govt of TN/ITI
		Skilling for Non Engineering trades	ii	Karnataka - Bengaluru TN - Chennai	0.40	1.03	1.03	-	1.03	ANTS, Unnati
		Skilling for non-engineering trades - College based model Bengaluru and other locations	ii	Bengaluru & Pune	0.00	0.00	0.00	0.00	0.00	Tata Strive
		Rehabilitation / Skilling / Placement of disabled youth	ii	Karnataka - Bengaluru	0.50	1.02	1.02	-	1.02	Association of People with Disability/SSK
		Pilot for employability, skilling for Engineering students	ii	TN	1.32	0.82	0.82	-	0.82	Anna University and MPS
		Skilling centre at Guindy	ii	TN - Chennai	1.00	1.42	1.42	-	1.42	Naandi Foundation
		Model Career Center for counselling, skilling and employment (Chennai)	ii	TN - Chennai	0.23	0.12	0.12	-	0.12	CII & Govt. of TN
		Pilot for vision technician training	ii	Telangana - Hyderabad	0.30	0.366	0.37	-	0.37	Hyderabad Eye Institute
		Sub Total			**6.60**	**6.79**	**6.79**	**0**	**6.79**	

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		
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partner (₹ Cr)	Name of implementing partner(s)
3	Support for Indian Arts Crafts and heritage	Support for Crafts - Continued engagement with practising Lambadi embriodery , Craft research / workshops etc	v	TN - Dharmapuri	0.36	0.20	0.20	-	0.20	Tribal Health Initiative, Craft Revival Trust, Bhoomija & Spic Macay
		CToK – Identification, selection, skilling and design interventions for 25 craft entrepreneurs reaching out to around 175 craftsmen and women		Kashmir	0.57	0.67	0.67	-	0.67	CTOK
		Project Tana Bana - First time ever, reaching out to create women weavers and impacting around 30 families in this year and around 100 families over a period of 3 years.		Benaras	0.40	0.41	0.41	-	0.41	Human Welfare
		Support to Arts - Supporting Art Research engagement over long term through providing grants	v	All India - Based at Bengaluru	0.27	0.27	0.27	-	0.27	IFA
		Support to Theatre : Continued engagement towards creation of young directors program	v	Across Karnataka	0.32	0.49	0.49	-	0.49	Rangashankara
		Sub Total			**1.92**	**2.03**	**2.03**	**0.00**	**2.03**	
4	Design Impact awards for social change (in the areas, but not limited to Education, Skilling, Health & Rural Development)	Work towards establising identity , playbook, principle document and project frame work, launch and shortlist of nominees, including engagement programs for participants	I,ii,iii,iv & x	Karnataka - Bengaluru	1.90	0.66	0.66	-	0.66	Sattva, Social Venture Partners
		Sub Total			**1.90**	**0.66**	**0.66**	**0**	**0.66**	

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		
	2a Programs	2b Key projects and initiatives (Figures in brackets indicate direct beneficiaries)						Direct (₹ Cr)	Through implementing agency / partner (₹ Cr)	Name of implementing partner(s)
5	Responsible citizenship	**Restoration of water bodies, sanitation and livelihood programs**								
		Integrated Village Development Program & Rejuvenation of water bodies and implementing drinking water and sanitation scheme, in 11 villages	I,ii,iv	Uttarakhand	0.70	0.70	0.70	-	0.70	Himmotthan Society
		Watershed programs for livelihood	I,ii,iv	TN - Cuddalore	0.25	0.25	0.25	-	0.25	NABARD/NAF/CII
		Technology Incubation: Incubating companies in the space of chosen areas through institutes of repute	ix	TN - Chennai,	0	0.50	0.50	-	0.50	IITM
		Health care support								
		Preventive Eye care - Screening , providing subsidised glasses and part funding surgeries for underprevilliged , with focus on children	i	Uttarakhand, Karnataka	0.95	0.80	0.80	-	0.80	"Shankara, Bengaluru Chirantana Trust, Nirmal"
		Augmenting infrastructure and patient care towards individuals affected with cancer	i	WB - Kolkata	0	1.02	1.02	-	1.02	TMC Trust
		Support to armed forces - Augmenting hostel for girl children	vi	Karnataka - Bengaluru	0	0.04	0.04	0.04	-	Direct
		One off requests, across multiple locations	I,ii,iii,iv	Locations where Titan facilities are present	0.50	0.73	0.73	0.73	-	Mostly Direct
		Sub Total			**2.40**	**4.03**	**4.03**	**0.77**	**3.26**	
6	Overheads				2.32	0.89	0.89	0.89	0	
		Grand Total			**23.41**	**23.44**	**23.44**	**3.14**	**20.30**	

Annexure – III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2018
[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	13.51%
ii)	Jewellery	3211	82.81%
iii)	Others		3.68%
	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 TimeProducts 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 Unit No. II, No. 141 S. Muduganapalli Village, Denkani Kottai Road, Hosur, Krishnagiri, Tamil Nadu - 635110	U33111TZ2015PLC021232	Subsidiary	100%	2(87)
v)	Green Infra Wind Power Theni Limited No. 29, Haddows Road, Chennai – Tamil Nadu, India.	U40105HR2011PLC070256	Associate Company	26.79%	2(6)
vi)	Montblanc India Retail Private Limited Integrity #193, Veerasandra Electronics City P.O. Off Hosur Road Bengaluru - 560100	U52390KA2014PTC074786	Joint Venture	49%	2(6)
vii)	Carat Lane Trading Private Limited 2nd, 3rd & 4th Floor, #32, Rutland Gate, 2nd Street, Khader Nawaz Khan Road, Nungambakkam, Chennai- 600 006.	U52393TN2007PTC064830	Subsidiary	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)	24,74,76,720	-	24,74,76,720	27.88	24,74,76,720	-	24,74,76,720	27.88	-
c) Bodies Corp.	22,35,31,200	-	22,35,31,200	25.18	22,22,25,200	-	22,22,25,200	25.03	-0.15
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**47,10,07,920**	**-**	**47,10,07,920**	**53.06**	**46,97,01,920**	**-**	**46,97,01,920**	**52.91**	**-0.15**
(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)	**47,10,07,920**	**-**	**47,10,07,920**	**53.06**	**46,97,01,920**	**-**	**46,97,01,920**	**52.91**	**-0.15**

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	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2,40,13,590	43,200	240,56,790	2.71	3,07,09,534	34,200	3,07,43,734	3.46	0.75
b) Banks / FI	6,28,745	19,180	6,47,925	0.07	1,67,110	18,150	1,85,260	0.02	-0.05
c) Central Govt / State Govt(s)	31,19,986	-	31,19,986	0.35	14,95,955	-	14,95,955	0.17	-0.18
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	1,99,79,294	-	1,99,79,294	2.25	2,24,08,245	-	2,24,08,245	2.52	0.27
f) FIIs	1,68,33,213	30,000	1,68,63,213	1.9	4,68,470	21,000	4,89,470	0.06	-1.84
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h) Others (specify) Foreign Portfolio Investors (Corporate)	17,06,84,509	-	17,06,84,509	19.23	18,34,78,114	-	18,34,78,114	20.67	1.44
i) Others (specify) Alternate Investment Fund (Corporate)	-	-	-	-	8,49,072	-	8,49,072	0.1	0.1
Sub-total (B)(1)	**23,52,59,337**	**92,380**	**23,53,51,717**	**26.51**	**23,95,76,500**	**73,750**	**23,96,49,850**	**26.99**	**0.48**
2. Non-Institutions									
a) Bodies Corp.	1,11,05,904	74,060	1,11,79,964	1.26	1,19,11,535	71,060	1,19,82,595	1.35	0.09
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,53,43,958	1,64,91,158	8,18,35,116	9.22	6,47,58,614	1,48,05,664	7,95,64,278	8.96	-0.26
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,69,08,534	11,59,400	8,80,67,934	9.92	8,57,08,287	8,59,400	8,65,67,687	9.75	-0.17
c) Others (specify)									
1) Trusts	3,34,509	-	3,34,509	0.04	3,10,830	-	3,10,830	0.04	0
2) OCB	9,000	-	9,000	0	9,000	-	9,000	0	0
Sub-Total(B)(2)	**16,37,01,905**	**1,77,24,618**	**18,14,26,523**	**20.44**	**16,26,98,266**	**1,57,36,124**	**17,84,34,390**	**20.1**	**-0.34**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**39,89,61,242**	**1,78,16,998**	**41,67,78,240**	**46.95**	**40,22,74,766**	**1,58,09,474**	**41,80,84,240**	**47.09**	**0.15**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**86,99,69,162**	**1,78,16,998**	**88,77,86,160**	**100**	**87,19,76,686**	**1,58,09,474**	**88,77,86,160**	**100**	**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 Ltd	24,74,76,720	27.88	0.00	24,74,76,720	27.88	0.00	0.00
2	Tata Sons Limited	18,50,58,900	20.84	0.00	18,50,58,900	20.84	0.00	0.00
3	Tata Investment Corporation Ltd	1,78,75,640	2.01	0.00	1,78,75,640	2.01	0.00	0.00
4	Tata Chemicals Limited	1,38,26,180	1.56	0.00	1,38,26,180	1.56	0.00	0.00
5	Ewart Investments Limited	49,64,480	0.56	0.00	49,64,480	0.56	0.00	0.00
6	Piem Hotels Limited	18,06,000	0.20	0.00	5,00,000	0.06	0.00	0.15
		47,10,07,920	**53.06**	**0.00**	**46,97,01,920**	**52.91**	**0.00**	**0.15**

(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	Piem Hotels Limited	31st March 2017	At the beginning of the year	18,06,000	18,06,000
		22nd September 2017	Decrease	-11,22,000	6,84,000
		29th September 2017	Decrease	-1,84,000	5,00,000
		31st March 2018	At the end of the year	5,00,000	5,00,000

(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 31.03.2017	No of shares as on 31.03.2018	Net Changes	% to Capital
1	Rakesh Jhunjhunwala	6,17,60,645	6,11,75,645	-5,85,000	-0.07
2	Matthews Pacific Tiger Fund	2,47,97,915	1,86,18,799	-61,79,116	-0.70
3	LIC of India Child Fortune Plus Growth Fund	1,89,97,003	1,89,97,003	-	-
4	Dendana Investments (Mauritius) Limited	1,57,97,331	81,15,848	-76,81,483	-0.87
5	Rekha Jhunjhunwala	1,42,65,575	1,40,75,575	-1,90,000	-0.02
6	Franklin Templeton Investment Funds	1,19,21,397	92,66,882	-26,54,515	-0.30
7	Morgan Stanley Mauritius Company Limited	98,89,501	7,78,254	91,11,247	-1.03
8	Sbi Arbitrage Opportunities Fund	91,93,692	65,96,152	-25,97,540	-0.29
9	Copthall Mauritius Investment Limited	91,54,588	36,47,533	-55,07,055	-0.62
10	UTI- Mahila Unit Scheme	47,55,115	35,25,737	-12,29,378	-0.14

(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

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
2	Mr. Harish Bhat				
	At the beginning of the year	80,000	0.009	80,000	0.009
	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	0.009	80,000	0.009
3	Mr. T K Balaji				
	At the beginning of the year	5,61,000	0.0631	5,61,000	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	5,61,000	0.0631	5,61,000	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	400	0
	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	400	0

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	2.38
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.14
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify…………	3.49
5	Others, please specify	-
	Total (A)	6.01
	Ceiling as per the Act	79.73

B. Remuneration to other Directors:

(₹)

S. No.	Particulars of Remuneration	Fee for attending board/ committee meetings	Commission	Total Amount
1	**Independent Directors**			
	Mr. T.K. Balaji	4,30,000	56,05,000	60,35,000
	Ms. Vinita Bali	3,95,000	74,31,000	78,26,000
	Mrs. Hema Ravichandar	3,60,000	56,64,000	60,24,000
	Prof. Das Narayandas	50,000	14,16,000	14,66,000
	Mrs. Ireena Vittal	4,85,000	64,31,000	69,16,000
	Mr. Ashwani Puri	3,85,000	61,36,000	65,21,000
	Total (1)	**21,05,000**	**3,26,83,000**	**3,47,88,000**
2	**Other Non-Executive Directors**			
	Chairman(nominated by TIDCO)	2,05,000	58,01,667	60,06,667
	Mr. Ramesh Chand Meena	50,000	7,03,083	7,53,083
	Mr. T.K. Arun	1,80,000	26,74,667	28,54,667
	Ms. Shilpa Prabhakar Satish	Nil	2,06,500	2,06500
	Mr. N.N. Tata	2,20,000	Nil	2,20,000
	Mr. Harish Bhat	3,85,000	Nil	3,85,000
	Total (2)	**10,40,000**	**93,85,917**	**1,04,25,917**
	Total Managerial Remuneration	31,45,000	4,20,68,917	4,52,13,917
	Ceiling as per the Act (₹ Crores)			15.95

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

(₹ in crores)

S.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	0.73	1.36	2.09
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.04	0.09	0.13
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5	Others, Allowances	0.43	1.05	1.48
	Total	**1.20**	**2.50**	**3.70**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March 2018.

Annexure – IV

DIVIDEND DISTRIBUTION POLICY

SCOPE AND 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 Re. 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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To
The Members,
Titan Company Limited

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

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Titan Company Limited for the financial year ended on 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

(vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.

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

(1) Employer/Employee Related Laws & Rules:

i. Industries (Development & Regulation) Act, 1951

ii. The Factories Act, 1948

iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959

iv. The Apprentices Act, 1961

v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952

vi. The Employees State Insurance Act, 1948

vii. The Workmen's Compensation Act, 1923

viii. The Maternity Benefits Act, 1961

ix. The Payment of Gratuity Act, 1972

x. The Payment of Bonus Act, 1965

xi. The Industrial Disputes Act, 1947

xii. The Trade Unions Act, 1926

xiii. The Payment of Wages Act, 1936

xiv. The Minimum Wages Act, 1948

xv. The Child Labour (Regulation & Abolition) Act, 1970

xvi. The Contract Labour (Regulation & Abolition) Act, 1970

xvii. The Industrial Employment (Standing Orders) Act, 1946

xviii. Equal Remuneration Act, 1976

xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979

xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013

xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996

xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013

xxiii. Dangerous Machines (Regulation) Act, 1983

xxiv. Indian Boilers Act, 1923

xxv. The Karnataka Shops & Establishments Act, 1961

xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963

xxvii. The Labour Welfare Fund Act, 1965

xxviii. The Karnataka Daily Wage Employees Welfare Act, 2012

xxix. For majority of Central Labour Laws, each State has introduced Rules [names of each of the Rules are not included here]

(2) Environment Related Acts & Rules:

i. The Environment Protection Act, 1986

ii. The Water (Prevention & Control of Pollution) Act, 1974

iii. The Water (Prevention & Control of Pollution) Cess Act, 1977

iv. The Air (Prevention & Control of Pollution) Act, 1981

v. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

vi. Manufacture, Storage and import of Hazardous Chemicals Rules, 1989

vii. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

3) Economic/Commercial Laws & Rules:

   i. The Competition Act, 2002

   ii. The Indian Contract Act, 1872

   iii. The Sales of Goods Act, 1930

   iv. The Forward Contracts (Regulation) Act, 1952

   v. The Indian Stamp Act, 1899

   vi. The Transfer of Property Act, 1882

4) Other Laws:

   i. Indian Explosives Act, 1884

   ii. Legal Metrology Act, 2009

   iii. Electricity Act, 2003

   iv. Information Technology Act, 2000

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

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

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

I further report that

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

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

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

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

Place: Bengaluru
Date: 10th May 2018

Signature:
(Vijayakrishna KT)
FCS No.: 1788
C P No.: 980

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

'Annexure'

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

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

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.

4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.

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

Place: Bengaluru
Date: 10th May 2018

Signature:
(Vijayakrishna KT)
FCS No.: 1788
C P No.: 980

MANAGEMENT DISCUSSION AND ANALYSIS

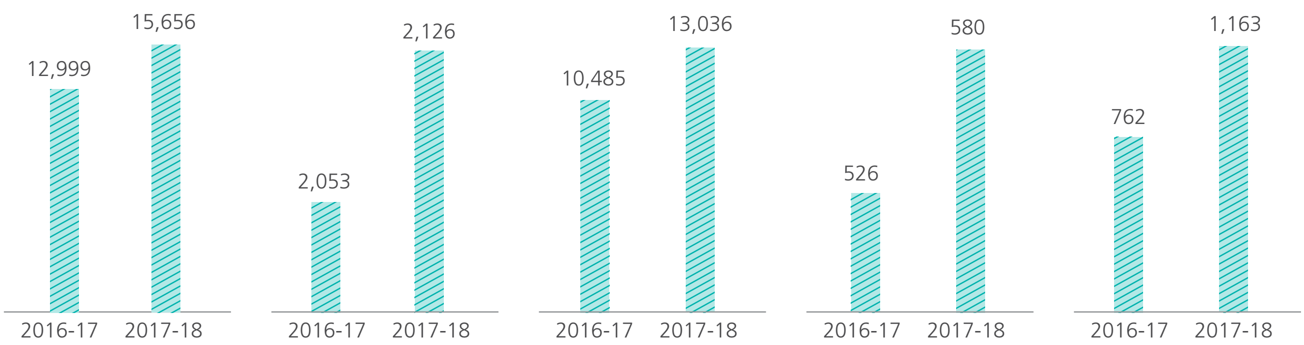
ENVIRONMENT

Macroeconomic overview:

The formalisation of economy continued to receive boost with Goods and Service Tax (GST) introduction. GST transition was smooth even though rates fluctuated for Watches and Eyewear. The Company is now a major beneficiary with significant market share gains in jewellery. Wedding jewellery and high value studded being the focus, success of gold exchange programmes and focus on “hero” markets will help Tanishq gain significant market share. The recraft strategy in Watches is working to plan. The Company has continued its cost focus with Quantum Leap. The Prescription Eyewear business has met targets though sunglasses was affected by GST.

Financial Highlights

Revenue from Operations (₹ crores) | **Income - Watches** (₹ crores) | **Income - Jewellery** (₹ crores) | **Income - Others** (₹ crores) | **Net Profit** (₹ crores)



WATCHES & ACCESSORIES DIVISION

Overview

The year saw many challenges and disruptions for the business in the form of introduction of GST at 28% for the initial few months before being brought down. The business has been resilient and has turned the year into one of the best years in the recent past. The Watches business undertook a slew of initiatives in FY 2017-18 to improve the health of the business.

Watches as a category have seen a spurt in consumer interest over the last two years. The introduction of technology in products through smart watches and wearables, rise of modern channels like Large Format Stores (LFS) and E-commerce as well as digital and new media marketing have created new opportunities for the category. These were leveraged well in the past year by all brands. Watches portfolio of brands, channels and markets have been re-ignited and the reinvention journey has taken steam, charting an exciting future course.

Global Watch Market Trend

The situation of the Swiss watch industry exports improved steadily during the course of 2017, closing the year with a growth of 2.7%. The upturn was seen after two years of successive decline, caused by the disruption created by smart watches and the uncertainties in Europe. While a growing number of markets returned to growth, some of them continue to lag. Asia (+4.8%), which generated half of all export sales, was the growth driver in 2017 thanks to a very good second half. China and Hong Kong, both large markets, saw growths of 18.8% and 6% respectively for the year (Source: FHS - Federation of the Swiss Watch Industry)

The trend globally is to stay relevant to the millennial consumer. Hence-classic designs are being re-rendered in more modern forms, cases are getting smaller and there is a growing use of newer materials like ceramic, titanium and carbon composites.

The year FY 2017-18

The Watches and Accessories Division undertook a journey of re-crafting in FY 2016-17 to radically improve the business performance through higher revenue growth and improved health with increased profitability. This entailed significant new steps in the areas of product and marketing including use of technology, focussed channel strategy and leveraging of investments in manufacturing. The Horizon 1 of this exercise has given us excellent results in the year FY 2017-18. The key pillars of this achievement have been initiatives to drive volume growth in the business portfolio, reigniting Fastrack as a brand, strengthening the premiumisation of brand Titan, focussing on modern channels, fully leveraged manufacturing capacities and focus on cost management.

The business continued investing in and strengthening its brands, bringing out a slew of new products and significantly enhancing its market presence.

Design differentiation

Product design remains at the core of the Watches businesses strategy and is the pillar on which the Company's brands have been built. The design excellence path has given rise to several spectacular products in FY 2017-18. The Ceramic Edge watch under brand Titan that combines the slimness of the Titan Edge with the material innovation of ceramic has been a clear winner in the premium space. The Squadron collection of Titan Octane was inspired by fighter jets and created a mark in terms of design innovation. Titan Raga came up with a stunning new collaboration with designer, Masaba Gupta that featured quirky yet elegant watches with signature motifs like the fish, elephant and tribal pillar. Brand Fastrack launched successful collections like EDM and Loopholes. Brand Sonata had several new modern collections to its credit like Nxt, Sleek and steel and plastic watches for women. Excellent designs in bags, belts and wallets under the Fastrack brand have also garnered interest.

Technology and smart products

Fastrack Reflex, an activity tracking band has been a great success. The launch of 'Titan We' marks the world's first ever smartwatch designed for women combining features like safety, fitness and notifications.

Brand initiatives

In terms of advertising and communication, the business made significant investments in sharpening the brand proposition of each of its brands and targeting its consumers in a focussed manner.

Campaigns like Titan Edge, Raga Masaba, Squadron from Titan Octane and Raga Espana have highlighted collections from brand Titan while the campaign #OnTrend was to appeal to the

Fastrack Reflex campaign was a runaway hit with more than 17 million online views. The "Shut the Fake Up" campaign gave a cool, new voice to the Fastrack brand as it spoke to the youth of India.

modern man with an array of design-differentiated watches from brand Titan. Fastrack had a slew of campaigns, both in mass and digital media that highlighted collections like EDM and Loopholes. Fastrack Reflex campaign was a runaway hit with more than 17 million online views. The "Shut the Fake Up" campaign gave a cool, new voice to the Fastrack brand as it spoke to the youth of India. Sonata launched a new brand proposition of "Khud Par Yakeen" and signed on Sushant Singh Rajput as a brand ambassador in its aim to be the aspirational mass brand. The Sonata ACT campaign has received awards galore including Abbys, Effies, Emvies and the Brand Launch of the year Award.

Sales Channels

A concerted effort through the year including a few strategic moves saw growth in each channel. The World of Titan retail stores channel crossed the landmark of ₹ 1,000 crores. Fastrack stores format underwent significant facelift with better space efficiency. The 'SMILE - Create Magic' customer engagement programme was adjudged the customer experience initiative nationally.

For Helios, it was one of the best years in recent history – being the fastest growing brick and mortar channel in watches portfolio, network nearly doubled. The Large Format store channel continued its momentum with double digit growth and market share gain.

Initiatives involving consistent dealer engagement and TOC (Theory of Constraints) implementation led to a healthy growth of trade channel.

Stable partnership with key aggregators helped the E-commerce channel contribution to double; this channel is the fastest growing one for two consecutive years. Post restructuring, the spares parts business too gathered momentum and recorded a healthy growth.

Manufacturing

In manufacturing, the focussed effort on "Make in India" has resulted in significant reduction in imports with in-house capability going up, case manufacturing plants at Hosur and

Coimbatore reaching full capacity utilisation. The focus is to build a sustainable and agile integrated supply chain ecosystem in India.

The innovation effort was stepped up with the creation of a programme office to collaborate and leverage technologies. The years ahead will witness a series of patented innovative products across all our brands and leverage advanced manufacturing technology and Industry 4.0 to improve the efficiency and effectiveness of our manufacturing competence.

International business

The year was a mixed bag for Watches exports. Far East markets responded well to several marketing inputs, on the one hand. However, the Middle East markets remain a challenge on account of long-term economic corrections. A comprehensive plan to address this is underway. The Amazon tie-up in USA is seeding well and holds promise. E-commerce channel, in general, will receive focus to diversify our base in future. Fastrack brand has shown traction and holds potential for faster growth next year. The business is aiming to consolidate in FY 2018-19 while targeting sharper investments.

Favre Leuba

The Company purchased the brand Favre Leuba in 2011 and launched the brand in October 2016. The brand has reached 50 retail touchpoints in a span of 18 months. Retailing in Japan, India, UAE, Taiwan, Hong Kong, Switzerland, Italy, United Kingdom, Macau, Germany and Kuwait, the brand is steadily gaining a global presence. A diverse collection for men and women, the 51 SKUs comprise instrument watches for great outdoors, as well as the contemporary minimalistic look for the everyday wear. The Raider Bivouac 9000 showcased at Baselworld 2017 was launched commercially in October 2017 and received the WatchStars Best watch 2018 award in the New Star category. At Baselworld 2018, the brand showcased 4 new models, leading with the only depth gauge to record depth to 120m deep – Raider Bathy 120 MemoDepth; Deep Blue size variant of 41mm; Sky Chief size variant of 40mm; and the brand new Sea King 41mm. Baselworld 2018 also ensured the brand is seen with the key partners, retailers and distributors, as well as with the media as a brand that is here to stay and can be trusted to gain its rightful place in the Swiss watch industry. Thus, with the two iconic Bivouac and Bathy, now re-engineered, and the smaller case sizes as part of the collection, the brand is now rock steady and the plans for 2018-19 is to gain momentum with sales and distribution.

Risks & Challenges

While our brands continue to maintain a high market share in the organised watch market in India, competition from global players both in the traditional and smart watches space on the one hand and the unorganised market on the other, plus other non-watch categories, continue to pose a challenge. The consumer is increasingly spoilt for choices and looking forward to offers and discounts, all the time.

Technology will continue to play an important role in the category in the years ahead and Titan brand will continue to invest to keep consumers engaged with the category through its product offerings that combine design excellence and technology.

Looking ahead

The Watches business is looking to consolidate its leadership position in the segments it operates in and would continue to take initiatives aimed at seeding its future, by enhancing its capability in the wearables space, building up the smart and hybrid smart capabilities, to help create a portfolio of smart products. The business will continue to invest to further strengthen its portfolio of powerful in-house brands, enhance its presence in modern retail, strengthen its Licensed Brands portfolio and aggressively pursue a volume growth strategy.

JEWELLERY DIVISION

The year FY 2017-18

FY 2017-18 turned out to be the best year in the history of the Division. Like in the golden years between FY 2005-06 and FY 2011-12, not only was the growth very good at 20%+ (2nd year in a row), but it was also led by a handsome same-store growth of nearly 20%, driving a big step-jump in scale economies for the whole ecosystem of the Company, franchisees and vendors. This growth was under-pinned by the following factors:

- An attitude of obsessive result orientation and agility across the organisation
- Exceptional collaboration across teams, resulting in a very effective execution of strategies
- A focussed brand organisation, resulting from the smooth closure of the Gold Plus brand
- Continuing consumer interest in the category, swaying more and more to the beats of adornment
- Government regulations sending more and more consumers towards respectable, organised players and simultaneously constraining the mid-sized jewellers in their ease of doing business
- Increasing franchisee interest in the business and the brand, making it easier for us expand our footprint

The results of all these were the following:

- The best-ever brand metrics in many years
- Growth rates in excess of other national jewellery chains and all regional/local jewellers in every market and a clear increase in share
- Impressive growth in new customer acquisition and ticket size
- The Golden Harvest programme clearly coming back as an engine of wallet share increase and sales growth
- Impressive expansion in EBIT* margin and ROCE*

* EBIT - Earnings Before Interest and Tax

* ROCE - Return on Capital Employed

FY 2018-19 and beyond

5 platforms for growth had been identified by the business for the 2.5X ambition outlined for FY 2021-22 (recently expanded to FY 2022-23). These are:

- Wedding Segment
- High Value Diamond Jewellery Segment
- Low Market Share Cities
- Middle India Towns
- Golden Harvest

Last year's annual report had elaborated on all these and the initiatives for FY 2018-19 would continue to be conceived and executed for these platforms, in addition to the 6th platform (jewellery exchange) that the Company has recently accelerated.

Jewellery Exchange

- Indian consumers have the largest stock-pile of jewellery and gold in the world, approximately 25,000+ tonnes
- The exchange value offered by Tanishq is the best and most transparent in the industry
- Over the last 18 months, ticket size and sales growth have also been helped along by this advantage
- Over the next few years, this advantage is going to be sharpened and capitalised for an accelerated growth

Operational Excellence

1. Design and Launch of new collections

   The Division continues to be the benchmark in the industry. Matured processes, substantial emphasis on innovation and collaborating teams are taking this continuously forward

2. Merchandising Effectiveness and Supply Chain

   Industry-leading thinking, processes and IT solutions continue to keep the Division ahead, delivering very good Gross Margin and Stock Turns

3. Manufacturing and Vendor Partnering

   Significant investments are being planned to upgrade various parts of the backbone:

   i. Synthetic diamond detection

   ii. Warehouse automation

   iii. Gold jewellery manufacturing

   iv. Vendor partner infrastructure upgradation

4. Bullion Management

   After a successful piloting of importing and refining the Dore ore, the Division is stepping up this part of gold sourcing during FY 2018-19 and is hoping to deliver additional margin to the business over time

5. New Manufacturing Units

   a. The Sikkim plant of the Division has been up and running since March 2017 and is expected to make a significant difference to the people of Sikkim as well as tax savings for the Company

   b. The Pantnagar unit has really blossomed into a world-class manufacturing facility

5 platforms for growth had been identified by the business for the 2.5X ambition outlined for FY 2022-23

FY 2018-19, in summary

The plans for FY 2018-19 are derived from "2.5X of FY 2017-18 by FY 2022-23" ambition and represent a challenging growth for the Division on a base that was a record year. The Division is pinning these exciting results on the following:

- A positive consumer sentiment reinforced by a greater attraction for jewellery and gold
- A stronger brand with growing pull
- A very confident army of people across the Company, franchisees and vendors, sharing a common purpose and sense of destiny
- An obsession with the results that need to be delivered
- An increasing competitive advantage
- An improving execution excellence

Risks and Challenges

The Company believes that most of the regulatory interventions have played out and the industry has got used to it. Provisions pertaining to the PMLA (Prevention of Money Laundering Act, 2002), was expanded to include jewellery in August 2017 (₹ 50,000 threshold) and then withdrawn in October 2017. It is possible that this may come back sometime in FY 2018-19. However, the industry has requested the Ministry to look at a much higher threshold (like in Europe and the US) and the Ministry was receptive to that point of view. If the PMLA inclusion finally materialises even at ₹ 200,000, the Division would be able to take it on its chin and move forward without any setback.

EYEWEAR DIVISION

Operating Environment

The eyewear market in India is largely unorganised, fragmented and estimated to be growing at 7-10%. The growth largely comes from new entrants who have come in at the national and regional level and have rapidly set up new stores in the last few years. Local players have also mushroomed in recent years and it is estimated that there are over 30,000 such local players. Existing national and regional players have been largely experiencing low single digit growth.

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

Over the last ten years, the Company's Eyewear Division has rapidly scaled up its operations and at the end of financial year 2017-18 had 500 retail stores, 3.2 lakh sq. feet of retail space, 4,500 sunglass dealers, 2.4 million customers a year, a state-of-the-art lens manufacturing facility in Bengaluru and satellite lens manufacturing facilities in Kolkata, Mumbai and Delhi. The infrastructure for frame manufacturing has been completed and commercial production has commenced from April 2018.

Over 65 new stores were opened during the year and after closing 35 unprofitable stores, the store count now stands at 500 stores. A large number of old stores were taken up for renovation and converted to the new retail identity.

The year FY 2017-18

FY 2017-18 was a mixed year where the business grew by 8%. While the Titan EyePlus retail business came close to meeting its overall and same-store growth targets, the sunglass distribution business had a difficult year mainly due to the disruption in the optical trade caused by GST.

The business continued to make investments to set a solid foundation to drive scale and growth in the coming years.

Over 65 new stores were opened during the year and after closing 35 unprofitable stores, the store count now stands at 500 stores. 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 brand platform of Titan EyePlus was shifted from lifestyle to expertise to convey the level of actual expertise delivered at the stores.

A simplified incentive structure for store staff was put in place to improve conversions and motivate the staff even further.

The satellite lens labs worked closely with the stores to reduce turnaround times and enabled them to deliver spectacles on the same day. The initiative to deliver spectacles within 30 minutes has been extremely successful and has become a differentiator at many of the stores.

Initiatives to promote the sale of multiple products and powered sunglasses have driven up the average units per transaction at every store.

The Omni channel commenced operations during the year and has proved to be highly successful. While sales online are growing at a good rate, the channel has been very effective in driving a large number of customers to our stores.

Real-time NPS was introduced at all stores to track customer satisfaction, take feedback and drive overall improvement in customer experience. A number of measures have been taken based on the feedback received and NPS scores have significantly gone up in recent months.

To improve coordination between the retail stores and the backend, an interface team has been set up to ensure that supply chain related issues are sorted out immediately and has led to customer satisfaction scores on quality and delivery going up significantly.

To enhance the customer experience at the stores and ensure that there is no disruption in operations, most stores now have two qualified trained Optometrist.

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

Titan EyePlus stores now look modern and contemporary with the new retail identity that has been rolled out across most stores. All new stores carry the new retail identity and most old stores have been renovated to carry the new retail identity. Inside the stores, an occasion-based display of Sport, Work and Fashion greatly enhances the retail experience and is a first in the industry.

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 our stores. Introduction of fog-free lenses, digital lenses and computer glasses made in-house at the Company's lens manufacturing facilities have evoked an excellent response from consumers.

A design studio has been set up and in-house designed frames will differentiate our products from that of competition as the percentage of these products increase in the portfolio.

Trust and transparency has been one of the 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 our 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 with one more being opened in Bengaluru shortly. 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 timeframe.

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 taken up for school children covering 350 schools across 150 different locations and covering 1 lakh children.

Opportunities, threats and risks

While Titan EyePlus remains the market leader in the eyewear category, the headroom for growth is enormous. With the crackdown on the parallel economy and the 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 calibrated expansion and driving same-store growth will be the key opportunities to pursue.

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

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

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

Since there is a high dependence on outsourcing, especially for spectacle frames, frame manufacturing has been set up and has commenced commercial production.

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.

INTEGRATED RETAIL SERVICES GROUP

The year witnessed aggressive expansion of the Company's retail network with a net addition of 114 stores. As on 31st March 2018, the Company had 1,480 stores, with over 1.9 million square feet of retail space delivering a retail turnover of over ₹ 15,656 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 2018.

DIGITAL

The implementation of the Company's digital strategy is well underway. The 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 the Company's processes as possible, significantly increasing agility.

The Company, working with IBM as its technology partner and Cognizant as its implementation partner has focussed on building 3 platforms which are expected to be complete by December 2018. Key features and milestones for the 3 platforms are listed below:

Discover & Buy Platform: This will allow customers across businesses to discover the Company's products online and then buy them online or in-store as they choose. This platform is already integrated with the Flipkart and Tata Cliq marketplaces with more being added soon. The first of 9 new commerce-enabled brand sites is expected to go live in June 2018 with the others following thereafter. Omni-channel visibility of store inventory and an encircle consumer application will also go live in Q2 FY 2018-19.

Analytics & Insights Platform: The new Enterprise Data Warehouse has been switched on and data from all internal and external systems is currently being extracted into this single warehouse. An automated campaign management tool has been implemented and personalised campaigns have started to roll-out. 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 and insights that might lead to new features and products. AI based chat-bots have been implemented on two websites with more to follow soon.

The Company, working with IBM as its technology partner and Cognizant as its implementation partner has focussed on building 3 platforms which are expected to be complete by December 2018.

Customer Management Platform: The Unified Customer Service Team has been further ramped to be able to handle 60,000 interactions per month across diverse channels like calls, e-mails, chats, social media response and even WhatsApp. An outbound contact centre has also been created to be able to follow up on leads and prospects and this will be further ramped up.

INFORMATION TECHNOLOGY (IT)

Over 250 IT initiatives including 67 large projects that involved more than 20 man-months each were undertaken to enable business growth, productivity and process improvements during the year. With the introduction of GST, at least twelve of our IT systems had to be modified significantly. This involved more than 100 systems personnel putting in 300 man-months of effort to update about 750 modifications across systems. The notification of provision of Prevention of Money Laundering Act, 2002 also mandated us to respond with major changes to systems in a short period of 15 days. The relocation of the Company's corporate office compelled the relocation of the IT infrastructure that involved shifting of 40 physical servers and 275 virtual servers to a new data centre. This involved redesign of the Company's IT network affecting more than 70 software applications. A significant amount of effort also went into changes in IT systems when the manufacturing plant of our Precision Engineering Division was relocated to Hosur. With the subsidiaration of Titan Engineering & Automation Limited, the existing SAP ERP systems had to be reconfigured to enable transactions in the new legal entity. The Data Centre in Hosur was shifted and merged with state-of-the-art data centre at corporate office. The fruits of the Company's investment in the digital space started yielding results with the integration of IT systems with e-marketplaces such as Flipkart, Myntra and Tata Cliq. Our investment in Google Technology made a couple of years ago has been leveraged significantly and has enhanced collaboration across functions and geographies. The Company has also continued its impetus to enhance our Information Security posture over the last two years. There has been a significant improvement in Information Security posture that was enabled through investments in technology, business process and governance mechanisms to mitigate risks arising out of cyber intrusions.

Our initiatives in the area of Knowledge Management was recognised by the industry with Titan being conferred the "Most Admired Knowledge Enterprise – Asia" award for the fourth consecutive year.

HUMAN RESOURCES

The Company had 6,856 employees on rolls of which 1,790 were women as on 31st March 2018 and recruited 636 new employees during the year. Of the total head-count of 6,856; 2,941 employees were engaged in manufacturing, 2,373 in retail and 1,542 in corporate and support functions. The Company also had an attrition of 611 employees which resulted in an attrition rate of 8.98% resulting in net addition of 25 employees during the year.

In 2015, the Company had started the leadership development journey with a four-tiered approach – young leaders, emerging leaders or mid-management, senior management and top leadership team. Three of the four programmes were launched in 2016. In FY 2017-18, the Titan Management Council went through 2 Learning Labs, 2 workshops on key competencies and 1 immersion. The team also took on five cross divisional business projects and four projects on culture. Diagnostics and feedback for all Senior Management Team members were completed. Emerging Leaders Program (ELP) 1.0 batch development journey covering five learning labs, thirteen immersions, three rounds of sponsor conversations and four leadership cafes, over 18 months, concluded in January 2018. The assessment process to identify Top Talent for the 2nd edition of ELP was completed in December 2017. Young Leaders Program (YLP) 1.0 completed the 12-month MBA from XLRI Jamshedpur and the innovation project. The second edition of YLP with 28 participants was launched in July 17.

The first Leadership Conclave was held on 18th January 2018 at Bengaluru. It brought together Titan leaders across levels along with the best minds from various fields viz, Industry, Social Welfare, Sports and so on. The theme for the 2018 conclave was "Think Big", a core competency for Titan Leaders.

In order to optimise the operations of our plants in the northern region, and continue reaping tax benefits, the Dehradun and Roorkee factory operations have been consolidated with 100% placement of Dehradun staff at Company's other factories.

T Factor, a one of its kind talent hunt that covered employees of the Company and its partners was launched in 2017 as an initiative to celebrate the Company's 30th anniversary. The event spanned 6 zones, 22 cities, 1,400 participants through 1,001 performances. It saw the vast pool of talent within the country and extended to not only the employees but the vendor partners and franchisees as well including the security workforce, karigars, service technicians, retail sales officers etc.

The zonal finals in partnership with the 'Impressions' awards saw a culmination of talent and achievement among the participants of Titan. All in all this initiative saw a great amount of talent rising up to the occasion thereby making the 30th year a grand success for the Company.

The Company also launched 'Interface' – a communication forum for L level employees at the manufacturing units in Watches, Hosur. The forum aims to provide a platform to the L level employees to voice their issues.

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

SEGMENT-WISE PERFORMANCE

(₹ in lakhs)

Segment Results	Year Ended 31st March 2018 (Audited)	Year Ended 31st March 2017 (Audited)
Net Sales / Income from segments		
Watches	2,12,643	2,05,316
Jewellery	13,03,587	10,48,498
Eyewear	41,498	41,403
Others	9,501	6,514
Corporate (Unallocated)	6,996	4,633
Total	**15,74,225**	**13,06,364**

(₹ in lakhs)

Segment Results	Year Ended 31st March 2018 (Audited)	Year Ended 31st March 2017 (Audited)
Profit / (Loss) from segments before finance costs and taxes and after share of profit/ (losses) of associate		
Watches	25,788	13,843
Jewellery	1,54,298	1,03,872
Eyewear	240	1,278
Others	(4,429)	(4,080)
Total	**1,75,897**	**1,14,913**
Less : Finance Costs	4,768	3,713
Unallocable expenditure net of unallocable income	(14,057)	(7,858)
Profit before taxes	**1,57,072**	**1,03,342**
Capital Employed		
Watches	90,622	70,106
Jewellery	2,07,573	1,17,567
Eyewear	20,573	13,896
Others	3,264	3,049
Corporate (Unallocated)	1,97,367	2,26,583
Total	**5,19,399**	**4,31,201**

HOW THE COMPANY FARED

The Company's sales increased by 20.50%; profit before tax increased by 52% while profit after tax increased by 52.60% over the previous year. Some of the key financial indicators are as below:

	2017-18	2016-17	2015-16	2014-15	2013-14
Sales to Net Fixed Assets (No. of times)	16.28	15.71	15.40	16.17	17.41
Sales to Debtors (No. of times)	81.12	112.68	82.35	63.71	72.06
Sales to Inventory (No. of times)	2.72	2.70	2.53	2.95	2.83
Retained Earnings - ₹ in Cr.	885.07	761.86	462.50	577.31	523.02
Return on Capital Employed (EBIT)	35.98%	29.68%	25.80%	33.1%	37.9%
Return on Net worth	24.47%	19.42%	21.10%	29.3%	33.0%

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

The report on Corporate Governance is pursuant to Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations (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 fulfill expectations of 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 2018, the Company had 12 Directors, comprising 11 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31st March 2018 is as follows:

Category	Name of Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. K Gnanadesikan[1]	3
	Mr. Ramesh Chand Meena[2]	
	Ms. Shilpa Prabhakar Satish[3]	
Nominee Directors of Tata Group	Mr. N.N. Tata	
(Non-Executive, Non-Independent)	Mr. Harish Bhat	2
(Executive, Non-Independent)	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T.K.Balaji	6
	Ms. Vinita Bali[4]	
	Mrs. Hema Ravichandar	
	Prof. Das Narayandas	
	Mrs. Ireena Vittal	
	Mr. Ashwani Puri	
Total		**12**

1 Mr. K Gnanadesikan, nominee of TIDCO was nominated as Chairman of the Board with effect from 1st February 2018 in place of Mr. Atulya Misra, who resigned from the Board effective from 1st February 2018.

2 Mr. Ramesh Chand Meena was appointed on the Board effective 3rd January 2018.

3 Ms. Shilpa Prabhakar Satish was appointed on the Board effective 29th March 2018 and subsequently resigned effective 10th May 2018.

4 Ms. Vinita Bali resigned from the Board effective 1st April 2018.

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

The Company has not had any pecuniary relationship and transaction with any of the Non-Executive Directors during the year under review, other than payment of sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

The Board of Directors met five times during the Financial Year 2017-18. The Board meetings were held on 12th May, 3rd August and 3rd November in 2017 and on 1st February and 28th - 29th March in 2018.

The information as required in terms of Listing 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.

The attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at 31st March 2018 are as indicated below:

Name of Director	Number of Board Meetings attended during the year 2017-18	Whether attended last Annual General Meeting	No. of Directorships in domestic public companies (including this Company)		No. of Committee positions in domestic public companies (including this Company)#	
			As Chairman	As Director	As Chairman	As Member
Mr. K. Gnanadesikan[1]	2	NA	8	2	Nil	Nil
Mr. Atulya Misra[2]	2	Yes	Not Applicable			
Mr. Ramesh Chand Meena[3]	1	NA	3	8	Nil	3
Ms. Shilpa Prabhakar Satish[4]	Nil	NA	Nil	3	Nil	1
Mr. N.N. Tata	3	Yes	3	3	1	2
Mr. Harish Bhat	5	Yes	1	8	1	4
Mr. T.K. Balaji	5	Yes	3	5	1	3
Ms. Vinita Bali[5]	5	Yes	Nil	3	Nil	2
Mrs. Hema Ravichandar	5	Yes	Nil	4	Nil	3
Prof. Das Narayandas	1	No	Nil	1	Nil	Nil
Mr. T. K. Arun[6]	2	Yes	Not Applicable			
Mrs. Ireena Vittal	5	No	Nil	6	Nil	7
Mr. Ashwani Puri	5	Yes	Nil	3	3	Nil
Mr. Bhaskar Bhat	5	Yes	Nil	9*	Nil	3

1 Mr. K Gnanadesikan, nominee of TIDCO was nominated as Chairman of the Board with effect from 1st February 2018 in place of 2Mr. Atulya Misra who resigned from the Board effective from 1st February 2018.

3 Mr. Ramesh Chand Meena nominee of TIDCO was appointed to the Board with effect from 3rd January 2018.

4 Ms. Shilpa Prabhakar Satish, nominee of TIDCO was appointed to the Board with effect from 29th March 2018 and subsequently resigned effective 10th May 2018.

5 Ms. Vinita Bali resigned from the Board effective 1st April, 2018

6 Mr. T. K. Arun, nominee of TIDCO, retired from the services of TIDCO and hence resigned from the Board effective 11th November 2017.

Excludes committees other than Audit and Stakeholders Relationship Committee.

* Excludes Carat Lane Trading Private Limited, a subsidiary of the Company.

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 2018 are as below:

Name of Director	Number of Shares
Mr. K Gnanadesikan	Nil
Mr. N.N Tata	46,900
Mr. Ramesh Chand Meena	Nil
Ms. Shilpa Prabhakar Satish	Nil
Mr. T K Balaji	5,61,000
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 the employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended 31st March 2018. 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.

◦ The Audit Committee shall mandatorily review the following information:

  • management discussion 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:
  - Oversee financial reporting controls and process for material subsidiaries
  - Oversee compliance with legal and regulatory requirements including the Tata Code of Conduct ("TCoC") for the company and its material subsidiaries.

Mr. Ashwani Puri, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 3rd August 2017.

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 2017-18. Audit Committee meetings were held on 11th May, 2nd August and 2nd November in 2017 and on 31st January in 2018.

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 and Category	No. of Meetings attended out of four meetings
Mr. Ashwani Puri, Chairman (Non-Executive) (Independent)	4
Mr. T. K. Balaji (Non-Executive) (Independent)	3
Ms. Vinita Bali (Non-Executive) (Independent)	3
Mr. T.K. Arun (Non-Executive) (Non-Independent)[1]	2
Mrs. Ireena Vittal (Non-Executive) (Independent)	4
Mr. Harish Bhat (Non-Executive) (Non-Independent)	4
Mr. Ramesh Chand Meena (Non-Executive) (Non-Independent)[2]	Nil

1 Mr. T. K. Arun, nominee of TIDCO, retired from the services of TIDCO and hence resigned from the Board effective 11th November 2017.

2 Mr. Ramesh Chand Meena, nominee of TIDCO was appointed on the Board with effect from 3rd January 2018.

The Managing Director, the Chief Financial Officer, the Chief Executive Officers of the Watches & Accessories, Jewellery, Prescription Eyewear, the Chief Human Resources Officer and the Head – Internal Auditor were present at meetings of the Audit Committee. Representatives of the Statutory Auditors, M/s. B S R & Co. LLP and outsourced Internal 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 constitution of Nomination and Remuneration Committee ("Committee") is in conformation with the requirements of Section 178 of the Companies Act, 2013 and also as per the requirements of Regulation 19 of the Listing Regulations. The broad terms of reference of the Nomination and Remuneration Committee are as under:

- To recommend to the Board of Directors the selection and appointment or reappointment of Independent Directors ("IDs") in the Board and its committees which shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director."
- 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 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 2017-18 is attendance at the meetings of the Board and the Committees thereof. The Remuneration Policy is annexed as **Annexure-A.**

The Committee met three times during the Financial Year 2017-18. Meetings were held on 12th May and 2nd November in 2017 and on 31st January in 2018.

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

Name of Director and Category	No. of Meetings attended out of three meetings
Mrs. Hema Ravichandar (Chairman) (Non-Executive) (Independent)	3
Mrs. Ireena Vittal (Non-Executive) (Independent)	3
Mr. T. K. Balaji (Non-Executive) (Independent)	3
Mr. N.N. Tata (Non-Executive) (Non-Independent)	2
Mr. Atulya Misra (Non-Executive) (Non-Independent)[1]	1
Mr. Ramesh Chand Meena (Non-Executive) (Non-Independent)[2]	Nil

1 Mr. Atulya Misra nominated by TIDCO resigned from the Board effective 1st February 2018.

2 Mr. Ramesh Chand Meena, nominee of TIDCO was appointed on the Board with effect from 3rd January 2018.

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 Sections 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 2017-18 are as under:

(in ₹)

Name	Salary	Perquisites & Allowances*	Commission**
Mr. Bhaskar Bhat, Managing Director	99,36,000	1,67,55,953	3,97,44,000

* includes leave encashment of ₹3,03,600 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 2017-18 which is payable in Financial Year 2018-19.

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 of 140% of the annual salary subject to the decision of the Board.
Commission :	As evaluated by the Board or the Board Nomination and Remuneration Committee subject to the overall ceiling under the 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 2017-18 had been computed pursuant to Sections 197 and 198 of the Companies Act, 2013.

The Commission payable to Non-Executive Directors is as per the approval obtained from the shareholders at the Annual General Meeting held on 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 2017-18, 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)#	58,01,667	2,05,000
2	Mr. T K Arun (nominated by TIDCO)	26,74,667	1,80,000
3	Mr. Ramesh Chand Meena (nominated by TIDCO)	7,03,083	50,000
4	Ms. Shilpa Prabhakar Satish (nominated by TIDCO)	2,06,500	Nil
5	Mr. Harish Bhat^	Refer Note below	3,85,000
6	Mr. N N Tata^	Refer Note below	2,20,000
7	Mr. T K Balaji	56,05,000	4,30,000
8	Ms. Vinita Bali	74,31,000	3,95,000
9	Mrs. Hema Ravichandar	56,64,000	3,60,000
10	Prof. Das Narayandas	14,16,000	50,000
11	Mrs. Ireena Vittal	64,31,000	4,85,000
12	Mr. Ashwani Puri	61,36,000	3,85,000

Commission to the Chairman of the Company (the Chairmanship was held by Mr. Atulya Misra upto 1st February 2018 and currently Mr. K. Gnanadesikan is the Chairman)

* Gross amount, subject to tax and payable in Financial Year 2018-19

** Gross amount, excluding service tax, paid during Financial Year 2017-18.

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

The Managing Director is not eligible to receive sitting fees as per the terms of appointment and the contract entered into with him. Sitting fees and Commission payable to the Directors, who are nominees of the co-promoters viz., TIDCO are being paid directly to TIDCO.

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

Section 178(5) of the Companies Act 2013 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee. The Company has constituted the Stakeholders Relationship Committee and the terms of reference of the Committee are to review statutory compliance relating to all security holders, consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report/declared dividends/notices/ balance sheet, oversee compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund, oversee and review all matters related to the transfer of securities of the company, approve issue of duplicate certificates of the company, 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 four times during the Financial Year 2017-18. The meetings were held on 11th May, 2nd August and 2nd November in 2017 and on 31st January in 2018.

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)[1]

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

Ms. Shilpa Prabhakar Satish (Non-Executive) (Non-Independent)[2]

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

1 Mr. T. K. Arun, nominee of TIDCO, retired from the services of TIDCO and hence resigned from the Board effective 11th November 2017.

2 Ms. Shilpa Prabhakar Satish, nominee of TIDCO was appointed on the Board with effect from 29th March 2018 and subsequently resigned effective 10th May 2018.

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, 2018

Complaints outstanding as on 1st April 2017	Nil
Complaints received during the year ended 31st March 2018	15
Complaints resolved during the year ended 31st March 2018	15
Complaints not solved to the satisfaction of shareholders during the year ended 31st March, 2018	Nil
Complaints pending as on 31st March 2018	Nil

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
2014-2015	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	31st July 2015	3:00 p.m.
2015-2016	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	3rd August 2016	3:00 p.m.
2016-2017	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	3rd August 2017	3:00 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2017-18.

c) No Postal Ballot was conducted during the financial year 2017-18.

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 2017, no special resolution was passed.

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.

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 31st March 2018 were published in Business Standard and Dina Thanthi.

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	Friday, 3rd August 2018, 2:30 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	1st April 2017 to 31st March 2018
Book Closure Date	25th July 2018 to 3rd August 2018 (both days inclusive)
Dividend payment date:	On or after 3rd August 2018 (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 2018.
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: 080-67046600

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

The Aggregate Non-promoter / Public Shareholding of the Company as at 31st March 2018 is as shown below:

Number of Shares : 41,80,84,240

Percentage to total holding : 47.09%

STOCK PERFORMANCE

Month	Titan (BSE)		Titan (NSE)		Index Close Price	
	High	Low	High	Low	Sensex	Nifty
Apr-17	495.00	456.40	495.55	455.80	29,918.40	9,304.05
May-17	505.65	460.05	506.15	460.10	31,145.80	9,621.25
Jun-17	566.70	466.00	569.20	465.30	30,921.61	9,520.90
Jul-17	550.00	522.00	546.95	523.20	32,514.94	10,077.10
Aug-17	638.50	537.25	638.30	538.10	31,730.49	9,917.90
Sep-17	653.55	563.60	654.20	563.65	31,283.72	9,788.60
Oct-17	638.00	584.00	639.50	582.10	33,213.13	10,335.30
Nov-17	842.00	633.00	838.90	634.50	33,149.35	10,226.55
Dec-17	871.90	772.00	872.00	770.00	34,056.83	10,530.70
Jan-18	938.00	841.85	938.50	840.60	35,965.02	11,027.70
Feb-18	879.45	741.05	879.10	752.70	34,184.04	10,492.85
Mar-18	963.15	800.00	964.00	799.05	32,968.07	10,113.70

DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON 31st MARCH, 2018

No. of Equity Shares Held	No. of Shareholders*	Percentage	No. of Shares	Percentage
1-5,000	1,31,334	97.22	4,95,47,482	5.58
5,001-20,000	2,820	2.09	2,51,01,382	2.83
20,001-30,000	212	0.16	52,03,705	0.59
30,001-40,000	118	0.09	41,81,651	0.47
40,001-50,000	82	0.06	37,59,564	0.42
50,001-1,00,000	165	0.12	1,21,49,835	1.37
1,00,001- 10,00,000	289	0.21	9,45,36,120	10.65
10,00,001 and above	68	0.05	69,33,06,421	78.09
TOTAL	**1,35,088**	**100.00**	**88,77,86,160**	**100.00**

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

CATEGORIES OF SHAREHOLDING AS ON 31st MARCH, 2018

Category	No. of Share holders*	No. of Shares Held	% of Shareholding
Tamil Nadu Industrial Development Corporation Limited	1	24,74,76,720	27.88
Tata Group Companies	11	22,22,25,200	25.03
FFI / FIIs / OCBs	652	18,39,76,584	20.72
Bodies Corporate	1,559	1,39,56,570	1.57
Institutional Investors	39	2,33,06,437	2.63
Mutual Funds	125	3,06,94,614	3.46
Nationalised Banks	7	18,070	0.00
Others	1,32,694	16,61,31,965	18.71
Total	**1,35,088**	**88,77,86,160**	**100.00**

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

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March 2018, 98.22% 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, Pantnagar, Coimbatore and Sikkim.
Jewellery	:	Hosur, Dehradun, Pantnagar and Sikkim
Prescription Eyewear	:	Chikkaballapur and Kolkata.

ADDRESSES FOR CORRESPONDENCE

Registered Office	:	No.3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Corporate Office	:	"Integrity" No. 193, Veerasandra, Electronics City P.O., Off Hosur Main Road, Bengaluru – 560 100.

10. DISCLOSURES

(a) Related Party Transactions: During the year under review, besides the transactions reported in Note 32 forming part of the financial statements for the year ended 31st March 2018 in the Annual Report, there were no other material related party transactions of the Company with its Promoters, Directors or the management or their relatives and subsidiaries, associate company and joint ventures. These transactions do not have any potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information if required. Further there are no material individual transactions that are not in normal course of business or not on an arm's length basis.

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

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

(d) CEO / CFO Certification: The Managing Director (MD) and Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March, 2018, 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-governanace.

(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.

The Company designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. The Company has designated the trade payables pertaining to gold taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

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, 2017 to 31st March, 2018 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	1,535	26,98,560
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	54	1,42,180
Number of shareholders to whom shares were transferred from suspense account during the year	54	1,42,180
Number of shareholders whose shares were transferred from suspense account to IEPF	Refer Note Below	8,97,970
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	1,481	16,58,410
That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	1,481	16,58,410

Note: The Company transferred pre bonus shares of 8,97,970 to IEPF pertaining to 1,091 shareholders

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. K. Gnandesikan 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, 2018

1. we have reviewed the financial statements and the cash flow statements for the year, and that to the best of our knowledge and belief :

a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

2. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;

3. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same;

4. we have indicated to the auditors and the Audit Committee : -

    a) significant changes, if any, in internal control over financial reporting during the year;

    b) significant changes, if any, in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

    c) instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system over financial reporting.

Bengaluru	**BHASKAR BHAT**	**S SUBRAMANIAM**
Date: 10th May 2018	Managing Director	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, 2018.

Bengaluru	**BHASKAR BHAT**
Date: 10th May 2018	Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE

To the Members of Titan Company Limited

Independent Auditor's certificate on Compliance of Corporate Governance Report

This certificate is issued in accordance with the terms of our engagement letter dated 9 November 2017 and addendum dated 14 March 2018.

Titan Company Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 April 2017 to 31 March 2018.

Managements' Responsibility

The preparation of the Corporate Governance report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is responsible for ensuring that the Company complies with the requirements as stipulated in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2017 to 31 March 2018. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the report and applying an appropriate basis of preparation.

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, our responsibility is to state whether the Company has complied with the above said compliances of the conditions of Corporate Governance for the period 1 April 2017 to 31 March 2018.

We have examined the compliance of conditions of Corporate Governance by the Company for the period 1 April 2017 to 31 March 2018 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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 Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of information and according to the explanations given to us and representations made by the Management, we state that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restriction on use

This certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 1 April 2017 to 31 March 2018 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

for **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Place: Bengaluru
Date: 10 May 2018

REMUNERATION POLICY

ANNEXURE - A

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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**
  - o 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.
  - o Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - o 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).
  - o 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.
  - o Overall remuneration practices should be consistent with recognized best practices.
  - o Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - o 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.
  - o 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.
  - o 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
  - o 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, Tamil Nadu

4. **Website:** www.titan.co.in

5. **E-mail id:** sridharne@titan.co.in

6. **Financial Year reported:** 2017-18 (April 1, 2017 to March 31, 2018)

7. **Sector(s) that the company is engaged in:** Manufacturing and 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 31 countries

    b. Number of national locations: Pan India retail presence with 1,480 exclusive retail outlets. 12 manufacturing and assembly facilities.

10. **Markets served by the company:** covered in Point 9 above

SECTION B: Financial details of the company

Paid up capital (INR): 88.78 crores

Total Turnover (INR): 15,656 crores

Total Profit after Taxes (INR): 1,163 crores

Total CSR spending as percentage of Profit after Tax (INR): ₹ 23.44 Crores u/s 135 of Companies Act equivalent to 2.25% of Average Net Profit of the Company for last 3 financial years.

List of activities in which spends have been incurred: Refer CSR Report as Annexure II to the Board's 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 (e.g. suppliers, distributors etc) that the company does business with, participate in the BR initiatives of the Company? If yes then indicate the percentage of such entity / entities? : (less than 30%, 30-60%, more than 60%)**
    Yes. Less than 30%.

SECTION D: BR Information

1. **Details of Director / Director responsible for BR**

    a. **Details of Director/Director responsible for implementation of the BR policy/policies**

        1. DIN : 00148778
        2. Name : Mr. Bhaskar Bhat
        3. Designation : Managing Director

    b. **Details of BR Head**

        1. DIN : Not Applicable
        2. Name : N E Sridhar
        3. Designation : General Manager and Head, Corporate Sustainability
        4. Telephone : 080 67046847
        5. E Mail id : sridharne@titan.co.in

2. Principle wise (as per National Voluntary Guidelines) BR policy /policies (Reply In Y/N)

(a) Details of compliance (Reply in Y/N)

1. Do you have a policy / policies for:

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

Yes. The Company has a policy on ethics and has adopted the Tata Code of Conduct (TCOC), and also separate governing policies on ethical conduct covering ethics, transparency and accountability. The policy covers all employees, and extends to business associates, suppliers and other stakeholders as applicable. The TCOC can be accessed at www.titan.co.in

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Yes. The Company has a policy on sustainability. The Company is committed to integrate environmental, social and ethical principles into its Business Vision of "creating elevating experience for the people we touch and significantly impact the world we work in". The Company is committed to provide goods and services to customers that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Principle 3: Businesses should promote the well-being of all employees:

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

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised:

Yes. Towards serving the needs of the community, the Company has a CSR policy in line with the Companies Act, 2013. A policy on Affirmative Action is also defined and in place with various programs driven as part of its CSR activities

The key sustainability stakeholders are primary customers who are the Company's business associates, end consumers, government and regulatory bodies, employees, supply chain partners, communities, investors and shareholders. The primary customers include franchisees, distributors and clearing and forwarding (C&F) agents. Through its well thought out business principles, the Company aims to balance all its stakeholder requirements in an equitable manner. There are multiple modes of engagement with each of these stakeholders resulting in them embracing responsible citizenship behaviour.

Principle 5: Businesses should respect and promote human rights:

Yes. The Company has policies against employing child, forced, and compulsory labour and ensures that all employees, including contract and franchisees' employees are above the age of 18 years. The Company has also adopted the Whistleblower Policy and Policy on Prevention of Sexual Harassment.

Integrity and Trust being the pillars of the TATA group, the Company has carried forward the torch and is striving to uphold the values to the highest order in its 30th year of operation. With changing times, new approaches to business and communication have been adopted. As an organization that spans the value chain from manufacturing to retail, Titan Company is largely dependent on a complex supply chain, and therefore recognizes the impact on the larger ecosystem covering every supplier, vendor, business partner and contractor, who are expected to adhere to the TCOC. The Company incorporates reference to the TCOC in its contracts with business partners.

Principle 6: Business should respect, protect and make efforts to restore the environment:

Yes. Besides the Sustainability Policy, the Company also has EMS and OHSAS policies.

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

Yes.

Principle 8: Businesses should support inclusive growth and equitable development.

Yes.

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.

Yes. Besides adhering to the broad guidelines in the TCOC and the Company's environmental policies also address these aspects.

RESPONSIBLE ADVERTISING AND CONSUMER EDUCATION

The 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 EyePlus 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.

The business model of Helios enables bringing genuine and original watch brands under one roof. Addressing the consumer requirement for original products has resulted 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. Another example of promoting originals is the promotion of usage of original spare parts for watch components.

2. **Has the policy been formulated in consultation with the relevant stakeholders?**

   Yes.

3. **Does the policy confirm to any national / international standards? If yes, specify?**

   Yes. Indian Accounting Standards for financial reporting, internal procedures and disclosures, ISO 9000 for Quality Management systems, ISO 14001 for Environment Management systems, OSHAS 18001 for safety and occupational health. The Watches Division is certified under ISO 50001 Energy Management system. The Company's new corporate office is in the process of getting LEED certified.

4. **Has the policy been approved by the board? If yes has it been signed by the MD/CEO appropriate Board director.**

   Yes.

5. **Does the company have a specified committee of the Board / Director / official to oversee the implementation of the policy?**

   Yes.

6. **Indicate the link for the policy to be viewed online :**

   Principle 1: TCOC available at https://www.titan.co.in/hot-policies

   Principle 2: TCOC available at https://www.titan.co.in/hot-policies

   Principle 3: TCOC available at https://www.titan.co.in/hot-policies

   Principle 4: CSR Policy available at https://www.titan.co.in/hot-policies

   Principle 5: TCOC available at https://www.titan.co.in/hot-policies

   Principle 6: Sustainability Policy available at https://www.titan.co.in/hot-policies

   Principle 7: TCOC available at https://www.titan.co.in/hot-policies

   Principle 8: TCOC available at https://www.titan.co.in/hot-policies

   Principle 9: TCOC available at https://www.titan.co.in/hot-policies

7. **Has the policy been formally communicated to all relevant internal and external stakeholders?**

   Yes.

8. **Does the company have a in-house structure to implement the policy / policies?**

   Yes.

9. **Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders grievances related to the policy/ policies?**

   Yes.

Analysts and investors provide regular feedback through media, interviews and ratings. There is a separate stakeholders relationship committee for shareholders.

Employees have various forums to express concerns and grievances. The suppliers and vendors have multiple channels such as vendor feedback surveys, annual vendor meets, etc., where they can provide feedback directly to the Company's procurement function, senior management,

Customers have multiple channels of giving feedback whereby they can register their complaints and concerns through respective customer access points of each division. Some of the examples are given below:

Titan

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

Tanishq

- The staff at boutiques
- Customer service, help desk

Titan EyePlus

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

Precision Engineering

- Feedback surveys, one-on-one meetings with the 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, gift card queries, etc.

Besides, there is a toll-free helpline number for customers to call along with an email ID to send complaints. Every query is acknowledged within 12 hours and is resolved as per the turnaround time based on the type of request. Customer satisfaction is tracked as soon as a product is purchased through email and SMS.

10. Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?

Management systems and policies are evaluated through regular process of formal internal and external audits.

b. If answer to the question at Serial no 1 against any principle is No, please explain why.

Not applicable

3. Governance related to BR

a) Indicate the frequency with which the Board of directors, committee of the Board or CEO to assess the BR performance of the company. Within 3 months, 3-6 months, Annually, More than 1 year.

The CSR Committee of the Board met thrice in financial year 2017-18 to review the Sustainability and CSR performance of the Company and the Board on an annual basis.

b) Does the Company publish a BR or sustainability Report? What is the hyper link for viewing this report? How frequently is it published?

Yes the Company publishes a BR report which is available at https://www.titan.co.in/hot-policies

SECTION E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the group/JV/Suppliers/Contractors/ NGO's others?

No. The policy extends to group/JV/Suppliers/Contractors/ NGO's etc.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so provide details thereof, in about 50 words are so.

During the financial year 2017-18, the Company had received 14 complaints and 93% of the complaints have been resolved.

Principle 2

1. **List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The three product lines; Watches, Jewellery and Eyewear incorporate principles of EMS in their management system practices

2. **For each product, provide details in respect of resource usage (energy water, raw material, etc)**

   Consumption of resources is tracked to evaluate their operating efficiency and the effectiveness of energy conservation projects. The use of renewable energy is a large part of environmental risk mitigation.

   The benefit of renewable energy was foreseen at an early stage. As of 31st March 2018, about 85% of the overall electricity consumption at manufacturing plant in Hosur was powered by renewable energy (82% wind energy and 3% solar energy), thereby significantly contributing to emission and environment protection.

Energy Consumed in 2017-18

Energy	Units	Watches & Accessories	Stainless Steel Case Plant	Jewellery	Eyewear	TEAL	Corporate
Diesel	Lakh Litres	2.952	0.18	2.101	0.20310	1.20	0.255
LPG	Kgs	37,335	1824	40,381	522	20,615	NIL
Electricity	Lakh Units	26.78	2.25	57.84	15.88	47.82	7.21
Wind energy	Lakh Units	105.89	14.29	15.61	NIL	0	NIL
Steam	Kg	16,62,120	0	10,14,420	NIL	6,80,640	NIL
Hydrogen	m^3	946	0	10,612	NIL	NIL	NIL
Hydro Flouro Carbons (Freon gas)	Kg	158	16	30	NIL	50	NIL
Solar	Lakh Units	2.66	0	1.12	NIL	1.21	1.62

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.

All the above mentioned initiatives would substantially reduce the Company's carbon footprint and is in the process of getting LEED platinum rating certification for its new corporate office at Bengaluru.

Water Efficiency

The Company understands the need for water conservation. This has been achieved through various initiatives, including 100% recycling of trade effluence. The Company also uses Reverse Osmosis plant for the fresh water and effluence, a mechanical evaporation system that reuses treated water in processes. The plants do not discharge water out of their premises and all treated water is used for gardening, air conditioning etc. At Titan Engineering & Automation Limited (TEAL), 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.

Water Consumed in 2017-18

Division	Water Consumed	Water Recycled	% of Water Recycled
Watches & Accessories	90,632	59,234	65.35%
Jewellery	56,205	44,565	79.29%
Eyewear	5,065	4,320	85%
TEAL	25,085	23,540	93.84%
SS Case Plant	8,446	7,600	90%
Corporate	29,685	12,700	42.78%

GHG Emissions

The main sources of Greenhouse Gas (GHG) emissions at the 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 Greenhouse Gas emissions, including LED lighting, and purchase of star-rated laptops and air conditioners.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, provide details of what percentage has been sourced sustainably.**

Sustainability Practices across Supply Chain

Each vendor is viewed as a partner in the process of business growth, and also as enablers of mutual long term sustainable growth. The Company believes in investing time and effort in building mutually beneficial relationships. The business responsibility extends to the supply chain partners – the people from where the products are sourced from and the people to whom key processes are outsourced. Vendors are a part of the 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, plain gold and a part of studded jewellery making is largely outsourced and the vendor base varies from large diamond providers to karigars. The Company's association with jewellery karigars in creating a Karigar Centre is a benchmark in creating sustainable livelihood engagement in the industry. Moreover, the Company supported self-help groups (SHGs) of women at Hosur has grown in strength over the past two decades and supports various manufacturing activities for all the divisions at Hosur. Eyewear division which used to source frames from China and Europe has now started its own frame manufacturing unit.

The standards applied to all vendors stay largely uniform, even though the Company deals with complex supply chain and different types of vendors. Suppliers are guided in process and system improvement and enhanced technical know-how.

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

The Company's purchase agreements have a reference to the TCOC; and relevant clauses in it apply to all the vendors. Detailed vendor assessments, vendor performance ratings and feedback have been implemented from day one of its engagement with them. Human rights practices, besides other practices related to TCOC are routinely reinforced during interactions with them, both formal and informal.

4. **Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes what steps have been taken to improve their capacity and capability of local and small vendors**

Yes.

Local Sourcing

The Company's key intent is helping local suppliers scale up and improve their operations, besides ensuring sustainable livelihood in the neighbourhood of its operations. In turn, it expects to build a stronger and long-term ties with them. 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.
- The Company motivates them to get certified to the ISO standards – ISO 9001 and ISO 14001, to improve their processes and also has initiated programs to help them on safety related practices towards a larger goal of ensuring sustainable supply chain practices.
- 'Mr. Perfect' initiative (especially in Jewellery) focuses on improving quality and delivery, including following all safety and statutory requirements

5. **Does the company have a mechanism to recycle products and waste ? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%,>10%) Also provide details in about 50 words or so**

Yes >10%.

Waste Management

Titan Company has adopted focused strategy towards waste management through waste minimization and conservation of resources. This continued effort to eliminate, recycle and reuse waste, has resulted in less waste being disposed. Gold is recycled at the jewellery plant and silver is recovered from old batteries, brass is sent to the supplier for recycling and 758 tonnes of brass were processed about 82% were recycled into raw materials. The wood packaging is reused and there is an attempt to recycle most of the input materials. Gold, which is one of the key raw materials, is 100% recycled and old Jewellery obtained through exchange schemes are recycled. The waste is segregated at the source and disposed safely.

In a small but impactful manner, the Company has come up with a scientific disposal facility for used watch batteries collected at service centres and stores. Metallic, non-metallic components and hazardous chemicals are being segregated and neutralized properly for safe disposal. Besides, the Company 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 subsidized 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 divisions.

Principle 3

1. **Please indicate the total number of employees**

   21,703 employees as at 31st March 2018

2. **Please indicate the total number of employees hired on temporary/contractual and casual basis**

   14,847 employees as at 31st March 2018

3. **Please indicate the number of permanent women employees**

   1,790 women employees as at 31st March 2018

4. **Please indicate the number of permanent employees with disabilities**

   129 employees as at 31st March 2018

5. **Do you have an employee association that is recognized by the management**

   Yes. Workmen are represented by employee unions or employee forums/works committees at our manufacturing locations. The company engages with them to arrive at long term settlements and productivity improvement, besides various employee engagement initiatives.

6. **What percentage of your permanent employees is members of this recognized employee association.**

   100 percent of workers at our plant locations (referred as E level employees)

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

   No complaints recorded on child / forced labour, and Discriminatory employment during the year. During the financial year 2017-18, the Company had received 11 complaints on sexual harassment, all were disposed-off with appropriate action taken and no complaint remain pending as of 31st March 2018.

8. **What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?**

   a) Permanent employees

   b) Permanent women employees

   c) Casual / temporary/contractual employees

   d) Employees with disabilities

   All employees who join the Company irrespective of any category given above are covered under safety and OH training as part of its OHSAS implementation. During the year the Company has covered over 16204 employees (all categories) under safety training and invested in about 42239 man-hours of training. The focus on training includes ergonomics, lifesaving skills, and emergency preparedness, electrical and behavioural based safety.

   Besides ensuring statutory compliance other safety engagement programs include safety audits, safety committee reviews, safety walk through, employee engagement on safety, safety inspection with focus on electrical safety, work permit system, lifesaving squad, CFA and retail store safety management, office safety, etc.

A formal training program and curriculum for all categories is in place for both competency and skill enhancement. These cover leadership development, behavioural and managerial and functional development programs. Further details can be found in the relevant sections of the Management Discussion and Analysis.

Principle 4

1. **Has the company mapped its internal and external stakeholders? Yes / No**

   Yes.

2. **Out of the above has the company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   Our CSR and Affirmative action policies and programs cover these in detail. The company has also been a strong advocate of diversity and inclusion through its practices. The Company has also won the President's award for the employment of Persons with Disability for four times.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged vulnerable and marginalized stakeholders? If so provide details in about 50 words**

   Yes. Besides the extensive work being done as part of its CSR / AA initiatives, the Company has been a pioneer in ensuring an inclusive and diverse workforce across its operations.

   The Company's CSR focus is driven by broad themes such as upliftment of the underprivileged girl child, skill development (for the underprivileged) and support for Indian Arts, Crafts and Indian Heritage.

   The Company has also it has initiated a unique recognition and engagement program (Design: Impact Awards for Social Change) that seeks to recognise thinking in product design that enables social change.

The Company works towards responsible citizenship by continuing present initiatives and supporting local and national causes. The Company takes up other issues as and when required, even as it works towards scaling up on the larger chosen themes. In all its efforts, the Company seeks to actively engage and integrate wherever appropriate the requirements of Affirmative Action and other state and central government initiatives from time to time. Details of the Company's CSR programs are available in Annexure II of the Board's Report. A policy on Diversity and Inclusion is being formulated.

The 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.

The Company identifies a huge opportunity to improve the quality of living of the people through its businesses. Since manufacturing units are located in 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, this has become a full-fledged sustainable business entity.

Meadow Project: This is a women empowerment initiative. It outsources nearly 26 activities including jewellery manufacturing, polishing and few precision engineering operations of TEAL. Currently, the project employs over 400 women in Hosur, an excellent example of successful women self-help group formation.

The Company also ensures adequate and fair representation of differently-abled in the recruitment process. The Company engages differently abled employees wherever possible on merit. The Company has 129 differently-abled employees, whose salaries & other benefits are on par with other employees. The Company has tie-ups with NGOs such as Enable India to give employment opportunities for differently-abled people in roles such as retail sales officer, cashier, MIS officer, brand executives, etc.

Principle 5

1. **Does the policy of the company on human rights cover only the company or extend to the Group/JV partners/Suppliers /Contractors/ NGO's others?**

   Yes. Through the TCOC that is communicated to all stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   None.

Principle 6

1. **Does the policy related to principle 6 cover only company or extends to the Group/Jv/Suppliers /Contractors/NGO's / others?**

   No. It extends to Group /Joint Venture /Suppliers / Contractors/NGO's / others, etc.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc Y/N. If yes give hyper link for webpage etc**

   Yes. Please refer to https://www.titan.co.in/hot-policies

3. **Does the company identify and assess potential environmental risks?**

   Yes

4. **Does the company have any project related to clean development mechanism? If so provide details thereof, in about 50 words or so. Also if yes, whether any environment compliance report is filed.**

   Yes.

   Environmental Sustainability

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

   The Company has pioneered in environmentally sustainable processes in terms of raw material acquisition, vendor management, manufacturing, and recycling. Many engagements towards taking forward the Sustainable Development Goals are being initiated.

   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.

   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 Company's 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, the 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 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.

   The Company has adopted a lake around its corporate office at Bengaluru for rejuvenation, and a major investment is being made towards the same.

5. **Has the company undertaken any other initiatives on – Clean technology, energy efficiency, renewable energy etc. If Yes please give hyper link for web page.**

   Yes. Please refer to https://www.titan.co.in/hot-policies

6. **Are the Emissions / Waste generated by the company within the permissible limits given by the CPCB/SPCB for the financial year being reported?**

   Yes.

7. **Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year**

   None.

Principle 7

1. Is your company a member of any trade and chamber or association ? If yes name only the major ones that your business deals with

   1. CII
   2. FICCI/ASSOCHAM/RASCI
   3. Gem and Jewellery Sector Skill council
   4. Indian Optometric association
   5. Horological federation
   6. IITMIC

2. **Have you advocated / lobbied through the above associations for the advertisement or improvement of public good ? Yes/No If yes specify the broad areas**

   Yes : Representation regarding Jewellery industry practices, Diversity and inclusion policies, dealing with fake and smuggled products, especially watches etc

   Advocacy and Outreach

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

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

   The 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. It sends out various communications across the industry to minimize such approaches.

   The 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.

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

   The Company's senior management also participate as members or chair industry bodies, such as CII, FICCI, Associated Chambers of Commerce of India (ASSOCHAM), etc. These enable the Company to contribute to policies and opinions concerning the industry. Some of the other forums where Company participates include RASCI, CII Committees on Skilling, CSR, Affirmative Action, etc.

Principle 8

1. **Does the company have specified programs / initiatives / projects in pursuit of the policy related to principle 8? If yes details there off**

   Yes. The Company has policy on CSR and programs that are being pursued as part of this. Refer the CSR report as Annexure II to the Board's Report.

2. **Are the programs / projects undertaken through in-house team/own foundation / external NGO/government structures and any other organization**

   Yes. Refer CSR Report as Annexure II to the Board's Report.

3. **Have you done any impact assessment of your initiative?**

   All programs of CSR are monitored through regular assessments. On a case to case basis impact studies are being carried out depending on the nature of the project.

4. **What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken**

   During the year 2017-18 the Company spent ₹ 23.44 crores towards CSR initiatives. Details of the projects are available as Annexure II to the Board's Report.

5. **Have you taken steps to ensure this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

   Yes. Each of the projects is having an outcome which is acknowledged by the community. We work with partners who have a grass root understanding of the community that make it successful, both in the short term and long term. For more details please refer to CSR Report as Annexure II to the Board's Report

Principle 9

1. **What percentage of the customer complaints / consumer cases are pending as on end of the financial year Given below for 2017-18?**

Customer Complaint (Products and Services)	Number of Complaints		
	Received	Resolved	Pending
Watch Division: % of warranty complaints on sales	2.36%	2.36%	0
TEAL – PECSA	15	15	0
TEAL – MBA	297	287	9
Eyewear Division- % of warranty complaints on sales	34091	34091	0
Jewellery Division - % of warranty complaints on sales	2819	2766	53

2. **Does the company display product information on the product label, over and above what is mandated by local laws?**

   Generally no. However, the Company is compliant with all the applicable laws with respect to display of product information on the labels

3. **Is there any case filed by any stakeholder against the company regarding the unfair trade practices, irresponsible advertising, and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so provide the details thereof in about 50 words or so.**

   None.

4. **Did the company carry out any consumer survey / consumer satisfaction trends?**

   Yes. These are carried out routinely and used for internal improvement purposes.

Independent Auditor's Report

To the Members of Titan Company Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Titan Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on 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 of the standalone Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 state of affairs of the Company as at 31 March 2018, its profit (and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

OTHER MATTERS

Corresponding figures for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 12 May 2017 on the standalone Ind AS financial statements of the Company for the year ended 31 March 2017.

Our opinion on the standalone Ind AS financial statements is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   c) The Balance Sheet, the Statement of Profit and Loss, 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 Ind AS 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   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, 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 Ind AS financial statements; - Refer Note 28 to the standalone Ind AS 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 Ind AS financial statements] to the Investor Education and Protection Fund by the Company; and

      iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 10 May 2018

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report the following:

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

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given and investments made. Further, there are no guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has complied with the applicable directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder with regard to deposits accepted from the public. Accordingly, there have been no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no other dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Statute/ Nature of dues	Amount* (In ₹ lakhs)	Period to which the amount relates	Forum where the dispute in pending
Excise duty (including service tax)	8,664 (700)	2005-2009	Supreme Court
	1 (1)	2001-2002	High Court
	3,889 (535)	1987-2012	Custom, Excise and Service Tax Appellate Tribunal
	2,101 (1,802)	1996-2013	Appellate Authority upto Commissioner's level
Sales tax/ value added tax	87 (15)	2000-01	High Court
	64 (28)	2009-2012	Commercial Tax Tribunal
	2,130 (677)	2000-2016	Appellate Authority upto Commissioner's level
Customs duty	68 (36)	2012-2013	Appellate Authority upto Commissioner's level
Income-tax	827 (827)	1998-2003	High Court(s)
	7,519 (4,330)	2005-2013	Income tax Appellate Tribunal
	2,163 (2,163)	2000-2005	Appellate Authority upto Commissioner's level

* the amounts disclosed are excluding interest and penalties, wherever applicable and amount in brackets represent amounts paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

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

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 10 May 2018

Annexure B to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone Ind AS financial statement of Titan Company Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS 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 with reference to standalone Ind AS financial statement 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 (the "Guidance Note") 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 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone Ind AS financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone Ind AS financial statement 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 control system with reference to standalone Ind AS financial statement and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statement included obtaining an understanding of internal financial controls with reference to standalone Ind AS financial statement, 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 Ind AS 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 with reference to standalone Ind AS financial statement.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENT

A company's internal financial control with reference to standalone Ind AS financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone Ind AS financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statement to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statement 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, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone Ind AS financial statement and such internal financial controls with reference to standalone Ind AS financial statement were operating effectively as at 31 March 2018, based on the internal control with reference to standalone Ind AS financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 10 May 2018

Balance Sheet

as at 31st March 2018

₹ in lakhs

Particulars	Note	As at 31st March 2018	As at 31st March 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	92,107	68,715
(b) Capital work-in-progress		4,081	14,027
(c) Investment property	4	2,268	1,065
(d) Intangible assets	5	3,010	951
(e) Intangible assets under development		36	756
(f) Financial assets			
(i) Investments	6.1	73,375	51,160
(ii) Other financial assets	6.2	11,560	8,265
(g) Deferred tax asset (net)	7	4,805	224
(h) Other non-current assets	8	10,600	9,341
(i) Income tax assets (net)	7	10,067	8,142
		211,909	**162,646**
(2) Current assets			
(a) Inventories	9	574,920	480,649
(b) Financial assets			
(i) Investments	10.1	-	37,453
(ii) Trade receivables	10.2	19,299	11,536
(iii) Cash and cash equivalents	10.3	46,644	67,181
(iv) Bank balances other than (iii) above	10.3	14,584	10,093
(v) Other financial assets	10.4	35,378	51,218
(c) Other current assets	11	36,907	10,977
		727,732	**669,107**
TOTAL ASSETS		**939,641**	**831,753**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12.1	8,878	8,878
(b) Other equity	12.2	510,521	422,323
TOTAL EQUITY		**519,399**	**431,201**
Liabilities			
(1) Non-current liabilities			
(a) Provisions	13	10,394	10,943
		10,394	**10,943**
(2) Current liabilities			
(a) Financial liabilities			
(i) Gold on loan	14.1	160,386	186,709
(ii) Trade payables	14.2	78,632	71,066
(iii) Other financial liabilities	14.3	25,125	23,487
(b) Other current liabilities	15	141,410	106,549
(c) Provisions	16	2,125	1,798
(d) Current tax liabilities (net)		2,170	-
		409,848	**389,609**
TOTAL EQUITY AND LIABILITIES		**939,641**	**831,753**

Significant accounting policies 2

The notes referred to above form an integral part of the standalone Ind AS financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of Profit and Loss

for the year ended 31st March 2018

₹ in lakhs

	Particulars	Note	For the year ended 31st March 2018	For the year ended 31st March 2017
I.	Revenue from operations	17	1,565,585	1,299,887
II.	Other income	18	8,640	6,477
III.	**Total income (I +II)**		**1,574,225**	**1,306,364**
IV.	Expenses:			
	Cost of materials and components consumed		1,024,021	844,938
	Excise duty		3,455	10,235
	Purchase of stock-in-trade		207,691	112,787
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	19	(93,139)	(28,847)
	Employee benefits expense	20	76,226	69,554
	Finance costs	21	4,768	3,713
	Depreciation and amortisation expense	22	10,967	9,323
	Other expenses	23	173,999	171,682
	Total expenses		**1,407,988**	**1,193,385**
V.	Profit before exceptional item and tax (III - IV)		166,237	112,979
VI.	Exceptional items	24	9,165	9,637
VII.	Profit before tax (V - VI)		**157,072**	**103,342**
VIII.	Tax expense:			
	Current tax	7	44,643	30,000
	Deferred tax	7	(3,858)	(2,844)
	Total tax		**40,785**	**27,156**
IX.	Profit for the year (VII-VIII)		**116,287**	**76,186**
X.	Other comprehensive income			
	(i) Items that will not be reclassified to the statement of profit and loss			
	- Remeasurement of employee defined benefit plans		2,154	(1,232)
	- Income-tax on (i) above		(618)	357
	(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		(2,570)	3,411
	- Income-tax on (ii) above		724	(990)
	Total other comprehensive income		**(310)**	**1,546**
XI.	Total comprehensive income (IX+X)		**115,977**	**77,732**
XII.	Earnings per equity share of ₹ 1:			
	{based on profit for the year (IX)}			
	Basic	26	13.10	8.58
	Diluted	26	13.10	8.58
Significant accounting policies		2		

The notes referred to above form an integral part of the standalone Ind AS financial statements.
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of changes in Equity

for the year ended 31st March 2018

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
(a) Equity share capital		
Opening balance	**8,878**	8,878
Changes in equity share capital during the year	-	-
Closing balance	**8,878**	**8,878**

(b) Other equity

₹ in lakhs

Particulars	Reserves and Surplus					Items of Other Comprehensive Income (refer note 12.2)		Total other equity
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve	Retained earnings	Cash flow hedge reserve	Employee defined benefit obligation	
Balance as at 1st April 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 from Retained Earnings to General Reserve	-	-	-	50,606	(50,606)	-	-	-
Balance as at 31 March 2017	**3**	**64**	**13,888**	**281,573**	**126,802**	**1,318**	**(1,325)**	**422,323**
Balance as at 1st April 2017	**3**	**64**	**13,888**	**281,573**	**126,802**	**1,318**	**(1,325)**	**422,323**
Profit for the year (net of taxes)	-	-	-	-	116,287	-	-	116,287
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	(1,845)	1,536	(309)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**116,287**	**(1,845)**	**1,536**	**115,978**
Payment of dividends (refer note 12.3)	-	-	-	-	(23,081)	-	-	(23,081)
Tax on dividends (refer note 12.3)	-	-	-	-	(4,699)	-	-	(4,699)
Transfer from Retained Earnings to General Reserve	-	-	-	25,000	(25,000)	-	-	-
Balance as at 31 March 2018	**3**	**64**	**13,888**	**306,573**	**190,309**	**(527)**	**211**	**510,521**
Significant accounting policies	2							

The notes referred to above form an integral part of the standalone Ind AS financial statements.
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of Cash Flow

for the year ended 31st March 2018

₹ in lakhs

Particulars			For the year ended 31st March 2018	For the year ended 31st March 2017
A.	**Cash flow from operating activities**			
	Net profit before tax		**157,072**	103,342
	Adjustments for :			
	- Depreciation and amortization expense		10,967	9,323
	- Net unrealised exchange gain		(126)	209
	- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		219	823
	- Provision for doubtful trade receivables (net) and bad trade receivables written off		367	202
	- Interest income		(6,358)	(4,914)
	- Net gain on sale of current investments		(1,930)	(1,047)
	- Impairment of investment in subsidiary		7,500	-
	- Finance costs		4,768	3,713
	Operating profit before working capital changes		**172,479**	**111,651**
	Adjustments for :			
	- (increase)/ decrease in trade receivables		(8,130)	1,747
	- (increase)/ decrease in inventories		(94,271)	(42,473)
	- (increase)/ decrease in other non-current financial assets		(3,295)	2,044
	- (increase)/ decrease in other non-current assets		(1,362)	212
	- (increase)/ decrease in other current financial assets		19,399	(7,084)
	- (increase)/ decrease in other current assets		(23,776)	(800)
	- increase/ (decrease) in gold on loan		(26,323)	77,344
	- increase/ (decrease) in trade payables		7,566	17,551
	- increase/ (decrease) in other financial liabilities		(1,986)	19,457
	- increase/ (decrease) in other current liabilities		34,861	23,749
	- increase/ (decrease) in long-term provisions		(549)	955
	- increase/ (decrease) in short-term provisions		327	4
	Cash generated from operations		**74,940**	**204,357**
	- Direct taxes paid		(45,016)	(27,535)
	Net cash from operating activities	**A**	**29,924**	**176,822**
B.	**Cash flow from investing activities**			
	Purchase of property, plant and equipment, intangible assets and investment property		(26,360)	(20,440)
	Proceeds from sale of property, plant and equipment		301	471
	Purchase of investments in subsidiaries, Joint Venture and other equity instruments		(29,702)	(43,123)
	Inter-corporate deposits placed		(67,000)	(37,000)
	Proceeds inter-corporate deposits		63,500	37,500
	Bank deposits placed		(4,491)	(6,903)

Statement of Cash Flow

for the year ended 31st March 2018

₹ in lakhs

Particulars			For the year ended 31st March 2018	For the year ended 31st March 2017
	Proceeds from sale of investments, net		39,370	(36,406)
	Interest received		6,299	3,866
	Net cash used in investing activities	**B**	**(18,083)**	**(102,035)**
C.	**Cash flow from financing activities**			
	Repayment of borrowings		-	(11,305)
	Dividends paid including dividend distribution tax		(27,736)	(355)
	Finance costs		(4,768)	(3,713)
	Net cash used in financing activities	**C**	**(32,504)**	**(15,373)**
	Net cash (used)/ flows during the year (A+B+C)		**(20,663)**	**59,414**
	Cash and cash equivalents (opening balance) (refer note 10.3)		67,181	7,976
	Add/ (Less): Unrealised exchange (gain)/ loss		127	(82)
			67,308	**7,894**
	Cash and cash equivalents (closing balance) (refer note 10.3)		46,644	67,181
	Add/ (Less): Unrealised exchange (gain)/ loss		1	127
			46,645	**67,308**
Significant accounting policies		2		

The notes referred to above form an integral part of the standalone Ind AS financial statements.
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

1. BACKGROUND

Titan Company Limited (the 'Company') is a Company domiciled in India, with its registered office situated at 3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and BSE Ltd. in India. The Company is primarily involved in manufacturing and sale of Watches, Jewellery, Eyewear and other accessories and products.

SIGNIFICANT ACCOUNTING POLICIES

2. BASIS OF PREPARATION

i. Statement of compliance

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

ii. Basis of measurement

The financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Certain financial assets and liabilities (including derivative instruments).

b) The defined benefit asset/ (liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Use of estimates and judgement

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

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statement is included in the following notes:

- Note 27 – Leases – whether an arrangement contains a lease
- Note 27 – Lease classification (including the expected general inflation rates)

Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 3 – Useful life of the Property, Plant and Equipments;
- Note 5 – Useful life of the Intangible assets;
- Note 6.1 – Impairment of investments
- Note 7 – Valuation of deferred tax assets
- Note 28 – Provisions and contingent liabilities
- Note 30 – Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 33.1 and note 33.2 – Fair value measurement of financial instruments.

iii. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

iv. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 4 – Investment property
- Note 33 - financial instruments.

v. Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of Goods and Service tax, returns, trade discounts and volume rebates. Sales are presented gross of excise duties to the extent applicable.

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.

Customer loyalty programmes

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 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 or when it is no longer probable that the award credits will be redeemed.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

b) Service income: Service income is recognised on rendering of services.

c) Dividend and interest income: Dividend income from investments is recognised when the Company's right to receive the payment has been established i.e., either when the dividend is declared or when shareholders approve the dividend in case of equity investments.

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 costs, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

vii. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are 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 translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge (refer note xix(b)).

viii. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

ix. Employee benefits

Short-term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

The Company's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner and Company's contribution to National pension Scheme are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

The contribution to the Company's Gratuity Trust and liability towards pension of retired deceased managing

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

director are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

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

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

x. Taxation

Income tax comprises of current tax and deferred tax. It is recognized in the statement of profit and loss except to the extent that it relates to an item recognized directly in the other comprehensive income.

a) Current tax: The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax: Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognized, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

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.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

xi. Property, Plant and Equipment

a) Recognition and measurement:

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date the asset is ready for its intended use. Machine spare parts are recognized in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognized in the statement of profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	10 to 15 years	10 to 15 years
Computers and server	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 years	10 years
Office equipment	5 years	5 years
Vehicles	4 years	8 years

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Repairs and maintenance costs are recognised in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of profit and loss.

Advance paid towards acquisition of fixed assets outstanding at each balance sheet date is disclosed as capital advances under non-current assets.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

xii. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the period in which the property is derecognised.

The investment property includes only land held by the Company and accordingly no amortization of the investment property is recorded in the statement of profit and loss.

The fair values of the investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

xiii. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful life'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.

The estimated useful lives of intangible assets are as follows:

Software - License period or 5 years, whichever is lower.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

xiv. Impairment

Impairment of financial assets:

The Company 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.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

xv. Inventories

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the moving average cost of production.

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

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Unfixed gold is valued at the provisional gold price prevailing on the date of delivery of gold.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

xvi. Provisions and contingencies

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

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

Contingent liabilities: A disclosure for contingent liabilities is made where there is a possible obligation or a present

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the financial statements.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

xvii. Investment in subsidiaries, associate and joint venture

Investment in subsidiaries, associate and joint venture is measured at cost less impairment.

xviii. Financial instruments

Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

A) Financial Assets

Classification of financial assets:

On initial recognition, a financial asset is classified at

(i) Amortised cost

(ii) Fair value through other comprehensive income (FVOCI)

(iii) Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

i) Financial assets at amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

ii) Investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value either in the statement of profit and loss or in other comprehensive income pertaining to equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investment.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Currently, the Company has not elected to present subsequent changes in investments in equity instruments in OCI. Accordingly, the same are considered as investments measured at FVTPL.

iii) Investments in equity instruments at FVTPL

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of the cost of the investment and the amount of dividend can be measured reliably.

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.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

The Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

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 the statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

B) **Financial liabilities: classification, subsequent measurement and derecognition:**

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such in initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

The Company has designated amount payable for gold taken on loan from banks on initial recognition as fair value through profit and loss.

Financial liabilities subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Company has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

xix. Derivative financial instruments

a) Derivative instruments not designated as Cash flow hedges:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, future contracts and Options.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b) Cash flow hedges

The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments. The Company has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

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

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The Company has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

c) Fair Value Hedge:

The Company designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss with an adjustment to the carrying value of the hedged item. The Company has designated the trade payables pertaining to gold taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

xx. Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

The Company's primary segments consist of Watch, Jewellery, Eyewear, Corporate and Others, where 'Others' include Fragrances, Sarees and Accessories. Secondary information is reported geographically.

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

xxi. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

xxii. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xxiii. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

xxiv. New accounting standards not yet adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

a) Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 *Revenue*, Ind AS 11 *Construction Contracts* and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for

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for the year ended 31st March 2018

those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

i. Sales of goods

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

For the loyalty programme operated by the Company, revenue is currently allocated between the loyalty programme and the goods using the residual value method i.e. consideration is allocated to the loyalty programme based on the fair value of the loyalty points and the remainder of the consideration is allocated to the goods. The amount allocated to the loyalty programme is deferred, and is recognised as loyalty points are redeemed or expire.

Under Ind AS 115, consideration will be allocated between the loyalty programme and the goods based on their relative stand-alone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty programme, and therefore less revenue is likely to be deferred.

b) Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

3 PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Computer and servers	Furniture and Fixtures	Office equipment	Vehicles	Total
Owned assets								
Cost or deemed cost								
As at 1st April 2016	7,860	12,547	33,375	3,219	10,499	1,644	1,026	70,170
Additions	-	1,543	5,325	2,317	4,601	491	233	14,510
Disposals	-	-	1,353	1,357	2,429	209	317	5,665
As at 31st March 2017	**7,860**	**14,090**	**37,347**	**4,179**	**12,671**	**1,926**	**942**	**79,016**
As at 1st April 2017	7,860	14,090	37,347	4,179	12,671	1,926	942	79,016
Additions	-	13,636	8,082	3,105	7,466	885	962	34,136
Disposals	-	-	739	742	1,386	137	422	3,426
As at 31st March 2018	**7,860**	**27,726**	**44,690**	**6,542**	**18,751**	**2,674**	**1,482**	**109,726**
Accumulated depreciation								
As at 1st April 2016	-	464	1,903	399	2,217	512	236	5,731
Depreciation expense	-	472	3,151	1,275	3,193	499	349	8,939
Disposals	-	-	954	1,180	1,821	153	263	4,371
As at 31st March 2017	**-**	**936**	**4,100**	**494**	**3,589**	**858**	**322**	**10,299**
As at 1st April 2017	-	936	4,100	494	3,589	858	322	10,299
Depreciation expense	-	623	3,527	1,588	3,570	488	430	10,226
Disposals	-	-	482	709	1,223	110	382	2,906
As at 31st March 2018	**-**	**1,559**	**7,145**	**1,373**	**5,936**	**1,236**	**370**	**17,619**
Net carrying value								
As at 31st March 2017	**7,860**	**13,154**	**33,248**	**3,686**	**9,082**	**1,068**	**620**	**68,715**
As at 31st March 2018	**7,860**	**26,167**	**37,545**	**5,169**	**12,815**	**1,438**	**1,112**	**92,107**

4 INVESTMENT PROPERTY

₹ in lakhs

Particulars	Land
Cost or deemed cost	
As at 1st April 2016	972
Additions	93
Disposals	-
As at 31st March 2017	**1,065**
As at 1st April 2017	1,065
Additions	1,203
Disposals	-
As at 31st March 2018	**2,268**
Net carrying value	
As at 31st March 2017	**1,065**
As at 31st March 2018	**2,268**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The Company's investment properties consist of free hold land and therefore no depreciation is chargeable.

Fair market value of land at ₹ 7,767 lakhs (Previous year: ₹ 6,082 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 Balance Sheet dates.

5 INTANGIBLE ASSETS

₹ in lakhs

Particulars	Trademarks	Computer softwares	Total
Owned assets			
Cost or deemed cost			
As at 1st April 2016	337	977	1,314
Additions	-	338	338
Disposals	-	-	-
As at 31st March 2017	**337**	**1,315**	**1,652**
As at 1st April 2017	337	1,315	1,652
Additions	-	2,800	2,800
Disposals	-	-	-
As at 31st March 2018	**337**	**4,115**	**4,452**
Accumulated amortisation			
As at 1st April 2016	253	64	317
Amortisation expense	84	300	384
Disposals	-	-	-
As at 31st March 2017	**337**	**364**	**701**
As at 1st April 2017	337	364	701
Amortisation expense	-	741	741
Disposals	-	-	-
As at 31st March 2018	**337**	**1,105**	**1,442**
Net carrying value			
As at 31st March 2017	**-**	**951**	**951**
As at 31st March 2018	**-**	**3,010**	**3,010**

6 FINANCIAL ASSETS

6.1 Investments

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
1) Investment in equity instruments (unquoted)		
In subsidiary companies		
5,169,675 (Previous year: 4,243,750) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited	1,363	1,113
47,050,000 (Previous year: 50,000) fully paid equity shares of ₹ 10 each in Titan Engineering & Automation Limited	23,505	5

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars		As at 31st March 2018	As at 31st March 2017
	20,042,545 (Previous year: 200,42,545) fully paid equity shares of ₹ 2 each in Carat Lane Trading Private Limited	37,403	37,403
	1,152,600 (Previous year: 702,600) fully paid equity shares of CHF 10 each in Favre Leuba AG, Switzerland	14,561	8,609
	Less: Provision for impairment in value of investment (refer note 24)	(7,500)	-
		7,061	**8,609**
		69,332	**47,130**
	In joint venture company		
	31,115,000 (Previous year: 31,115,000) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited	3,112	3,112
	In associate company		
	1,500,000 (Previous year: 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note a) below}	150	150
		72,594	**50,392**
2)	**Other investments**		
a)	**Investments in equity instruments - quoted**		
	1,000 (Previous year: 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	2	1
	2,025 (Previous year: 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	12	10
	6,000 (Previous year: 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	16	9
	560 (Previous year: 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	4	3
	3,000 (Previous year: 3000) fully paid equity shares of ₹ 1 each in Trent Limited	10	8
		44	**31**
b)	**Investments in equity instruments - unquoted**		
	114,663 (Previous year: 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
	97,624 (Previous year: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
	400 (Previous year: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
	100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-
	100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-
	525,000 (Previous year: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	726	726

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
91,200 (Previous year: 91,200) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	9
18,000 (Previous year: 18,000) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	2
	737	**737**
Aggregate value of investments	**73,375**	**51,160**
Aggregate book value of quoted investments	**44**	**31**
Aggregate market value of quoted investments	**44**	**31**
Aggregate value of unquoted investments	**73,331**	**51,129**
Aggregate amount of impairment in value of investments	**7,500**	**-**

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.

6.2 Other financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good		
Security deposits	8,069	5,098
Employee loans	2,699	2,693
Other assets	792	474
	11,560	**8,265**

7 DEFERRED TAX ASSET/ LIABILITIES

a) The following is the analysis of deferred tax assets/(liabilities):

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax assets	8,267	7,073
Deferred tax liabilities	(3,462)	(6,849)
	4,805	**224**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	As at 1st April 2017	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2018
Deferred tax assets				
Provision for doubtful trade receivables	177	111	-	288
Employee benefits	4,083	(125)	-	3,958
Compensation towards Voluntary Retirement of employees	2,676	(190)	-	2,486
Fair value of investments	(225)	1,420	-	1,195
Cash flow hedges	(539)	-	724	185
Others	137	18	-	155
Deferred tax liability				
Property, plant and equipment	(6,085)	2,623	-	(3,462)
	224	**3,857**	**724**	**4,805**

₹ in lakhs

Particulars	As at 1st April 2016	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2017
Deferred tax assets				
Cash flow hedges	451	-	(451)	-
Provision 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**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

b) Amounts recognised in statement of profit and loss

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Income tax expenses		
Current tax	44,643	30,000
Deferred tax	(3,858)	(2,844)
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	618	(357)
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(724)	990
Tax expense for the year	**40,679**	**27,789**

c) The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit before tax	157,072	103,342
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	54,360	35,765
Effect of:		
Expenses that are not deductible in determining taxable profit	446	(100)
Income taxes relating to earlier periods	(811)	-
Effect of concessions	(10,656)	(8,442)
Others	(2,553)	(67)
Income tax expense recognised in the statement of profit and loss	**40,785**	**27,156**

d) The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017:

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Income tax assets (net)	10,067	8,142
Current tax liabilities (net)	2,170	-
Net current income tax asset/ (liability) at the end of the year	**7,897**	**8,142**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Net current income tax asset/ (liability) at the beginning of the year	8,142	10,250
Income tax paid	45,016	27,535
Current income tax expense	(44,643)	(30,000)
Income tax on other comprehensive income and others	(618)	357
Net current income tax asset/ (liability) at the end of the year	**7,897**	**8,142**

8 OTHER NON-CURRENT ASSETS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good		
Capital advances	1,496	1,599
Balance with revenue authorities	3,975	3,794
Prepaid expenses	1,607	1,537
Other assets	3,522	2,411
	10,600	**9,341**

9 INVENTORIES

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Raw materials	87,271	86,160
Work-in-progress {refer (a) below}	19,460	18,025
Finished goods	360,015	303,976
Stock-in-trade	106,318	70,653
Stores and spares	1,334	846
Loose tools	522	989
	574,920	**480,649**
Included above, goods-in-transit		
Raw materials	832	176
Stock-in-trade	137	847
	969	**1,023**
a) Details of inventory of work-in-progress		
Watches	12,056	11,366
Jewellery	7,388	6,646
Others	16	13
	19,460	**18,025**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

(i) The cost of inventories recognised as an expense during the year is ₹ 1,138,573 lakhs (Previous year: ₹ 928,878 lakhs).

(ii) The cost of inventories recognised as an expense includes ₹ 135 lakhs (Previous year: ₹ 1,714 lakhs) in respect of write down of inventory to net-realisable value.

(iii) The inventory includes Gold purchased on loan from banks amounting to ₹ 160,386 lakhs (Previous year: ₹ 186,709 lakhs).

(iv) Refer point (xv) under significant accounting policies for mode of valuation.

10 FINANCIAL ASSETS

10.1 Investments

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	No of units	Amount	No of units	Amount
Investments in mutual funds (Quoted)				
Name of the fund				
BSL Cash Plus - (Growth)	-	-	1,939,365	5,068
DSP BlackRock Liquidity Fund (Growth)	-	-	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
		-		**37,453**
Aggregate carrying amount of quoted investments		-		37,453
Aggregate market value of quoted investments		-		37,453

10.2 Trade receivables

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
(Unsecured)		
Considered good*	19,299	11,536
Considered doubtful	824	511
Less: Allowance for doubtful trade receivables	(824)	(511)
	19,299	**11,536**

* Includes dues from related parties - refer note 32.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period as follows:

Age of receivables	Expected credit loss (%)		
	Watches	Jewellery	Eye-wear
With in credit period	2%	-	2%
Less than 1 year	2%	-	8%
1 to 2 years	26%	1%	33%
2 to 3 years	54%	15%	42%
Over 3 years	100%	100%	75%

₹ in lakhs

Age of receivables	As at 31st March 2018	As at 31st March 2017
With in credit period	12,943	7,046
Less than 1 year	6,188	4,421
1 to 2 years	458	340
2 to 3 years	421	116
Over 3 years	113	124
	20,123	**12,047**

Movement in the expected credit loss allowance

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Balance at the beginning of the year	511	326
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	313	185
Balance at the end of the year	**824**	**511**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

10.3 Cash and bank balances

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Cash and cash equivalents		
Cash on hand	800	1,003
Cheques, drafts on hand	732	715
Balances with banks		
(i) Current account (refer note below)	10,609	10,463
(ii) Demand deposit	34,503	55,000
Total cash and cash equivalents	**46,644**	**67,181**
Other bank balances		
(iii) Earmarked accounts		
- Unclaimed dividend	775	732
- Unclaimed debenture and debenture interest	9	11
(iv) Fixed deposits held as margin money against bank guarantee	1,800	1,350
(v) Fixed deposits held as deposit reserve fund*	12,000	8,000
Total other bank balances	**14,584**	**10,093**
	61,228	**77,274**

Note: The balance under current account includes funds in transit primarily for credit card receipts yet to be credited to the Company- ₹ 3,447 lakhs (Previous year: ₹ 1,410 lakhs).

* This amount represents restricted cash maintained for the gold harvest scheme for compliance with the Companies (Acceptance of Deposit) Rules, 2014 as per the Companies Act 2013.

10.4 Other financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Inter-corporate deposits (Refer note 35)	23,000	19,500
Security deposits	1,551	5,547
Employee loans	1,835	1,356
Refunds due from government authorities	5,983	-
Derivative instruments in designated hedge accounting relationship	-	712
Derivative instruments other than in designated hedge accounting relationships	5	-
Receivable from subsidiary* (refer note 32)	1,658	22,583
Other assets	1,346	1,519
	35,378	**51,218**

*Includes receivable pursuant to transfer of assets and liabilities of PED division on 1st April 2015 (appointed date) amounting to ₹ Nil (Previous year: ₹ 16,678 lakhs) to Titan Engineering & Automation Limited, a wholly owned subsidiary of the Company.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

11 OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Advances to suppliers	8,618	7,845
Prepaid expenses	2,157	1,571
Balance with government authorities*	23,852	-
Gratuity {refer note 30 (b)}	457	-
Other assets	1,823	1,561
	36,907	**10,977**

* Balance with government authorities includes GST credits of ₹ 21,611 lakhs (Previous year: ₹ Nil) in respect to transitional credit, deemed credit and GST input credit.

12.1 SHARE CAPITAL

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
a) Authorised				
Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b) Issued, subscribed and fully paid up				
Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

c) Rights, preferences and restrictions attached to shares

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

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

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

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	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**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

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

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares held	% of total holding	No. of shares held	% of total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
Tata group				
Tata Sons Limited	1,850	20.84	1,850	20.85
Tata Investment Corporation Limited	179	2.01	179	2.01
Tata Chemicals Limited	138	1.56	138	1.56
Ewart Investments Limited	50	0.56	50	0.56
Piem Hotels Limited	5	0.06	18	0.20
Total - Tata Group	**2,222**	**25.03**	**2,235**	**25.18**
Jhunjhunwala Rakesh Radheshyam	610	6.87	618	6.96

12.2 OTHER EQUITY

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Capital reserve (Surplus on re-issue of forfeited shares and debentures)	3	3
Capital redemption reserve (Reserve created on redemption of capital)	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
General reserve (Represents appropriation of profit by the Company)	306,573	281,573
Retained earnings* (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	190,309	126,802
Other comprehensive income		
- Cash flow hedge reserve	(528)	1,318
- Remeasurement of net defined benefit liability/asset	212	(1,325)
(Items of other comprehensive income consist of cash flow hedge reserve and remeasurement of net defined benefit liability/asset)	**(316)**	**(7)**
	510,521	**422,323**

* Of the same, ₹ 10 lakhs (2017: ₹ 10 lakhs) relates to the state subsidy received which is not available for dividend as per the terms of subsidy.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

12.3 DISTRIBUTIONS MADE AND PROPOSED

The Board of Directors at its meeting held on 12th May 2017 had proposed a final dividend of ₹ 2.60 per equity share of par value of ₹ 1 each for the financial year ended 31st March 2017. The proposal was approved by shareholders at the Annual General Meeting held on 3rd August 2017 and the same was paid during the year ended 31st March 2018. This has resulted in a total outflow of ₹ 27,780 lakhs including corporate dividend tax of ₹ 4,699 lakhs

The Board of Directors, in its meeting on 10th May 2018, have proposed a final dividend of ₹ 3.75 per equity share for the financial year ended 31st March 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 3rd August 2018 and if approved would result in a cash outflow of approximately ₹ 40,137 lakhs, including corporate dividend tax of ₹ 6,845 lakhs

13 PROVISIONS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for compensated absences {refer note: 30 (c)}	10,033	10,695
Provision for pension	361	248
	10,394	**10,943**

14 FINANCIAL LIABILITIES

14.1 Gold on loan

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Secured		
Payable to banks*	71,752	106,649
Unsecured		
Payable to banks*	88,634	80,060
	160,386	**186,709**

(a) Secured against letter of credit.

* Includes amounts payable against gold purchased from various banks under gold on loan scheme. The interest rate of the same varies from 1.70% to 3.50% per annum and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.

14.2 Trade payables

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Total outstanding dues of Micro and small enterprises {Refer note (a) below}	17	58
Total outstanding dues of other than micro and small enterprises	78,615	71,008
	78,632	**71,066**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	17	58
- Interest	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

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.

14.3 Other financial liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unclaimed dividends (refer note below)	778	734
Unclaimed matured debenture and debenture interest	9	11
Payables on purchase of property, plant and equipment	2,840	1,830
Derivative instruments in designated hedge accounting relationship	1,057	974
Derivative instruments other than in designated hedge accounting relationship	-	1,386
Other financial liabilities		
- Employee related	19,098	17,384
- Others	1,343	1,168
	25,125	**23,487**

Note: Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 3 lakhs (Previous year: ₹ 2 lakhs) and therefore amounts relating to the same have not been transferred.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

15 OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Advance from customers {refer note (a) below}	118,413	82,968
Unclaimed advance from customers {refer note (b) below}	1,657	1,756
Liability towards award credits for customers	4,668	6,575
Gratuity {refer note 30 (b) }	-	2,680
Statutory dues	1,378	1,922
Other liabilities	15,294	10,648
	141,410	**106,549**

a) Advances from customers includes amounts of ₹ 103,851 lakhs (Previous year: ₹ 72,414 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

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for compensated absences {refer note: 30 (c)}	1,506	1,197
Provision for warranty {refer note (a) below}	619	601
	2,125	**1,798**

Note (a): Provision for warranty

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Opening balance	601	506
Provisions made during the year	544	601
Utilisations/ reversed during the year	(526)	(506)
Provision at the end of the year	**619**	**601**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

17 REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Sale of products		
Manufactured goods		
Watches	176,244	181,370
Jewellery	1,091,780	935,000
Eyewear	7,206	5,983
	1,275,230	**1,122,353**
Traded goods		
Watches	29,226	20,009
Jewellery	198,908	105,184
Eyewear	34,183	35,300
Others	9,946	9,283
	272,263	**169,776**
Total - Sale of products (a)	**1,547,493**	**1,292,129**
Income from services provided (b)	**852**	**439**
Other operating revenue		
Indirect tax incentive*	5,983	-
Sale of precious / semi-precious stones	6,828	3,986
Sale of gold / platinum	3,946	2,911
Scrap sales	483	422
Total - Other operating revenue (c)	**17,240**	**7,319**
Revenue from operations (a+b+c)	**1,565,585**	**1,299,887**

* Represents benefits accrued on account of budgetary support for the existing eligible units under the different industrial promotion schemes.

18 OTHER INCOME

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest income on financial assets carried at amortised cost	6,358	4,914
Gain on investments carried at fair value through profit and loss	1,930	1,047
Miscellaneous income	352	516
	8,640	**6,477**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

19 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Closing stock		
Finished goods	360,015	303,976
Work-in progress	19,460	18,025
Stock-in-trade	106,318	70,653
	485,793	**392,654**
Opening 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**
(Increase) / decrease in inventory	**(93,139)**	**(28,847)**

20 EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Salaries, wages and bonus	65,083	59,988
Contribution to provident and other funds		
- Gratuity {refer Note 30(b)}	1,670	1,424
- Provident and other funds {refer Note 30(a) (i)}	3,154	2,963
Staff welfare expenses	6,319	5,179
	76,226	**69,554**

21 FINANCE COSTS

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest expense on :		
Borrowings	387	587
Gold on loan*	4,188	2,402
Others	193	142
	4,768	**3,131**
Other borrowing cost :		
Commercial paper discounting charges	-	582
	4,768	**3,713**

*Refer note 14.1

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

22 DEPRECIATION AND AMORTISATION EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Depreciation of property, plant and equipment (refer note 3)	10,226	8,939
Amortisation of intangible assets (refer note 5)	741	384
	10,967	**9,323**

23 OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Loose tools, stores and spare parts consumed	5,492	4,426
Agency labour	8,619	7,070
Power and fuel	3,983	3,883
Repairs and maintenance		
- buildings	376	453
- plant and machinery	1,785	1,431
Advertising	44,099	44,481
Selling and distribution expenses	46,043	38,001
Insurance	476	439
Rent (refer note 27)	20,584	18,925
Increase / (decrease) of excise duty on inventory	(5,144)	1,687
Rates and taxes {refer note (a) below}	3,178	10,115
Travel	3,444	2,798
Bad trade receivables and advances written off	52	17
Less : Provision released	-	17
	52	**-**
Provision for doubtful trade receivables	315	202
Loss on sale / disposal / scrapping of Property, plant and equipment (net)	219	823
Expenditure on corporate social responsibility {refer note (d) below}	2,344	1,792
Miscellaneous expenses {refer note (b) and (c) below}	37,681	34,742
Directors' fees	32	35
Commission to non-whole-time Directors	421	378
	173,999	**171,682**

Notes:

a) Rates and taxes include ₹ 1,563 lakhs (Previous year: ₹ 6,191 lakhs) being the excise duty paid on watch components transferred from Hosur, Dehradun and Roorkee factories to Pantnagar factory.

b) Includes exchange (gain) / loss (net) of ₹ 228 lakhs (Previous year: ₹ 563 lakhs)

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

c) Auditors remuneration comprises fees for audit of statutory accounts ₹ 145 lakhs (Previous year: ₹ 175 lakhs), taxation matters ₹ 15 lakhs (Previous year: ₹ 22 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 10 lakhs), other services ₹ 26 lakhs (Previous year: ₹ 36 lakhs) and reimbursement of levies and expenses ₹ 14 lakhs (Previous year: ₹ 61 lakhs).

d) Corporate Social Responsibility:

(i) Gross amount required to be spent towards corporate social responsibility by the Company during the year: ₹ 2,078 lakhs

(ii) Amount spent during the year on:

₹ in lakhs

Particulars	In cash	Yet to be paid in cash	Total
- Construction/acquisition of any asset	-	-	-
- On purposes other than above	2,127	217	2,344
	2,127	**217**	**2,344**

24 EXCEPTIONAL ITEM

Exceptional item includes the following:

a) Provision for impairment of investment in a subsidiary (Favre Leuba AG, Switzerland) amounting to ₹ 7,500 lakhs (Previous year: ₹ Nil).

b) Expenses relating to Voluntary Retirement Scheme to its employees amounting to ₹ 1,665 lakhs (Previous year: ₹ 9,637 lakhs).

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. The Company's Managing Director is the Chief Operating Decision Maker.

Corporate (unallocated) represents other income, expenses, assets and liabilities which relate to the company as a whole and are not allocated to segments.

b) Segment revenues and profit and loss

₹ in lakhs

Segment	Revenue		Profit / (loss)	
	For the year ended 31st March 2018	For the year ended 31st March 2017	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	212,643	205,316	25,788	13,843
Jewellery	1,303,587	1,048,498	154,298	103,872
Eyewear	41,498	41,403	240	1,278
Others	9,501	6,514	(4,429)	(4,080)
Corporate (unallocated)	6,996	4,633	(14,057)	(7,858)
	1,574,225	**1,306,364**	**161,840**	**107,055**
Finance costs			4,768	3,713
Profit before taxes			**157,072**	**103,342**

There is no inter segment revenue.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ in lakhs

Segment	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	27,201	20,441
Jewellery	154,550	105,305
Eyewear	240	1,687
Others	(4,429)	(4,080)
Corporate (unallocated)	(6,557)	(6,661)
Total	**171,005**	**116,692**

d) Segment assets and liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Segment assets		
Watches	135,424	120,752
Jewellery	561,126	455,362
Eyewear	28,695	22,150
Others	5,171	4,662
Corporate (unallocated)	209,225	228,827
	939,641	**831,753**
Segment liabilities		
Watches	44,802	50,646
Jewellery	353,553	337,795
Eyewear	8,122	8,254
Others	1,907	1,613
Corporate (unallocated)	11,858	2,244
	420,242	**400,552**

e) Other segment information

₹ in lakhs

Segment	Depreciation and amortisation	
	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	3,626	3,318
Jewellery	4,337	4,204
Eyewear	1,350	1,101
Others	165	14
Corporate (unallocated)	1,489	686
	10,967	**9,323**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

f) Geographical information

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue		
India	1,554,839	1,288,692
Others	19,386	17,672
Total	**1,574,225**	**1,306,364**
Assets*		
India	934,854	826,576
Others	4,787	5,177
Total	**939,641**	**831,753**

*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:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit for the year (₹ lakhs)	116,287	76,186
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	13.10	8.58

27 OPERATING LEASES

27.1 Payments recognised as an expense

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Minimum lease payments	20,420	18,804
Contingent rentals	164	121
	20,584	**18,925**

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 Standalone Ind AS Financial Statements

for the year ended 31st March 2018

27.3 Non-cancellable operating lease commitments

The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
For a period not later than one year	4,509	2,230
For a period later than one year but not later than five years	3,216	1,876
For a period later than five years	554	-
	8,279	**4,106**

28 Contingent liabilities not provided for - ₹ 27,442 lakhs (Previous year: ₹ 30,084 lakhs) comprising of the following:

a) Sales tax - ₹ 2,777 lakhs (Previous year: ₹ 2,949 lakhs)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs duty - ₹ 68 lakhs (Previous year: ₹ 69 lakhs)
(relating to denial of benefit of exemptions)

c) Excise duty - ₹ 19,214 lakhs (Previous year: ₹ 19,226 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 - ₹ 3,796 lakhs (Previous year: ₹ 7,081 lakhs)
(relating to disallowance of deductions claimed)

e) Others - ₹ 781 lakhs (Previous year: ₹ 759 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 ₹ 11,367 lakhs (Previous year: ₹ 18,032 lakhs).

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

30 EMPLOYEE BENEFITS

a) Defined Contribution Plans

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

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
National pension scheme	137	117
Employee pension fund	900	898
	1,037	**1,015**

b) Defined Benefit Plans

The expense recognized in the statement of profit and loss during the year are as under:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Provident fund*	1,539	1,418
Superannuation fund	578	530
	2,117	**1,948**

* 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. There is no shortfall in the interest payable by the Trust to the beneficiaries as on the balance sheet date.

i) Gratuity (Funded)

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

The plan is 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 longevity risks.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at 31st March 2018	As at 31st March 2017
Discount rate (p.a.)	7.90%	7.15%
Salary escalation rate (p.a.)		
- Non-management	7.00%	7.00%
- Management	8.00%	8.00%

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

- 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.)	
	For the year ended 31st March 2018	For the year ended 31st March 2017
21-44	4%	2%
45 and above	2%	1%

Components of defined benefit costs recognised in the statement of profit and loss are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Current service cost	1,540	1,306
Past service cost	7	-
Interest on net defined benefit liability/ (asset)	123	118
(Gains) / losses on settlement	-	-
Total component of defined benefit costs charge to the statement of profit and loss	**1,670**	**1,424**

Components of defined benefit costs recognised in other comprehensive income are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening amount recognised in other comprehensive income outside the statement of profit and loss	1,822	590
Remeasurements during the year due to:		
- Changes in financial assumptions	(1,710)	2,114
- Changes in demographic assumptions	(693)	-
- Experience adjustments	(42)	284
- Actual return on plan assets less interest on plan assets	291	(1,166)
- Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised in outside the statement of profit and loss	**(332)**	**1,822**

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined liability is included in other comprehensive income.

Notes to the Standalone Ind AS Financial Statements
for the year ended 31st March 2018

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening net defined benefit liability/ (asset)	2,681	1,930
Expense charged to the statement of profit and loss	1,670	1,424
Amount recognised outside the statement of profit and loss	(2,154)	1,249
Employer contributions	(2,653)	(1,905)
Impact of liability settled	-	(17)
Closing net defined benefit liability/ (asset)	**(457)**	**2,681**

Movements in the present value of the defined benefit obligation are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening defined benefit obligation	21,493	18,151
Current service cost	1,540	1,306
Past service cost	7	-
Interest on defined benefit obligation	1,516	1,432
Remeasurement due to		
- Actuarial gains and losses arising from changes in demographic assumptions	(693)	-
- Actuarial gains and losses arising from changes in financial assumptions	(1,710)	2,131
- Actuarial gains and losses arising from experience adjustments	(42)	284
Benefits paid	(436)	(1,793)
Impact of liability settled	-	(17)
Closing defined benefit obligation	**21,675**	**21,493**

Movements in the fair value of plan assets are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening fair value of plan assets	18,812	16,221
Employer contributions	2,655	1,906
Interest on plan assets	1,392	1,314
Remeasurements due to actuarial return on plan assets less interest on plan assets	(292)	1,166
Benefits paid	(436)	(1,795)
Closing fair value of plan assets	**22,132**	**18,812**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:

₹ in lakh

Particulars	For the year ended 31st March 2018	
	Discount rate	Salary escalation rate
Defined benefit obligation on plus 50 basis points	20,634	22,794
Defined benefit obligation on minus 50 basis points	22,794	20,625

Maturity profile of defined benefit obligation

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
With in year 1	1,398	578
1 year to 2 years	1,534	957
2 years to 3 years	1,215	1,179
3 years to 4 years	1,230	1,009
4 years to 5 years	1,141	946
Over 5 years	49,592	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:

₹ in lakhs

Particulars	For the year ended 31st March 2018	
	Quoted	Unquoted
Government debt instruments	11,749	-
Other debt instruments	8,381	-
Entity's own equity instruments	779	-
Others	-	1,222
	20,909	**1,222**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

c) Unfunded

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

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Compensated absences		
Non-current	10,033	10,695
Current	1,506	1,197
	11,539	**11,892**

31 RESEARCH AND DEVELOPMENT EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Expenditure at the Department of Scientific and Industrial Research approved Research and development centers		
Capital	270	116
Revenue	1,681	2,007
	1,951	**2,123**

32 RELATED PARTIES

i) Relationships

a)	Promoters	Tamilnadu Industrial Development Corporation Limited
		Tata Sons Limited
b)	Subsidiaries	Titan TimeProducts Limited
		Titan Engineering & Automation Limited
		Carat Lane Trading Private Limited (w.e.f. 3rd August 2016)
		Favre Leuba AG (Switzerland)
		Titan Watch Company Hongkong Limited (100% subsidiary of Favre Leuba AG)
c)	Joint venture	Montblanc India Retail Private Limited (formerly Snowcap Retail (India) Private Limited)
d)	Associate	Green Infra Wind Power Theni Limited

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

e)	Key management personnel	Mr. Bhaskar Bhat, Managing Director	
		Mr. S.Subramaniam, Chief Financial Officer	
		Mr. A R Rajaram, Company Secretary	
		Non - executive Directors	
		Mr. Atulya Misra (Chairman) (from 31st March 2017 to 31st January 2018)	
		Mr. K. Gnanadesikan (Chairman) (from 1st February 2018)	
		Mr. Ramesh Chand Meena (from 3rd January 2018)	
		Mr. T K Arun (uptill 11th November 2017)	
		Mr. Harish Bhat	
		Mr. N N Tata	
		Mr. T K Balaji	
		Dr. C G Krishnadas Nair (uptill 17 August 2016)	
		Ms. Vinita Bali	
		Mrs. Hema Ravichandar	
		Prof. Das Narayandas	
		Mrs. Ireena Vittal	
		Ms. Shilpa Prabhakar Satish (from 29th March 2018)	
		Mr. Ashwani Puri (from 6th May 2016)	
		Mr. Vikram Kapur (from 18 October 2016 to 31st March 2017)	
		Mr. C V Sankar (uptill 20th August 2016)	
f)	Group entities (Wherever there are transactions)	Tata Capital Financial Services Limited	Tata West Asia FZE
		Tata Capital Housing Finance Limited	TC Travel and Services Limited (upto 30 October 2017)
		Infiniti Retail Limited	Tata Consultancy Services Limited
		Kriday Realty Private Limited	Tata Business Support Services Limited
		Tata International Limited	Smart Value Homes (Boisar) Private Limited
		Tata Limited	Tata Capital Limited
		Tata AIG General Insurance Company Limited	Tata Sky Limited
		Tata Unistore Limited	Ecofirst Services Limited
		Tata Value Homes Limited	HL Promoters Private Limited
		Ardent Properties Private Limited	Tata Interactive Systems AG
		Tata AIA Life Insurance Company Limited	Tata Advanced Material Limited
		Tata Housing Development Company Limited	
		Tata Autocomp Systems Limited	
g)	Post employee benefit plan entities	Titan Watches Provident Fund	
		Titan Watches Super Annuation Fund	
		Titan Industries Gratuity Fund	

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	Relationship	For the year ended 31st March 2018	For the year ended 31st March 2017
ii) Related party transactions during the year :			
Cost of materials and components consumed			
Titan TimeProducts Limited	Subsidiary	1,470	1,162
Titan Engineering & Automation Limited	Subsidiary	18	-
Carat Lane Trading Private Limited	Subsidiary	4,245	1,216
Sale of property, plant and equipment			
Titan TimeProducts Limited	Subsidiary	-	13
Purchase of property, plant and equipment			
Infiniti Retail Limited	Group entity	11	13
Purchases of services (other expenses)			
Tata Consultancy Services Limited	Group entity	1,358	2,123
Tata Business Support Services Limited	Group entity	394	200
Tata AIG General Insurance Company Limited	Group entity	320	52
Others		17	205
Revenue from operations			
Tata Sons Limited	Promoter	33	-
Carat Lane Trading Private Limited	Subsidiary	2,910	676
Titan TimeProducts Limited	Subsidiary	47	67
Titan Engineering & Automation Limited	Subsidiary	55	-
Tata Consultancy Services Limited	Group entity	195	191
Others	Group entities	105	198
Rent			
Tata Sons Limited	Promoter	58	56
Power and fuel			
Green Infra Wind Power Theni Limited	Associate	370	392
Dividend paid			
Tamilnadu Industrial Development Corporation Limited	Promoter	6,434	-
Tata Sons Limited	Promoter	4,812	-
Key managerial personnel compensation			
Commission and sitting fees	Promoter	98	83
Commission and sitting fees	KMP	354	387
Managerial remuneration	KMP	1,084	897
Miscellaneous expense (Royalty)			
Tata Sons Limited	Promoter	2,191	2,203
Reimbursement towards rendering of services / expenses			
Tata Sons Limited	Promoter	81	41
Carat Lane Trading Private Limited	Subsidiary	24	6

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars		Relationship	For the year ended 31st March 2018	For the year ended 31st March 2017
	Montblanc India Retail Private Limited	Joint venture	44	-
	Tata International Limited	Group entity	32	-
	Others		17	-
	Recovery towards rendering of services			
	Titan TimeProducts Limited	Subsidiary	43	84
	Titan Engineering & Automation Limited	Subsidiary	79	-
	Montblanc India Retail Private Limited	Joint venture	122	619
	Sitting fees received			
	Carat Lane Trading Private Limited	Subsidiary	45	-
	Titan TimeProducts Limited	Subsidiary	-	1
	Inter-corporate deposit placed			
	Tata Housing Development Company Limited	Group entity	10,000	5,000
	Tata Capital Financial Services	Group entity	1,500	-
	Inter-corporate deposit redeemed			
	Tata Housing Development Company Limited	Group entity	10,000	5,000
	Interest income			
	Tata Housing Development Company Limited	Group entity	432	289
	Tata Capital Financial Services	Group entity	33	-
	Subscription to share capital			
	Favre Leuba AG	Subsidiary	5,952	4,628
	Titan Engineering & Automation Limited	Subsidiary	23,500	-
	Titan TimeProducts Limited	Subsidiary	250	-
	Carat Lane Trading Private Limited	Subsidiary	-	37,403
	Montblanc India Retail Private Limited	Joint venture	-	1,078
	Contribution to Trust funds			
	Titan Watches Provident Fund	Others	5,230	4,778
	Titan Watches Super Annuation Fund	Others	543	612
	Titan Industries Gratuity Fund	Others	2,653	1,905
iii)	**Related party closing balances as on balance sheet date:**			
	Outstanding - net receivables / (payables)			
	Tamilnadu Industrial Development Corporation Limited	Promoter	(94)	-
	Tata Sons Limited	Promoter	(1,650)	(1,710)
	Carat Lane Trading Private Limited	Subsidiary	(110)	(23)
	Titan TimeProducts Limited	Subsidiary	(117)	(9)
	Tata Consultancy Services Limited	Group entity	(378)	(55)
	Bhaskar Bhat	KMP	(397)	(368)
	Others		(343)	(14)

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	Relationship	For the year ended 31st March 2018	For the year ended 31st March 2017
Carat Lane Trading Private Limited	Subsidiary	668	500
Titan TimeProducts Limited	Subsidiary	3	5
Titan Engineering & Automation Limited	Subsidiary	1,658	22,583
Montblanc India Retail Private Limited	Joint venture	1	35
Tata Housing Development Company Limited	Group entity	5,125	5,122
Tata Capital Financial Services	Group entity	1,533	-
Others	Group entities	46	47
Letter of financial support provided to the following:			
Carat Lane Trading Private Limited	Subsidiary		
Favre Leuba AG	Subsidiary		

Note:

a) Entities controlled or promoted by Tamilnadu Industrial Development Corporation Limited are not considered as related party since, the same is a Government-related entity.

b) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

33 FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

Financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Measured at fair value through profit or loss (FVTPL)		
Designated as FVTPL-Equity investments and mutual funds	781	38,221
Total financial assets measured at FVTPL (a)	**781**	**38,221**
Measured at amortised cost		
- Trade receivables	19,299	11,536
- Cash and cash equivalents	46,644	67,181
- Bank balances other than cash and cash equivalents	14,584	10,093
- Inter-corporate deposits	23,000	19,500
- Security deposits	9,620	10,645
- Employee loans	4,534	4,049
- Other financial assets	9,779	24,576
Total financial assets measured at amortised cost (b)	**127,460**	**147,581**
Derivative instruments in designated hedge accounting relationships (c)	-	712
Derivative instruments other than in designated hedge accounting relationships (d)	5	-
Total financial assets (a + b + c +d)	**128,246**	**186,514**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Financial liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Measured at fair value through profit or loss (FVTPL)		
- Derivative instruments other than in designated hedge accounting relationships	-	1,386
- Gold on loan	160,386	186,709
Total financial liabilities measured at FVTPL (a)	**160,386**	**188,095**
Measured at amortised cost		
- Trade payables	78,632	71,066
- Other financial liabilities	24,068	21,127
Total financial liabilities measured at amortised cost (b)	**102,700**	**92,193**
Derivative instruments in designated hedge accounting relationships (c)	1,057	974
Total financial liabilities (a + b + c)	**264,143**	**281,262**

33.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ in lakhs

Particulars	As at 31st March 2018			
	Level 1	Level 2	Level 3	Total
a) Financial assets and liabilities measured at fair value				
Financial assets				
- Quoted investments at FVTPL	44	-	-	44
- Other unquoted investments	-	-	737	737
- Derivative instruments in designated hedge accounting relationships	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	5	-	5
Total financial assets	**44**	**5**	**737**	**786**
Financial liabilities				
- Gold on loan	160,386	-	-	160,386
- Derivative instruments in designated hedge accounting relationship	-	1,057	-	1,057
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
Total financial liabilities	**160,386**	**1,057**	**-**	**161,443**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars		As at 31st March 2017			
		Level 1	Level 2	Level 3	Total
b)	**Financial assets and liabilities measured at fair value**				
	Financial assets				
-	Quoted investments at FVTPL	37,484	-	-	37,484
-	Other unquoted investments	-	-	737	737
-	Derivative instruments in designated hedge accounting relationship	-	712	-	712
-	Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
	Total financial assets	**37,484**	**712**	**737**	**38,933**
	Financial liabilities				
-	Gold on loan	186,709	-	-	186,709
-	Derivative instruments in designated hedge accounting relationship	235	739	-	974
-	Derivative instruments other than in designated hedge accounting relationships	-	1,386	-	1,386
	Total financial liabilities	**186,944**	**2,125**	**-**	**189,069**

(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.

33.3 Financial risk management objective

The Company has constituted a Risk Management Committee. The Company has in place a Risk management framework to identify, evaluate business risks and challenges across the Company both at corporate level as also separately for each business division. These risks include market risk, credit risk and liquidity risk.

The Company minimises the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of derivative financial instruments and investment of excess liquidity is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The Company does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

33.4 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. Credit risk is managed by the Company through approved credit norms, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. Credit risk arises principally from the Company's receivables from customers. Refer note 10.2 for the disclosures for trade receivables.

Credit risk on liquid funds, Inter Corporate Deposits and derivative financial instruments is limited because the counterparties are banks and companies with high credit-ratings assigned by credit-rating agencies.

33.5 Liquidity risk

The Company has an approved policy to invest surplus funds from time-to-time in various short-term instruments. Security of funds and liquidity shall be the primary consideration while deciding on the type of investments.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Liquidity risk tables

The following table below analyses the Company's financial liabilities into relevant maturity groupings based on their maturities for:

- all non-derivative financial liabilities, and
- derivative financial liabilities, that are net settled.

The tables have been drawn on an undiscounted basis based on the earliest date on which the Company can be required to pay.

₹ in lakhs

Contractual maturities of financial liabilities	As at 31st March 2018		
	Less than 3 months	3 to 6 months	Total
Non-derivatives			
Gold on loan	28,067	132,319	160,386
Trade payables	78,632	-	78,632
Other financial liabilities	24,068	-	24,068
Total non-derivative liabilities	**130,767**	**132,319**	**263,086**
Derivatives (net settled)			
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Derivative instruments in designated hedge accounting relationship	1,392	(335)	1,057
Total derivative liabilities	**1,392**	**(335)**	**1,057**

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Contractual maturities of financial liabilities	As at 31st March 2017		
	Less than 3 months	3 to 6 months	Total
Non-derivatives			
Gold on loan	117,457	69,252	186,709
Trade payables	71,066	-	71,066
Other financial liabilities	21,127	-	21,127
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**

33.6 Market risk

The market risks to which the Company is exposed are price risk {refer note a) below} and foreign currency risk {refer note b) below}.

a) Price Risk:

The Company is exposed to fluctuations in gold price (including fluctuations in foreign currency) arising on purchase/ sale of gold.

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 Standalone Ind AS Financial Statements

for the year ended 31st March 2018

The following table gives details of contracts as at the end of the reporting period

Cash flow hedges Sell forward/future contracts:

₹ in lakhs

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
31st March 2018	2,897	5,854	169,600
31st March 2017	2,787	5,180	144,375

- The line item in the balance sheet that include the above hedging instruments are other financial assets and other financial liabilities.

  As at 31st March 2018 the aggregate amount of gains under forward/future contracts is recognised in "Other Comprehensive Income" and accumulated in the cash flow hedging reserve. It is anticipated that the sales will take place during 6 months of the next financial year, at which time the amount deferred in equity will be reclassified to the statement of profit and loss. Details of movements in hedging reserve is as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Balance at beginning of the year (net of taxes)	1,318	(1,103)
Changes in fair value of effective portion of cash flow hedges	499	(3,802)
Deferred tax on fair value of effective portion of cash flow hedges	(130)	1,102
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	(2,993)	7,213
Deferred tax on gain/(loss) arising on changes in fair value of cash flow hedges reclassified to statement of profit and loss	778	(2,092)
Balance at end of the year (net of taxes)	(528)	1,318

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 34.6 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.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Foreign currency sensitivity analysis:

The Company is mainly exposed to USD, CHF and EURO currencies. The Company's sensitivity to a 1% increase and decrease in ₹ against the relevant foreign currencies is presented below:

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. There is a decrease in profit and equity by ₹ 173 lakhs where INR weakens by 1% against the relevant currencies. For a 1% strengthening of the ₹ against the relevant currencies there would be a comparable increase in profit and equity.

33.7 The Company's exposure to Forward foreign exchange contracts and option contracts at the end of the reporting year are as follows:

The Company has 9 forward exchange contracts for US Dollars 42 lakhs equivalent to ₹ 2,746 lakhs (Previous year: 159 forward exchange contracts for US Dollars 638 lakhs equivalent to ₹ 42,721 lakhs).

In addition to the above, the Company has 24 Option contract in USD 194 Lakhs equivalent to ₹ 12,904 Lakhs (Previous year : 3 Option contracts in USD 170 lakhs equivalent to ₹ 11,296 lakhs).

34 CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. Gold on loan as disclosed in the financial statements represents amounts due to banks for the procurement of gold under 'Gold (Metal) loan scheme' by the Company. The Company is not subject to any externally imposed capital requirements.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

35 DETAILS OF INTER-CORPORATE DEPOSITS GIVEN AND INVESTMENTS MADE DURING THE YEAR:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2017	Given during the year	Receipt during the year	As at 31st March 2018
Inter-corporate deposits									
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	5,000	10,000	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.55%- 9.00%	6 months	5,000	10,000	10,000	5,000
Fortis Healthcare Ltd	Others	Unsecured	Trade deposits	10.25%	6 months	2,500	-	2,500	-
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	-	5,000	-
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	2,000	-	2,000	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.50%	6 months	-	3,000	-	3,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.30%	6 months	-	5,000	-	5,000
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.60%	3 months	-	9,500	9,500	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%	6 months	-	1,500	-	1,500
Bajaj Finance Limited	Others	Unsecured	Trade deposits	6.35% - 7.70%	3 to 9 months	-	33,000	24,500	8,500
						19,500	**67,000**	**63,500**	**23,000**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2017	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2018
Investments						
Investment in equity instruments (unquoted)						
Titan TimeProducts Limited	Subsidiary	Strategic investment	1,113	250	-	1,363
Titan Engineering & Automation Limited	Subsidiary	Strategic investment	5	23,500	-	23,505
Carat Lane Trading Private Limited	Subsidiary	Strategic investment	37,403	-	-	37,403
Favre Leuba AG	Subsidiary	Strategic investment	8,609	5,952	7,500	7,061
Montblanc India Retail Private Limited	Joint venture	Strategic investment	3,112	-	-	3,112
Green Infra Wind Power Theni Limited	Associate	Strategic investment	150	-	-	150
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited*	Others	Wealth creation	1	1	-	2
Tata Steel Limited*	Others	Wealth creation	10	2	-	12
Tata Global Beverages Limited*	Others	Wealth creation	9	7	-	16
Tata Chemicals Limited*	Others	Wealth creation	3	1	-	4
Trent Limited*	Others	Wealth creation	8	2	-	10
Other investments in equity instruments (unquoted)						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			51,160	**29,715**	**7,500**	**73,375**

* The movement is on account of fair valuation as at the year end.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

Details of Inter-corporate deposits given and investments made during the previous year:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2016	Given during the year	Receipt during the year	As at 31st March 2017
Inter-corporate deposits									
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	10,000	10,000	5,000
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	9 % - 9.35%	6 months	5,000	5,000	5,000	5,000
Fortis Healthcare Limited	Others	Unsecured	Trade deposits	10.25%	6 months	-	5,000	2,500	2,500
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	10,000	10,000	5,000
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	7,000	10,000	2,000
						20,000	**37,000**	**37,500**	**19,500**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2016	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2017
Investments						
Investment in equity instruments (unquoted)						
Titan TimeProducts Limited	Subsidiary	Strategic investment	1,113	-	-	1,113
Titan Engineering & Automation Limited	Subsidiary	Strategic investment	5	-	-	5
Carat Lane Trading Private Limited	Subsidiary	Strategic investment	-	37,403	-	37,403
Favre Leuba AG	Subsidiary	Strategic investment	3,981	4,628	-	8,609
Montblanc India Retail Private Limited	Joint venture	Strategic investment	2,034	1,078	-	3,112
Green Infra Wind Power Theni Limited	Associate	Strategic investment	150	-	-	150
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited	Others	Wealth creation	1	-	-	1
Tata Steel Limited*	Others	Wealth creation	7	3	-	10
Tata Global Beverages Limited*	Others	Wealth creation	7	2	-	9
Tata Chemicals Limited	Others	Wealth creation	2	1	-	3
Trent Limited*	Others	Wealth creation	5	3	-	8
Other investments in equity instruments (unquoted)						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited*	Others	Wealth creation	6	3	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	-	2	-	2
			8,037	**43,123**	**-**	**51,160**

*The movement is on account of fair valuation as at the year end.

Notes to the Standalone Ind AS Financial Statements

for the year ended 31st March 2018

36 In terms of Scheme of Arrangement sanctioned by Honorable High Court of Madras *vide* order dated 13th February 2017, the Company had transferred the Precision Engineering Division (PED) to its wholly owned subsidiary Titan Engineering & Automation Limited (TEAL) effective from 1st April 2015.

The business of the PED for the year ended 31st March 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. were 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 31st March 2017.

37 Previous year audit was carried out by a firm other than B S R & Co. LLP.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

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 Hong Kong Limited	Titan Engineering & Automation Limited	Carat Lane Trading Private Limited
2	Reporting period	31 March 2018	31 March 2018	31 March 2018	31 March 2018	31 March 2018
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 = ₹ 68.3267	1 HKD = ₹ 8.2905	Not applicable	Not applicable
5	Share capital	517	7,659	1	4,705	604
6	Reserves & surplus	1,308	(3,275)	(1)	20,078	(1,430)
7	Total assets	3,004	5,736	-	35,440	11,914
8	Total Liabilities	1,179	1,352	-	10,657	12,740
9	Investments	-	1	-	-	-
10	Turnover	3,976	605	-	25,213	29,018
11	Profit/(loss) before taxation	183	(5,021)	-	1,969	(8,388)
12	Provision for taxation	55	-	-	636	
13	Profit after taxation	128	(5,021)	-	1,333	(8,388)

Names of subsidiary which are yet to commence operations;

Sl. No.	Name of the Company
1	Titan Watch Company Hong Kong Limited

Part "B": Associate and Joint Venture

	Name of Associate	Green Infra Wind Power Theni Limited
1	Latest audited Balance Sheet Date	31 March 2017
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)	172
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(37)
	- Not Considered in Consolidation (₹ Lakhs)	-
	Name of Joint Venture	**Montblanc India Retail Private Limited**
1	Latest audited Balance Sheet Date	31 March 2017
2	Shares of Associate held by the company on the year end	
	- No.	31,115,000
	- Amount of Investment in Joint Venture (₹ Lakhs)	3,112
	- Extend of Holding %	49.00%
3	Description of how there is significant influence	There is a significant influence by virtue of joint control
4	Reason why the joint venture is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	2,484
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(240)
	- Not Considered in Consolidation (₹ Lakhs)	-

The notes referred to above form an integral part of the standalone Ind AS financial statements.
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

For and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Independent Auditor's Report

To the Members of Titan Company Limited

REPORT ON THE AUDIT OF CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Titan Company Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 state of affairs, consolidated profit/ loss (and other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group, including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS 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, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its associate and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group and its associate and joint venture to cease to continue as a going concern.

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

OPINION

In our opinion and to the best of our information and according to the explanation given to us and based on the consideration of the other financial information of one associate and one joint venture, the aforesaid consolidated Ind AS 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 31 March 2018, and their consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

OTHER MATTERS

Corresponding figures of the Group, its associate and joint venture for the year ended 31 March 2017 have been audited by another auditor who expressed an unmodified opinion dated 12 May 2017 on the consolidated Ind AS financial statements for the year ended 31 March 2017.

The consolidated Ind AS financial statements also include the Group's share of net loss and other comprehensive income of Rs. 277 lakhs for the year ended 31 March 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate and one joint venture whose financial statements have not been audited. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate and joint venture, is based solely on the financial information as certified by the Management. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information 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 other financial information of the associate and joint venture, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, 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 Ind AS financial statements.

    d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiaries, its associate and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the other financial information of the associate and joint venture, as noted in the 'Other matter' paragraph:

        i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture. Refer Note 29 to the consolidated Ind AS financial statements.

        ii. The Group, its associate and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.

        iii. a) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company (excluding disputed legal cases as explained in Note 15.4) of the accompanying consolidated Ind AS financial statements.

        b) There was no amounts which were required to be transferred, to the Investor Education and Protection Fund by the subsidiary companies, associate and joint venture incorporated in India.

        iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 10 May 2018

Annexure A to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENT 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 Ind AS financial statement of Titan Company Limited ("the Company" or "the Holding Company") and its subsidiary companies, associate and joint venture, which are incorporated in India as of 31 March 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated Ind AS financial statement criteria established by the respective company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's and its subsidiary companies', which are incorporated in India, internal financial controls with reference to consolidated Ind AS financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statement 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 with reference to consolidated Ind AS financial statement and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statement included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statement, 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 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 Holding Company's and its subsidiary companies', which are incorporated in India, internal financial controls system with reference to consolidated Ind AS financial statement.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENT

A company's internal financial control with reference to consolidated Ind AS financial statement is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statement includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENT

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statement to future periods are subject to the risk that the internal financial control with reference to consolidated Ind AS financial statement 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, the Holding Company and its subsidiary companies which are incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated Ind AS financial statement and such internal financial controls with reference to consolidated Ind AS financial statement were operating effectively as at 31 March 2018, based on the internal control with reference to consolidated Ind AS financial statement criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 10 May 2018

Consolidated Balance Sheet

as at 31st March 2018

₹ in lakhs

Particulars				Note	As at 31st March 2018	As at 31st March 2017
ASSETS						
(1)	**Non-current assets**					
	(a)	Property, plant and equipment		3	110,204	85,316
	(b)	Capital work-in-progress			4,301	14,324
	(c)	Investment property		4	2,268	1,065
	(d)	Goodwill		34	12,301	12,301
	(e)	Other intangible assets		5	22,608	20,190
	(f)	Intangible assets under development			36	883
	(g)	Financial assets				
		(i)	Investments	6.1	3,438	3,701
		(ii)	Other financial assets	6.2	12,505	11,312
	(h)	Deferred tax asset (net)		7	3,606	359
	(i)	Other non-current assets		8	10,834	9,485
	(j)	Income tax assets (net)		7	10,219	8,284
					192,320	**167,220**
(2)	**Current assets**					
	(a)	Inventories		9	592,484	492,574
	(b)	Financial assets				
		(i)	Investments	10.1	161	39,372
		(ii)	Trade receivables	10.2	29,569	20,760
		(iii)	Cash and cash equivalents	10.3	47,205	67,800
		(iv)	Bank balances other than (iii) above	10.3	14,586	10,093
		(v)	Other financial assets	10.4	33,966	28,729
	(c)	Other current assets		11	42,130	14,242
					760,101	**673,570**
			TOTAL ASSETS		**952,421**	**840,790**
EQUITY AND LIABILITIES						
Equity						
	(a)	Equity share capital		12.1	8,878	8,878
	(b)	Other equity		12.2	500,110	414,360
		Equity attributable to the equity holders of the Company			508,988	423,238
	Non-controlling interest				(182)	2,636
					508,806	**425,874**
Liabilities						
(1)	**Non-current liabilities**					
	(a)	Financial liabilities				
		(i)	Other financial liabilities	13	126	-
	(b)	Provisions		14	11,634	12,108
	(c)	Deferred tax liability (net)		7	317	33
					12,077	**12,141**
(2)	**Current liabilities**					
	(a)	Financial liabilities				
		(i)	Borrowings	15.1	7,899	-
		(ii)	Gold on loan	15.2	161,202	188,243
		(iii)	Trade payables	15.3	87,774	78,276
		(iv)	Other financial liabilities	15.4	25,462	23,813
	(b)	Other current liabilities		16	144,529	110,223
	(c)	Provisions		17	2,473	2,009
	(d)	Current tax liabilities, net			2,199	211
					431,538	**402,775**
			TOTAL EQUITY AND LIABILITIES		**952,421**	**840,790**
Significant accounting policies				2		

The notes referred to above form an integral part of the consolidated Ind AS financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of Consolidated Profit and Loss

for the year ended 31st March 2018

₹ in lakhs

	Particulars	Note	For the year ended 31st March 2018	For the year ended 31st March 2017
I.	Revenue from operations	18	1,615,595	1,338,213
II.	Other income	19	8,886	7,049
III.	**Total income (I +II)**		**1,624,481**	**1,345,262**
IV.	Expenses:			
	Cost of materials and components consumed		1,045,282	864,664
	Excise duty		3,618	12,130
	Purchase of stock-in-trade		221,201	117,450
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	20	(97,861)	(31,371)
	Employee benefits expense	21	88,508	78,747
	Finance costs	22	5,292	3,774
	Depreciation and amortisation expense	23	13,143	11,053
	Other expenses	24	190,378	181,044
	Total expenses		**1,469,561**	**1,237,491**
V.	Profit before share of profit/(loss) of an associate and a joint venture and exceptional item and tax (III - IV)		154,920	107,771
VI.	Share of profit/ (loss) of:			
	- Associate		(37)	28
	- Joint venture		(240)	(205)
VII.	Profit before exceptional item and tax (V - VI)		154,643	107,594
VIII.	Exceptional item	25	1,665	10,269
IX.	Profit before tax (VII - VIII)		**152,978**	**97,325**
X.	Tax expense:			
	Current tax	7	44,996	30,211
	Deferred tax	7	(2,209)	(2,614)
	Total tax		**42,787**	**27,597**
XI.	Profit for the year (IX - X)		**110,191**	**69,728**
XII.	Other comprehensive income			
	(i) Items that will not be reclassified to the statement of profit and loss			
	- Remeasurement of employee defined benefit plans		2,273	(1,316)
	- Income-tax on (i) above		(665)	365
	(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		(2,570)	3,411
	- Exchange differences in translating the financial statements of foreign operations		410	(117)
	- income-tax on (ii) above		724	(982)
	Total other comprehensive income		**172**	**1,361**
XIII.	Total comprehensive income (XI + XII)		**110,363**	**71,089**
	Profit for the year attributable to:			
	- Owners of the Company		113,009	71,147
	- Non-controlling interest		(2,818)	(1,419)
			110,191	**69,728**
	Other comprehensive income for the year attributable to:			
	- Owners of the Company		191	1,370
	- Non-controlling interest		(19)	(9)
			172	**1,361**
	Total comprehensive income for the year attributable to:			
	- Owners of the Company		113,200	72,517
	- Non-controlling interest		(2,837)	(1,428)
			110,363	**71,089**
XIV.	Earnings per equity share of ₹ 1			
	Basic	27	12.75	8.17
	Diluted	27	12.75	8.17
	Significant accounting policies	2		

The notes referred to above form an integral part of the consolidated Ind AS financial statements.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of Consolidated Changes in Equity

for the year ended 31st March 2018

₹ in lakhs

Particulars		As at 31st March 2018	As at 31st March 2017
(a)	**Equity share capital**		
	Opening balance	**8,878**	8,878
	Changes in equity share capital during the year	-	-
	Closing balance	**8,878**	**8,878**

(b) Other equity

₹ in lakhs

Particulars	Reserves and Surplus: Capital reserve	Capital redemption reserve	Securities premium reserve	Share options outstanding account	General reserve	Retained earnings	Items of Other Comprehensive Income (refer note 12.2): Employee defined benefit obligation	Foreign currency translation reserve	Cash flow hedge reserve*	Total	Capital reserve on consolidation	Attributable to the Owners of the Company	Non-controlling interest	Total
Balance as at 1st April 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 34)	-	-	-	-	-	-	-	-	-	-	-	-	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**
Payment of dividends (refer note 12.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on dividends (refer note 12.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to General reserve from Retained earnings	-	-	-	-	50,606	(50,606)	-	-	-	-	-	-	-	-
Balance as at 31st March 2017	**3**	**74**	**14,072**	**(66)**	**281,573**	**118,968**	**(1,422)**	**(205)**	**1,326**	**(301)**	**37**	**414,360**	**2,636**	**416,996**
Balance as at 1st April 2017	**3**	**74**	**14,072**	**(66)**	**281,573**	**118,968**	**(1,422)**	**(205)**	**1,326**	**(301)**	**37**	**414,360**	**2,636**	**416,996**
Non-controlling interest arising on acquisition (refer note 34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year (net of taxes)	-	-	-	-	-	113,009	-	-	-	-	-	113,009	(2,818)	110,191
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	1,627	410	(1,846)	191	-	191	(19)	172
Addition during the year	-	-	-	330	-	-	-	-	-	-	-	330	19	349
Total comprehensive income for the year	**-**	**-**	**-**	**330**	**-**	**113,009**	**1,627**	**410**	**(1,846)**	**191**	**-**	**113,531**	**(2,818)**	**110,713**
Payment of dividends (refer note 12.3)	-	-	-	-	-	(23,081)	-	-	-	-	-	(23,081)	-	(23,081)
Tax on dividends (refer note 12.3)	-	-	-	-	-	(4,699)	-	-	-	-	-	(4,699)	-	(4,699)
Transfer to General reserve from Retained earnings	-	-	-	-	25,000	(25,000)	-	-	-	-	-	-	-	-
Balance as at 31st March 2018	**3**	**74**	**14,072**	**264**	**306,573**	**179,196**	**205**	**205**	**(520)**	**(110)**	**37**	**500,110**	**(182)**	**499,928**
Significant accounting policies	2													

The notes referred to above form an integral part of the consolidated Ind AS financial statements.
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Statement of Consolidated Cash Flow

for the year ended 31st March 2018

₹ in lakhs

Particulars		Note	For the year ended 31st March 2018	For the year ended 31st March 2017
A.	**Cash flow from operating activities**			
	Net profit before tax		152,978	97,325
	Adjustments for :			
	- Depreciation and amortisation expense		13,143	11,053
	- Net unrealised exchange gain/loss		(126)	209
	- Share of profit/(loss) of the associate and joint venture		277	177
	- Employee stock compensation expense		431	93
	- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		228	841
	- Provision for doubtful trade receivables (net) and bad trade receivables written off		332	266
	- Interest income		(6,422)	(5,137)
	- Net gain on sale of current investments		(1,954)	(1,278)
	- Finance costs		5,292	3,774
	Operating profit before working capital changes		**164,179**	**107,323**
	Adjustments for :			
	- (increase)/ decrease in trade receivables		(9,032)	(1,164)
	- (increase)/ decrease in inventories		(99,593)	(44,827)
	- (increase)/ decrease in other non-current financial assets		(1,193)	139
	- (increase)/ decrease in other non-current assets		(1,401)	224
	- (increase)/ decrease in other current financial assets		(1,678)	(3,897)
	- (increase)/ decrease in other current assets		(25,615)	(2,953)
	- increase/ (decrease) in gold on loan		(27,041)	76,283
	- increase/ (decrease) in trade payables		9,482	23,760
	- increase/ (decrease) in other financial liabilities		(1,870)	19,567
	- increase/ (decrease) in other current liabilities		34,306	23,517
	- increase/ (decrease) in long-term provisions		(474)	1,090
	- increase/ (decrease) in short-term provisions		464	(157)
	Cash generated from operations		**40,534**	**198,905**
	- Direct taxes paid		(45,608)	(27,675)
	Net cash (used in)/ from operating activities	**A**	**(5,074)**	**171,230**
B.	**Cash flow from investing activities**			
	Purchase of property, plant and equipment, intangible assets and investment property		(30,485)	(25,610)
	Proceeds from sale of property, plant and equipment		558	505
	Purchase of investments in subsidiaries, Joint Venture and other equity instruments		-	(1,078)
	Inter-corporate deposits placed		(67,000)	(37,000)

Statement of Consolidated Cash Flow

for the year ended 31st March 2018

₹ in lakhs

Particulars	Note	For the year ended 31st March 2018	For the year ended 31st March 2017
Proceeds from inter-corporate deposits		63,500	37,500
Bank deposits placed		(4,493)	(6,903)
Proceeds from sale of investments, net		41,152	(32,537)
Net cash outflow on acquisition of subsidiary		-	(37,403)
Interest received		6,363	4,089
Net cash from/ (used in) investing activities	**B**	**9,595**	**(98,437)**
C. Cash flow from financing activities			
Borrowings taken/ (repayment),net		7,899	(12,431)
Dividends paid including dividend distribution tax		(27,736)	(355)
Finance costs		(5,405)	(3,774)
Net cash used in financing activities	**C**	**(25,242)**	**(16,560)**
Net cash (used in)/generated during the year (A+B+C)		**(20,721)**	**56,233**
Cash and cash equivalents (opening balance)	10.3	67,800	8,445
Add: Cash and cash equivalents acquired on amalgamation		-	3,331
Add/ (Less): Unrealised exchange (gain)/ loss		127	(82)
		67,927	**11,694**
Cash and cash equivalents (closing balance)	10.3	47,205	67,800
Add/ (Less): Unrealised exchange (gain)/ loss		1	127
		47,206	**67,927**
Significant accounting policies	2		

The notes referred to above form an integral part of the consolidated Ind AS financial statements.
As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

1. BACKGROUND

Titan Company Limited ('Titan' or 'the Company'), and its subsidiaries (collectively, the "Group"), associate and joint venture is primarily involved in manufacturing and sale of watches, jewelry, eyewear and other accessories and products.

Titan is a public Company domiciled in India, with its registered office situated at 3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and BSE Ltd. in India.

SIGNIFICANT ACCOUNTING POLICIES

2. BASIS OF PREPARATION

i. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

ii. Basis of measurement

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Certain financial assets and liabilities (including derivative instruments).

b) The defined benefit asset/ (liability) is recognized as the present value of defined benefit obligation less fair value of plan assets.

c) Brand and goodwill on business combination measured at fair value.

d) Valuation of grants under Employees Share Options (ESOPs).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Use of estimates and judgement

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may diverge from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statement is included in the following notes:

- Note 28 – Leases – whether an arrangement contains a lease
- Note 28 – Lease classification (including the expected general inflation rates)

Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

- Note 3 – Useful life of the Property, Plant and Equipment;
- Note 5 – Useful life of the Intangible assets;
- Note 7 – Valuation of deferred tax assets
- Note 29 – Provisions and contingent liabilities
- Note 31 – Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 36.1 and note 36.2 – Fair value measurement of financial instruments.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

- Note 34 and Note 5 – Impairment of goodwill and intangibles

iii. Basis of consolidation

The consolidated financial statements relate to Titan Company Limited and entities controlled by the Company. Control is achieved when the Company has power over the entity, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect the entity's returns by using its power over the entity.

The standalone financial statements of the Company and its subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profit or losses. These financial statements are prepared by applying uniform accounting policies in use at the Group. The excess of the Company's portion of equity of the subsidiaries as at the date of its investment over the cost of its investment is treated as Capital Reserve on consolidation. The excess of cost to the Company of its investment over the Company's portion of equity as at the date of investment is treated as Goodwill on consolidation.

Investment in associate and joint venture are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of consolidated profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Entities controlled by the Company are consolidated from the date the control commences until the date control ceases.

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest 31 March 2018	Ownership interest 31 March 2017
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. 3 August 2016) ("Caratlane")	India	66.59%	66.59%

The jointly controlled entity and associate company which are included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest 31 March 2018	Ownership interest 31 March 2017
Montblanc India Retail Private Limited - Jointly controlled entity	India	49.00%	49.00%
Green Infra Wind Power Theni Limited - Associate company	India	26.79%	26.79%

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

The financial statements of the subsidiary companies, joint venture and associate company which are included in the consolidation are drawn upto the same reporting date as that of the Company i.e. March 31, 2018. The financial statements of the subsidiaries included in consolidation are audited except for Favre Leuba AG for which the local auditors have issued a limited examination report. The figures used in consolidation for equity accounting of the investment in joint venture and the associate companies are unaudited.

iv. Business combinations

The Company accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in the statement of consolidated profit and loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at their acquisition dates.

Purchase consideration paid in excess of the net assets acquired is recognised as Goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair value of the net assets and contingent liabilities, the excess is recognised as Capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfer of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entities are recorded in shareholders' equity.

v. Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities incurred. The same is measured initially at cost.

vi. Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The consolidated financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

vii. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 4 – Investment property
- Note 36 - financial instruments.

viii. Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of Goods and Service tax, returns, trade discounts and volume rebates. Sales are presented gross of excise duties to the extent applicable.

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.

Customer loyalty programmes

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 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 or when it is no longer probable that the award credits will be redeemed.

b) Service income: Service income is recognised on rendering of services.

c) Dividend and interest income: Dividend income from investments is recognised when the Group's right to receive the payment has been established i.e., either when the dividend is declared or when shareholders approve the dividend in case of equity investments.

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 leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. However, where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary costs, such increases are recognised in the year in which such benefits accrue. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

x. Foreign currencies

a) Transactions and balances:

In preparing the consolidated financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of consolidated profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge (refer note xxi(b)).

b) **Foreign operations:**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of consolidated profit and loss as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

xi. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

xii. Employee benefits

Short-term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

The Group's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner and Group's contribution to National pension Scheme are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

The contribution to the Group's Gratuity Trust and liability towards pension of retired deceased managing director are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of consolidated profit and loss.

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the consolidated balance sheet date.

xiii. Taxation

Income tax comprises of current tax and deferred tax. It is recognized in the statement of consolidated profit and loss except to the extent that it relates to an item recognized directly in the other comprehensive income.

a) Current tax: The current tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of consolidated profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax: Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognized, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

xiv. Property, Plant and Equipment

a) Recognition and measurement:

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date the asset is ready for its intended use. Machine spare parts are recognized in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of consolidated profit and loss.

b) Depreciation

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognized in the statement of consolidated profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	10 to 15 years	10 to 15 years
Computers and server	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 years	10 years
Office equipment	5 years	5 years
Vehicles	4 years	8 years

Leasehold improvements are depreciated over the lease term ranging from 1-9 years.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Repairs and maintenance costs are recognised in the statement of consolidated profit and loss when incurred.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognised in the statement of consolidated profit and loss. Advance paid towards acquisition of fixed assets outstanding at each consolidated balance sheet date is disclosed as capital advances under non-current assets. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the consolidated balance sheet date.

xv. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of consolidated profit and loss in the period in which the property is derecognised. The investment property includes only land held by the Company and accordingly no amortization of the investment property is recorded in the statement of consolidated profit and loss.

The fair values of the investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

xvi. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over their respective estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets are as follows:

Software - License period or 5 years, whichever is lower.

Brand and trademark – Infinite period.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

xvii. Impairment

Impairment of financial assets:

The Group 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 consolidated profit and loss.

Impairment of non-financial assets:

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

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 consolidated profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of impairment loss is recognised immediately in the statement of consolidated profit and loss.

Impairment of Goodwill

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the statement of consolidated profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

xviii. Inventories

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the moving average cost of production.

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

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Group), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Unfixed gold is valued at the provisional gold price prevailing on the date of delivery of gold.

Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

xix. Provisions and contingencies

Provisions: A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

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

Contingent liabilities: A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of

Notes to the Consolidated Ind AS Financial Statements

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resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the consolidated financial statements.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

xx. Financial instruments

Recognition of financial assets:

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value.

Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at fair value through profit and loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of consolidated profit and loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of financial assets.

A) Financial Assets

Classification of financial assets:

On initial recognition, a financial asset is classified at

(i) Amortised cost

(ii) Fair value through other comprehensive income (FVOCI)

(iii) Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

i) Financial assets at amortised cost:

A financial asset is measured at amortised cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

ii) **Investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)**

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value either in the statement of consolidated profit and loss or in other comprehensive income pertaining to equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to the statement of consolidated profit and loss on disposal of the investment.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Currently, the Group has not elected to present subsequent changes in investments in equity instruments in OCI. Accordingly, the same are considered as investments measured at FVTPL.

iii) **Investments in equity instruments at FVTPL**

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of consolidated profit and loss. The net gain or loss recognised in the statement of consolidated profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of the cost of the investment and the amount of dividend can be measured reliably.

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. 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 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.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

The Group has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

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 the statement of consolidated profit and loss except for those which are designated as hedging instruments in a hedging relationship.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the statement of consolidated profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

B) Financial liabilities: classification, subsequent measurement and derecognition:

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Other Financial liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such in initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of consolidated profit and loss. The net gain or loss recognised in the statement of consolidated profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income/Other expenses' line item.

The Group has designated amount payable for gold taken on loan from banks on initial recognition as fair value through profit and loss.

Financial liabilities subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

on the amortised cost of the instruments and are recognised in the statement of consolidated profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of consolidated profit and loss.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group has applied derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date of Ind AS.

xxi. Derivative financial instruments

a) Derivative instruments not designated as Cash flow hedges:

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, future contracts and Options.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of consolidated profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b) Cash flow hedges

The Group uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments. The Group has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under the heading hedging reserve and the ineffective portion is recognised immediately in the statement of consolidated profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, 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 consolidated profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognized immediately to the statement of consolidated profit and loss.

The Group has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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for the year ended 31st March 2018

c) Fair Value Hedge:

The Group designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the statement of consolidated profit and loss with an adjustment to the carrying value of the hedged item. The Group has designated the trade payables pertaining to gold taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

xxii. Segment reporting

Operating segments are reported in the manner consistent with the internal reporting to the chief operating decision maker (CODM).

The Group's primary segments consist of Watch, Jewellery, Eyewear, Corporate and Others, where 'Others' include 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 Group as a whole and are not allocated to segments.

xxiii. Consolidated cash flow statement

Consolidated cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The consolidated cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

xxiv. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

xxv. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

xxvi. Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

xxvii. New accounting standards not yet adopted:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

a) Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 *Revenue*, Ind AS 11 *Construction Contracts* and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer

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for the year ended 31st March 2018

of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is not reasonably estimable as at present.

i. **Sales of goods**

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the consolidated balance sheet.

For the loyalty programme operated by the Group, revenue is currently allocated between the loyalty programme and the goods using the residual value method i.e. consideration is allocated to the loyalty programme based on the fair value of the loyalty points and the remainder of the consideration is allocated to the goods. The amount allocated to the loyalty programme is deferred, and is recognised as loyalty points are redeemed or expire.

Under Ind AS 115, consideration will be allocated between the loyalty programme and the goods based on their relative stand-alone selling prices. As a consequence, a lower proportion of the consideration will be allocated to the loyalty programme, and therefore less revenue is likely to be deferred.

b) Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

3 PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land	Buildings	Plant, machinery and equipment	Computer & Servers	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Total
Owned									
Cost or deemed cost									
As at 1st April 2016	8,530	13,697	41,035	3,437	-	10,734	1,778	1,113	80,324
Addition on account of acquisition	-	-	112	87	295	280	158	17	949
Additions	-	5,809	7,543	2,570	28	5,312	738	251	22,251
Disposals	-	-	1,375	1,524	30	2,487	239	352	6,007
As at 31st March 2017	**8,530**	**19,506**	**47,315**	**4,570**	**293**	**13,839**	**2,435**	**1,029**	**97,517**
As at 1st April 2017	8,530	19,506	47,315	4,570	293	13,839	2,435	1,029	97,517
Additions	-	14,071	9,993	3,419	261	7,999	1,170	1,028	37,941
Disposals	-	-	959	770	31	1,508	191	423	3,882
As at 31st March 2018	**8,530**	**33,577**	**56,349**	**7,219**	**523**	**20,330**	**3,414**	**1,634**	**131,576**
Accumulated depreciation									
As at 1st April 2016	-	515	2,248	429	-	2,246	545	258	6,241
Depreciation expense	-	601	4,113	1,432	73	3,392	633	377	10,621
Disposals	-	-	979	1,333	29	1,852	176	292	4,661
As at 31st March 2017	**-**	**1,116**	**5,382**	**528**	**44**	**3,786**	**1,002**	**343**	**12,201**
As at 1st April 2017	-	1,116	5,382	528	44	3,786	1,002	343	12,201
Depreciation expense	-	829	4,595	1,760	146	3,846	627	464	12,267
Disposals	-	-	652	718	2	1,224	118	382	3,096
As at 31st March 2018	**-**	**1,945**	**9,325**	**1,570**	**188**	**6,408**	**1,511**	**425**	**21,372**
Net carrying value									
As at 31st March 2017	**8,530**	**18,390**	**41,933**	**4,042**	**249**	**10,053**	**1,433**	**686**	**85,316**
As at 31st March 2018	**8,530**	**31,632**	**47,024**	**5,649**	**335**	**13,922**	**1,903**	**1,209**	**110,204**

4 INVESTMENT PROPERTY

₹ in lakhs

Particulars	Land
Cost or deemed cost	
As at 1st April 2016	972
Additions	93
Disposals	-
As at 31st March 2017	**1,065**
As at 1st April 2017	1,065
Additions	1,203
Disposals	-
As at 31st March 2018	**2,268**
Net carrying value	
As at 31st March 2017	**1,065**
As at 31st March 2018	**2,268**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

The Company's investment properties consist of free hold land and therefore no depreciation is chargeable.

Fair market value of land at ₹ 7,767 lakhs (Previous year: ₹ 6,082 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.

5 OTHER INTANGIBLE ASSETS

₹ in lakhs

Particulars	Trademarks	Computer software	Brand on consolidation (refer note 34)	Total
Owned				
Cost or deemed cost				
As at 1st April 2016	1,332	984	-	2,316
Additions	119	505	18,000	18,624
Disposals	-	1	-	1
As at 31st March 2017	**1,451**	**1,488**	**18,000**	**20,939**
As at 1st April 2017	1,451	1,488	18,000	20,939
Additions	163	3,131	-	3,294
Disposals	-	-	-	-
As at 31st March 2018	**1,614**	**4,619**	**18,000**	**24,233**
Accumulated amortisation				
As at 1st April 2016	253	64	-	317
Amortisation expense	71	361	-	432
Disposals	-	-	-	-
As at 31st March 2017	**324**	**425**	**-**	**749**
As at 1st April 2017	324	425	-	749
Amortisation expense	6	870	-	876
Disposals	-	-	-	-
As at 31st March 2018	**330**	**1,295**	**-**	**1,625**
Net carrying value				
As at 31st March 2017	**1,127**	**1,063**	**18,000**	**20,190**
As at 31st March 2018	**1,284**	**3,324**	**18,000**	**22,608**

6 FINANCIAL ASSETS

6.1 Investments

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
1) Investment in equity instruments - unquoted		
In joint venture company		
31,115,000 (Previous year: 31,115,000) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited	2,484	2,724
In associate company		
1,500,000 (Previous year: 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note a) below}	172	209
	2,656	**2,933**

Notes to the Consolidated Ind AS Financial Statements

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₹ in lakhs

Particulars		As at 31st March 2018	As at 31st March 2017
2)	**Other investments**		
a)	**Investments in equity instruments - quoted**		
	1,000 (Previous year: 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	2	1
	2,025 (Previous year: 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	12	10
	6,000 (Previous year: 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	16	9
	560 (Previous year: 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	4	3
	3,000 (Previous year: 3,000) fully paid equity shares of ₹ 1 each in Trent Limited	10	8
		44	**31**
b)	**Investments in equity instruments - unquoted**		
	114,663 (Previous year: 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
	97,624 (Previous year: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
	400 (Previous year: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
	100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited	-	-
	100 (Previous year: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited	-	-
	525,000 (Previous year: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	727	726
	91,200 (Previous year: 91,200) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	9	9
	18,000 (Previous year: 18,000) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	2	2
		738	**737**
	Aggregate value of investments	**3,438**	**3,701**
	Aggregate book value of quoted investments	**44**	**31**
	Aggregate market value of quoted investments	**44**	**31**
	Aggregate value of unquoted investments	**3,394**	**3,670**

Note:

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

6.2 Other financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Security deposits	8,673	5,545
Employee loans	2,917	2,930
Other assets	915	2,837
	12,505	**11,312**

7 DEFERRED TAX ASSET/ LIABILITIES

(a) The following is the analysis of deferred tax assets/(liabilities):

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax assets	7,661	7,820
Deferred tax liabilities	(4,372)	(7,494)
Net deferred tax asset	**3,289**	**326**

₹ in lakhs

Particulars	As at 1st April 2017	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2018
Deferred tax assets				
Provision for doubtful trade receivables	177	111	-	288
Employee benefits	4,428	(116)	-	4,312
Compensation towards voluntary retirement of employees	2,843	(281)	-	2,562
MAT credit entitlement	-	39	-	39
Cash flow hedges	(539)	-	724	185
Fair value of investments	(225)	110	-	(115)
Others	372	18	-	390
Sub-total	**7,056**	**(119)**	**724**	**7,661**
Deferred tax liability				
Property, plant and equipment	(6,730)	2,358	-	(4,372)
	(6,730)	**2,358**	**-**	**(4,372)**
	326	**2,239**	**724**	**3,289**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	As at 1st April 2016	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2017
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/(liability)	**(1,306)**	**2,614**	**(982)**	**326**

b) Amounts recognised in statement of profit and loss

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Income tax expenses		
Current tax	44,996	30,211
Deferred tax	(2,209)	(2,614)
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	665	(365)
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	(724)	982
Tax expense for the year	**42,728**	**28,214**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

c) The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit before tax	153,255	97,502
Enacted income tax rate in India	34.61%	34.61%
Computed expected tax expense	53,042	33,745
Effect of:		
Expenses that are not deductible in determining taxable profit	455	576
Income taxes relating to earlier periods	(811)	-
Effect of concessions	(10,656)	(9,764)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	(376)
Effect due to MAT	(17)	389
Effect of inapplicability of surcharge on subsidiaries*	(16)	2,633
Others	790	394
Income tax expense recognised in the statement of profit and loss	**42,787**	**27,597**

d) The following table provides the details of income tax assets and income tax liabilities as of 31 March 2018 and 31 March 2017:

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Income tax assets (net)	10,219	8,284
Current tax liabilities (net)	2,199	211
Net current income tax asset/ (liability) at the end of the year	**8,020**	**8,073**

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Net current income tax asset/ (liability) at the beginning of the year	8,073	10,244
Income tax paid	45,608	27,675
Current income tax expense	(44,996)	(30,211)
Income tax on other comprehensive income and others	(665)	365
Net current income tax asset/ (liability) at the end of the year	**8,020**	**8,073**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

8 OTHER NON-CURRENT ASSETS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Capital advances	1,644	1,696
Balance with revenue authorities	4,023	3,810
Prepaid expenses	1,608	1,539
Other assets	3,559	2,440
	10,834	**9,485**

9 INVENTORIES

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Raw materials	91,878	89,936
Work-in-progress {Refer i) below}	22,866	20,217
Finished goods	363,787	306,934
Stock-in-trade	111,534	73,175
Stores and spares	1,897	1,323
Loose tools	522	989
	592,484	**492,574**
Included above, goods- in- transit		
Raw materials	1,056	303
Stock-in-trade	321	847
	1,377	**1,150**
i) Details of inventory of work-in-progress		
Watches	12,056	11,365
Jewellery	7,431	6,693
Others	3,379	2,159
	22,866	**20,217**

(i) The cost of inventories recognised as an expense during the year is ₹ 1,168,622 lakhs (Previous year: ₹ 950,743 lakhs).

(ii) The cost of inventories recognised as an expense includes ₹ 135 lakhs (Previous year: ₹ 1,714 lakhs) in respect of write down of inventory to net-realisable value.

(iii) The inventory includes Gold purchased on loan from banks amounting to ₹ 161,202 lakhs (Previous year: ₹ 188,243 lakhs).

(iv) Refer point (xviii) under significant accounting policies for mode of valuation.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

10 FINANCIAL ASSETS

10.1 Investments

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	No of units	Amount	No of units	Amount
Investments in mutual funds - quoted				
Name of the fund				
BSL Cash Plus - Growth-Direct	-	-	1,939,365	5,068
DSP Blackrock Liquidity Fund-Dir-G	4,327	108	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
Birla Sunlife Dynamic Bond Fund	-	-	2,078,860	604
HDFC Short Term Opp Fund - Growth	1,476	53	-	-
Birla Sunlife Short Term Fund	-	-	127,609	79
DSP Blackrock Mutual Fund - Income Opportunities Fund	-	-	4,599,731	1,236
		161		**39,372**
Aggregate carrying amount of quoted investments		**161**		**39,372**
Aggregate market value of quoted investments		**161**		**39,372**

10.2 Trade receivables

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
(Unsecured)		
Considered good*	29,479	20,760
Considered doubtful	1,186	832
Less: Allowance for doubtful trade receivables	(1,096)	(832)
	29,569	**20,760**

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period as follows:

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Age of receivables	Expected credit loss (%)			
	Titan Company Limited			TEAL
	Watches	Jewellery	Eye-wear	Machine Building & Precision Engineering
With in credit period	2%	-	2%	7%
Less than 1 year	2%	-	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%

₹ in lakhs

Age of receivables	As at 31st March 2018	As at 31st March 2017
With in credit period	14,224	13,615
Less than 1 year	14,792	6,170
1 to 2 years	908	693
2 to 3 years	531	456
Over 3 years	209	658
	30,665	**21,592**

Movement in the expected credit loss allowance

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Balance at the beginning of the year	832	684
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	264	148
Balance at the end of the year	**1,096**	**832**

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 to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

10.3 Cash and bank balances

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Cash on hand	828	1,021
Cheques, drafts on hand	732	715
Balances with banks		
(i) Current account (refer note below)	11,112	11,027
(ii) Demand deposit	34,533	55,037
Total Cash and cash equivalents	**47,205**	**67,800**
Other bank balances		
(iii) Earmarked accounts		
- Unclaimed dividend	775	732
- Unclaimed debenture and debenture interest	9	11
(iv) Fixed deposits held as margin money against bank guarantee	1,802	1,350
(v) Fixed deposits held as deposit reserve fund*	12,000	8,000
Total other bank balances	**14,586**	**10,093**
	61,791	**77,893**

Note: The balance under current account includes funds in transit primarily for credit card receipts yet to be credited to the Company- ₹ 3,447 lakhs (Previous year: ₹ 1,425 lakhs).

* This amount represents restricted cash maintained for the gold harvest scheme for compliance with the Companies (Acceptance of Deposit) Rules, 2014 as per the Companies Act 2013.

10.4 Other financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Inter-corporate deposits (Refer note 37)	23,000	19,500
Security deposits	1,601	5,547
Employee loans	2,031	1,414
Refunds due from government authorities	5,983	-
Derivative instruments in designated hedge accounting relationship	-	712
Derivative instruments other than in designated hedge accounting relationships	5	-
Other assets	1,346	1,556
	33,966	**28,729**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

11 OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured and considered good		
Advances to suppliers	9,694	8,561
Prepaid expenses	2,395	2,249
Balance with revenue authorities*	27,343	1,554
Gratuity {refer note 31 (b)}	482	-
Other assets	2,216	1,878
	42,130	**14,242**

* Balance with revenue authorities includes GST credits of ₹ 24,435 lakhs (Previous year: ₹ Nil) in respect to transitional credit, deemed credit and GST input credit.

12.1 SHARE CAPITAL

₹ in lakhs

	Particulars	As at 31st March 2018		As at 31st March 2017	
		No. of shares (in lakhs)	Amount	No. of shares (in lakhs)	Amount
a)	**Authorised**				
	Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
	Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b)	**Issued, subscribed and fully paid up**				
	Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

c) Rights, preferences and restrictions attached to share

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.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

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

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	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

₹ in lakhs

Particulars	As at 31st March 2018		As at 31st March 2017	
	No. of shares held (in lakhs)	% of total holding	No. of shares held (in lakhs)	% of total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
Tata Group				
Tata Sons Limited	1,850	20.84	1,850	20.85
Tata Investment Corporation Limited	179	2.01	179	2.01
Tata Chemicals Limited	138	1.56	138	1.56
Ewart Investments Limited	50	0.56	50	0.56
Piem Hotels Limited	5	0.06	18	0.20
Total - Tata Group	**2,222**	**25.03**	**2,235**	**25.18**
Jhunjhunwala Rakesh Radheshyam	610	6.87	618	6.96

12.2 OTHER EQUITY

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Capital reserve (Surplus on re-issue of forfeited shares and debentures)	3	3
Capital redemption reserve (Reserve created on redemption of capital)	74	74
Capital reserve on consolidation (Reserve arising on consolidation of a subsidiary)	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	14,072
General reserve (Represents appropriation of profit by the Company)	306,573	281,573
Retained earnings* (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	179,196	118,968

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
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.)	(110)	(301)
Share options outstanding (Share options granted by a subsidiary to its employees)	264	(66)
	500,110	**414,360**

* Of the same, ₹ 10 lakhs (2017: ₹ 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 12th May 2017 had proposed a final dividend of ₹ 2.60 per equity share of par value of ₹ 1 each for the financial year ended 31st March 2017. The proposal was approved by shareholders at the Annual General Meeting held on 3rd August 2017 and the same was paid during the year ended 31st March 2018. This has resulted in a total outflow of ₹ 27,781 lakhs including corporate dividend tax of ₹ 4,699 lakhs.

The Board of Directors, in its meeting on 10th May 2018, have proposed a final dividend of ₹ 3.75 per equity share for the financial year ended 31st March 2018. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 3rd August 2018 and if approved would result in a cash outflow of approximately ₹ 40,137 lakhs, including corporate dividend tax of ₹ 6,845 lakhs

13 FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Other financial liabilities	126	-
	126	**-**

14 PROVISIONS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for compensated absences {refer note 31 (c)}	10,934	11,595
Provision for pension	361	248
Provision for gratuity {refer note 31 (b) }	339	265
	11,634	**12,108**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

15 FINANCIAL LIABILITIES

15.1 Borrowings

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Secured		
Loans repayable on demand from banks	7,899	-
	7,899	**-**

Secured loan represents cash credit secured by hypothecation of trade receivable, inventory, current assets and property, plant and equipment both present and future and is taken at the interest rate linked to the base rate of the bank.

15.2 Gold on loan

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Secured		
Payable to banks*	72,568	108,183
Unsecured		
Payable to banks*	88,634	80,060
	161,202	**188,243**

(a) Secured against letter of credit.

* Includes amounts payable against gold purchased from various banks under gold on loan scheme. The interest rate of the same varies from 1.70% to 3.50% per annum and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.

15.3 Trade payables

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Total outstanding dues of Micro and small enterprises {Refer note a) below}	20	58
Total outstanding dues of other than micro and small enterprises	87,754	78,218
	87,774	**78,276**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	20	58
- Interest	-	-
The amount of interest paid by the Company in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year.	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

15.4 Other financial liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Unclaimed dividends (refer note below)	778	734
Unclaimed matured fixed deposits	4	4
Unclaimed matured debenture and debenture interest	9	11
Payables on purchase of property, plant & equipment	3,011	1,980
Derivative instruments in designated hedge accounting relationship	1,057	974
Derivative instruments other than in designated hedge accounting relationships	-	1,386
Other financial liabilities		
- Employee related	19,098	17,384
- Others	1,505	1,340
	25,462	**23,813**

Note: Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 3 lakhs (Previous year: ₹ 2 lakhs) and therefore amounts relating to the same have not been transferred.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

16 OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Advance from customers {refer note (a) below}	121,067	85,962
Unclaimed advance from customers {refer note (b) below}	1,657	1,756
Liability towards award credit for customers	4,668	6,575
Gratuity {refer note 31 (b)}	-	2,816
Statutory dues	1,704	2,228
Other liabilities	15,434	10,886
	144,529	**110,223**

a) Advances from customers includes amounts of ₹ 103,851 lakhs (Previous year: ₹ 72,414 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.

17 PROVISIONS

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for compensated absences {refer note 31 (c)}	1,644	1,291
Provision for warranty { refer note (a) below}	802	687
Provision for gratuity {refer note 31 (b)}	27	31
	2,473	**2,009**

Note (a): Provision for warranty

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Opening balance	687	616
Provisions made during the year	727	687
Utilisations/ reversed during the year	(612)	(616)
Provision at the end of the year	**802**	**687**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

18 REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue from operations		
Sale of products		
Manufactured goods		
Watches	176,198	184,907
Jewellery	1,099,353	941,078
Eyewear	7,206	5,983
Others	27,092	22,759
	1,309,849	**1,154,728**
Traded goods		
Watches	29,831	20,869
Jewellery	213,198	109,774
Eyewear	34,183	35,300
Others	9,946	9,283
	287,158	**175,226**
Total - Sale of products (a)	**1,597,007**	**1,329,954**
Income from services provided (b)	**1,260**	**854**
Other operating revenue		
Indirect tax incentive*	5,983	-
Sale of precious / semi-precious stones	6,828	3,986
Sale of gold / platinum	3,946	2,911
Scrap sales	571	508
Total - Other operating revenue (c)	**17,328**	**7,405**
Revenue from operations (a+b+c)	**1,615,595**	**1,338,213**

* Represents benefits accrued on account of budgetary support for the existing eligible units under the different industrial promotion schemes.

19 OTHER INCOME

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest income on financial assets carried at amortised cost	6,422	5,137
Gain on investments carried at fair value through profit and loss	1,954	1,278
Miscellaneous income	510	634
	8,886	**7,049**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

20 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Closing stock		
Finished goods	363,787	306,934
Work-in progress	22,866	20,217
Stock-in-trade	111,534	73,175
	498,187	**400,326**
Opening stock		
Finished goods	306,934	285,855
Work-in progress	20,217	18,123
Stock-in-trade	73,175	64,977
	400,326	**368,955**
(Increase) / decrease in inventory	**(97,861)**	**(31,371)**

21 EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Salaries, wages and bonus	75,246	67,915
Contribution to provident and other funds		
- Gratuity {refer note 31 (b)}	1,828	1,582
- Provident and other funds {refer note 31 (a)}	3,692	3,312
Staff welfare expenses	7,311	5,845
Employee stock compensation expense (refer note 33)	431	93
	88,508	**78,747**

22 FINANCE COST

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest expense on :		
Borrowings	616	646
Gold on loan*	4,188	2,402
Others	488	144
	5,292	**3,192**
Other borrowing cost :		
Commercial paper discounting charges	-	582
	5,292	**3,774**

*Refer note 15.2

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

23 DEPRECIATION AND AMORTIZATION EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Depreciation of property, plant and equipment (refer note 3.1)	12,267	10,621
Amortisation of intangible assets (refer note 5)	876	432
	13,143	**11,053**

24 OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Loose tools, stores and spare parts consumed	5,627	4,556
Agency labour	9,270	7,413
Power and fuel	4,532	4,384
Repairs and maintenance		
- buildings	448	503
- plant and machinery	2,163	1,776
- others	119	111
Advertising	49,399	48,116
Selling and distribution expenses	47,566	38,983
Insurance	540	502
Rent (refer note 28)	21,697	19,539
Increase / (decrease) of excise duty on inventory	(5,144)	1,683
Rates and taxes {refer note a) below}	4,325	10,264
Travel	4,254	3,372
Bad trade receivables and advances written off	120	118
Less : Provision released	1	118
	119	**-**
Provision for doubtful trade receivables	213	266
Loss on sale / disposal / scrapping of property, plant and equipment (net)	228	841
Gold price hedge ineffectiveness	74	1,129
Expenditure on corporate social responsibility {refer note (d) below}	2,347	1,712
Miscellaneous expenses {refer note b) & c) below}	42,148	35,488
Directors' fees	32	38
Commission to Non Whole-time Directors	421	378
Expenses capitalised	-	(11)
	190,378	**181,044**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Notes:

a) Rates and taxes include ₹ 1,563 lakhs (Previous year: ₹ 6,191 lakhs) being the excise duty paid on watch components transferred from Hosur, Dehradun and Roorkee factories to Pantnagar factory.

b) Includes exchange (gain) / loss (net) of ₹ 325 lakhs (Previous year: ₹ 629 lakhs)

c) Auditors remuneration comprises fees for audit of statutory accounts ₹ 179 lakhs (Previous year: ₹ 201 lakhs), taxation matters ₹ 23 lakhs (Previous year: ₹ 29 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 10 lakhs), other services ₹ 31 lakhs (Previous year: ₹ 38 lakhs) and reimbursement of levies and expenses ₹ 16 lakhs (Previous year: ₹ 62 lakhs).

d) Corporate Social Responsibility:

(i) Gross amount required to be spent towards corporate social responsibility by the group during the year: ₹ 2,081 lakhs

(ii) Amount spent during the year on:

₹ in lakhs

Particulars	In cash	Yet to be paid in cash	Total
- Construction/acquisition of any asset	-	-	-
- On purposes other than above	2,130	217	2,347
	2,130	**217**	**2,347**

25 EXCEPTIONAL ITEM

Exceptional item pertains to Voluntary Retirement Scheme to its employees amounting to ₹ 1,665 lakhs (Previous year: ₹ 10,269 lakhs).

26 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. The Company's Chief Operating Decision Maker is Managing Director.

Corporate (unallocated) represents other income, expenses, assets and liabilities which relate to the company as a whole and are not allocated to segments.

b) Segment revenues and segment profit/ loss

₹ in lakhs

Segment	Revenue		Profit/(Loss)	
	For the year ended 31st March 2018	For the year ended 31st March 2017	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	213,153	206,111	20,861	11,035
Jewellery	1,325,685	1,059,642	146,267	99,796
Eyewear	41,498	41,403	240	1,278
Others	37,194	33,477	(2,544)	(2,971)
Corporate (unallocated)	6,951	4,629	(6,554)	(8,039)
	1,624,481	**1,345,262**	**158,270**	**101,099**
Finance costs			5,292	3,774
Profit before taxes			**152,978**	**97,325**

There is no inter segment revenue.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ in lakhs

Segment	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	22,274	17,633
Jewellery	146,519	101,229
Eyewear	240	1,687
Others	(2,544)	(2,971)
Corporate (unallocated)	(6,554)	(6,210)
Total	**159,935**	**111,368**

d) Segment assets and liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Segment assets		
Watches	139,796	124,118
Jewellery	602,453	498,979
Eyewear	28,695	22,150
Others	43,499	36,623
Corporate (unallocated)	137,978	158,920
	952,421	**840,790**
Segment liabilities		
Watches	46,035	51,129
Jewellery	365,515	343,470
Eyewear	8,122	8,254
Others	12,085	32,400
Corporate (unallocated)	11,858	(20,337)
	443,615	**414,916**

e) Other segment information

₹ in lakhs

Segment	Depreciation and amortisation	
	For the year ended 31st March 2018	For the year ended 31st March 2017
Watches	3,853	3,602
Jewellery	4,781	3,316
Eyewear	1,350	1,101
Others	1,669	1,160
Corporate (unallocated)	1,489	1,874
	13,143	**11,053**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

f) Geographical information

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Revenue		
India	1,586,398	1,306,119
Others	38,083	39,143
Total	**1,624,481**	**1,345,262**
Assets*		
India	941,898	831,832
Others	10,523	8,958
Total	**952,421**	**840,790**

*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.

27 EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit for the year (₹ lakhs)	113,200	72,517
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	12.75	8.17

28 OPERATING LEASES

28.1 Payments recognised as expense

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Minimum lease payments	21,533	19,418
Contingent rentals	164	121
	21,697	**19,539**

28.2 Leasing Arrangements

The Group has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent. The Group does not have an option to purchase the leased asset at the expiry of the lease periods.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

28.3 Non-cancellable operating lease commitments

The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
For a period not later than one year	5,577	2,859
For a period later than one year but not later than five years	6,549	4,728
For a period later than five years	2,131	1,687
Total	**14,257**	**9,274**

29 Contingent liabilities not provided for - ₹ 27,613 lakhs (2016: ₹ 30,170 lakhs) comprising of the following:

a) Sales tax - ₹ 2,777 lakhs (Previous year: ₹ 2,949 lakhs)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs duty - ₹ 68 lakhs (Previous year: ₹ 69 lakhs)
(relating to denial of benefit of exemptions)

c) Excise Duty - ₹ 19,295 lakhs (Previous year: ₹ 19,311 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 - ₹ 3,823 lakhs (Previous year: ₹ 7,081 lakhs)
(relating to disallowance of deductions claimed)

e) Others - ₹ 782 lakhs (Previous year: ₹ 760 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.

30 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 12,966 lakhs (Previous year: ₹ 18,751 lakhs)

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

31 EMPLOYEE BENEFITS

a) Defined Contribution Plans

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

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
National Pension Scheme	137	117
Employee Pension Fund	987	980
	1,124	**1,097**

b) Defined Benefit Plans

The expense recognized in the statement of profit and loss during the year are as under:

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Provident fund*	1,946	1,646
Superannuation Fund	622	569
	2,568	**2,215**

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

i) Gratuity (Funded)

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

The gratuity benefit of the 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	As at 31st March 2018	As at 31st March 2017
Discount rate (p.a.)	7.13% - 7.90%	6.80% - 7.25%
Salary escalation rate (p.a.)		
- Non-management	7.00% - 10.00%	7.00% - 10.00%
- Management	8.00%	8.00%

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

- 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.)	
	For the year ended 31st March 2018	For the year ended 31st March 2017
21-44	4%	2%
45 and above	2%	1%

- Rate of leaving service (leaving service due to disability included) for Caratlane is 27% (Previous year: 23%).

Components of defined benefit costs recognised in the consolidated statement profit and loss are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Funded	Non Funded	Funded	Non Funded
Current service cost	1,649	13	1,411	28
Past service cost	7	15	-	-
Interest on net defined benefit liability/ (asset)	129	15	126	17
(Gains) / losses on settlement	-	-	-	-
Total component of defined benefit costs charge to the statement of consolidated profit and loss	**1,785**	**43**	**1,537**	**45**

Components of defined benefit costs recognised in other comprehensive income are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Funded	Non Funded	Funded	Non Funded
Opening amount recognised in Other comprehensive Income outside the consolidated statement of profit and loss	1,878	43	599	6
Remeasurements during the period due to:				
- Changes in financial assumptions	(1,814)	1	118	18
- Changes in demographic assumptions	(747)	(1)	2,114	-
- Experience adjustments	35	(4)	(44)	19
- Actual return on plan assets less interest on plan assets	257	-	(909)	-
Closing amount recognised in outside the statement of consolidated profit and loss	**(391)**	**40**	**1,878**	**43**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

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:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Funded	Non Funded	Funded	Non Funded
Opening net defined benefit liability/ (asset)	2,816	296	2,062	231
On acquisition of subsidiary	-	-	-	80
Expense charged to the consolidated statement of profit and loss	1,785	94	1,537	45
Amount recognised outside the consolidated statement of profit and loss	(2,269)	(18)	1,279	37
Benefits paid	(2,653)	-	-	(97)
Employer contributions	(161)	(6)	(2,062)	-
Closing net defined benefit liability/ (asset)	**(482)**	**366**	**2,816**	**296**

Movements in the present value of the defined benefit obligation are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Funded	Non Funded	Funded	Non Funded
Opening defined benefit obligation	22,573	296	19,390	231
On acquisition of subsidiary	-	-	-	80
Current service cost	1,649	46	1,411	28
Past service cost	7	28	-	-
Interest cost	1,594	21	1,529	17
Remeasurement due to				
- Actuarial gains and losses arising from changes in demographic assumptions	(747)	(18)	2,114	-
- Actuarial gains and losses arising from changes in financial assumptions	(1,814)	(1)	118	18
- Actuarial gains and losses arising from experience adjustments	34	0	(44)	19
Benefits paid	(438)	(6)	(1,945)	(97)
Closing defined benefit obligation	**22,859**	**366**	**22,573**	**296**

Notes to the Consolidated Ind AS Financial Statements
for the year ended 31st March 2018

Movements in the fair value of plan assets are as follows:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Funded	Non Funded	Funded	Non Funded
Opening fair value of plan assets	19,757	-	17,328	-
Employer contributions	2,815	-	2,062	-
Interest on plan assets	1,463	-	1,403	-
Remeasurements due to actuarial return on plan assets less interest on plan assets	(257)	-	909	-
Benefits paid	(438)	-	(1,945)	-
Closing fair value of plan assets	**23,341**	**-**	**19,757**	**-**

Sensitivity analysis

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumption by 50 basis points:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Discount rate	Salary growth	Discount rate	Salary growth
Defined benefit obligation on plus 50 basis points	22,148	24,471	24,384	24,223
Defined benefit obligation on minus 50 basis points	24,471	22,138	21,170	21,331

Maturity profile of defined benefit obligation

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
With in year 1	1,515	609
1 year to 2 years	1,568	1,067
2 years to 3 years	1,258	1,212
3 years to 4 years	1,332	1,052
4 years to 5 years	1,237	1,036
Over 5 years	53,332	57,280

The Company is expected to contribute ₹ 1,900 lakhs to the gratuity fund next year.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

A split of plan asset between various asset classes is as below:

₹ in lakhs

Particulars	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Quoted	Unquoted	Quoted	Unquoted
Government debt instruments	12,391	-	10,473	-
Other debt instruments	8,839	-	7,237	-
Entity's own equity instruments	822	-	325	-
Others	-	1,289	-	1,722
	22,052	**1,289**	**18,036**	**1,722**

c) Unfunded

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

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Compensated absences		
Non-current	10,934	11,595
Current	1,644	1,291
	12,578	**12,886**

32 RESEARCH AND DEVELOPMENT EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Expenditure at the Department of Scientific and Industrial Research approved Research and development centers		
Capital	270	116
Revenue	1,681	2,007
	1,951	**2,123**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

33 NOTE ON EMPLOYEE STOCK OPTION PLAN

During the financial year 2017-18, the Company introduced Carat Lane Employee Stock Option Scheme ('the Scheme'). The Carat Lane Option Plan, 2013 was introduced in the FY 2013-14 which superseded the following stock options and stock option plans:

a. Executive Management Stock Option Scheme 2009

b. CaratLane Trading India Private Limited Stock Option Scheme for Consultants, 2013

As per the scheme, board of directors grants options to the employees of the Company. The vesting period of the option is one to four years from the date of grant. Options granted under the Scheme can be exercised within a period of six years from the date of vesting. For employees leaving the organization, an option can be exercised within 3 months from the date of resignation. During the year the Company granted 214,000 options to employees under the Carat Lane Employee Stock Option Scheme, 2017.

A maximum of 714,017 options are issuable under this plan. The movement in options issued are as below:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Outstanding at the beginning of the year	322,000	351,000
Options granted during the year	214,000	118,000
Options forfeited during the year	56,600	65,600
Options exercised during the year	11,400	81,400
Outstanding at the end of the year	**468,000**	**322,000**
Options exercisable at the end of the year	**262,900**	**203,600**
Weighted average excercise price per option (₹)	**17**	**2**

Fair value measurement

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option , the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black -Scholes model for calculating fair value of options under the scheme as on the date of grant are as follows:

The weighted average remaining contractual life of the options outstanding as of 31st March 2018 and 31st March 2017 under the Carat Lane stock Options Plan was 7 years and 7 years respectively.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

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:

Particulars	As at 31st March 2018	As at 31st March 2017
No of options granted	214,000	118,000
Date of grant	1st April 2017	Multiple dates
Vesting period	1-3 years	1-3 years
Expected life of options (years)	7	7
Expected volatility	1.53%	1.53%
Risk free rate	7.68%	7.68%
Weighted average fair value of options per share (₹)	78	185

34 GOODWILL

Pursuant to a share purchase agreement dated 14th July 2016 entered into between the Company, the erstwhile shareholders of Carat Lane and Carat Lane India Private Limited, during the previous year ended 31st March 2017, the Company acquired 20,042,545 equity shares of face value of ₹ 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:

₹ in lakhs

Particulars	As at 31st March 2017
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).

35 RELATED PARTY DISCLOSURES :

a) With Respect to Titan company limited

i) Relationships

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

d)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director	
		Mr. S.Subramaniam, Chief Financial Officer	
		Mr. A R Rajaram, Company Secretary	
		Non - executive Directors	
		Mr. Atulya Misra (Chairman) (from 31st March 2017 to 31st January 2018)	
		Mr. K. Gnanadesikan (Chairman) (from 1st February 2018)	
		Mr. Ramesh Chand Meena (from 3rd January 2018)	
		Mr. T K Arun (uptill 11th November 2017)	
		Mr. Harish Bhat	
		Mr. N N Tata	
		Mr. T K Balaji	
		Dr. C G Krishnadas Nair (uptill 17th August 2016)	
		Ms. Vinita Bali	
		Mrs. Hema Ravichandar	
		Prof. Das Narayandas	
		Mrs. Ireena Vittal	
		Ms. Shilpa Prabhakar Satish (from 29th March 2018)	
		Mr. Ashwani Puri (from 6th May 2016)	
		Mr. Vikram Kapur (from 18 October 2016 to 31st March 2017)	
		Mr. C V Sankar (uptill 20th August 2016)	
e)	Group entities (Wherever there are transactions)	Tata Capital Financial Services Limited	Tata West Asia FZE
		Tata Capital Housing Finance Limited	TC Travel and Services Limited (upto 30 October 2017)
		Infiniti Retail Limited	Tata Consultancy Services Limited
		Kriday Realty Private Limited	Tata Business Support Services Limited
		Tata International Limited	Smart Value Homes (Boisar) Private Limited
		Tata Limited	Tata Capital Limited
		Tata AIG General Insurance Company Limited	Tata Sky Limited
		Tata Unistore Limited	Ecofirst Services Limited
		Tata Value Homes Limited	HL Promoters Private Limited
		Ardent Properties Private Limited	Tata Interactive Systems AG
		Tata AIA Life Insurance Company Limited	Tata Advanced Material Limited
		Tata Housing Development Company Limited	
		Tata Autocomp Systems Limited	
f)	Post employee benefit plan entities	Titan Watches Provident Fund	
		Titan Watches Super Annuation Fund	
		Titan Industries Gratuity Fund	

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	Relationship	For the year ended 31st March 2018	For the year ended 31st March 2017
ii) Related party transactions during the year :			
Purchase of property, plant and equipment			
Infiniti Retail Limited	Group entity	11	13
Purchases of services (other expenses)			
Tata Consultancy Services Limited	Group entity	1,358	2,123
Tata Business Support Services Limited	Group entity	394	200
Tata AIG General Insurance Company Limited	Group entity	320	52
Others		17	205
Revenue from operations			
Tata Sons Limited	Promoter	33	-
Tata Consultancy Services Limited	Group entity	195	191
Others	Group entities	105	198
Rent			
Tata Sons Limited	Promoter	58	56
Power and fuel			
Green Infra Wind Power Theni Limited	Associate	370	392
Dividend paid			
Tamilnadu Industrial Development Corporation Limited	Promoter	6,434	-
Tata Sons Limited	Promoter	4,812	-
Key managerial personnel compensation			
Commission and sitting fees	Promoter	98	83
Commission and sitting fees	KMP	354	387
Managerial remuneration	KMP	1,084	897
Miscellaneous expense (Royalty)			
Tata Sons Limited	Promoter	2,191	2,203
Reimbursement towards rendering of services / expenses			
Tata Sons Limited	Promoter	81	41
Montblanc India Retail Private Limited	Joint venture	44	-
Tata International Limited	Group entity	32	-
Others		17	-
Recovery towards rendering of services			
Montblanc India Retail Private Limited	Joint venture	122	619
Inter-corporate deposit placed			
Tata Housing Development Company Limited	Group entity	10,000	5,000
Tata Capital Financial Services	Group entity	1,500	-

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	Relationship	For the year ended 31st March 2018	For the year ended 31st March 2017
Inter-corporate deposit redeemed			
Tata Housing Development Company Limited	Group entity	10,000	5,000
Interest income			
Tata Housing Development Company Limited	Group entity	432	289
Tata Capital Financial Services	Group entity	33	-
Subscription to share capital			
Montblanc India Retail Private Limited	Joint venture	-	1,078
Contribution to Trust funds			
Titan Watches Provident Fund	Others	5,230	4,778
Titan Watches Super Annuation Fund	Others	543	612
Titan Industries Gratuity Fund	Others	2,653	1,905
iii) Related party closing balances as on balance sheet date:			
Outstanding - net receivables / (payables)			
Tamilnadu Industrial Development Corporation Limited	Promoter	(94)	-
Tata Sons Limited	Promoter	(1,650)	(1,710)
Tata Consultancy Services Limited	Group entity	(378)	(55)
Bhaskar Bhat	KMP	(397)	(368)
Others		(343)	(14)
Montblanc India Retail Private Limited	Joint venture	1	35
Tata Housing Development Company Limited	Group entity	5,125	5,122
Tata Capital Financial Services	Group entity	1,533	-
Others	Group entities	46	47

Note:

a) Entities controlled or promoted by Tamilnadu Industrial Development Corporation Limited are not considered as related party since, the same is a Government-related entity.

b) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

36 FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

Financial assets

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Measured at fair value through profit or loss (FVTPL)		
Designated as FVTPL-Equity investments and mutual funds	943	40,140
Total financial assets measured at FVTPL (a)	**943**	**40,140**
Measured at amortised cost		
- Trade receivables	29,569	20,760
- Cash and cash equivalents	47,205	67,800
- Bank balances other than cash and cash equivalents	14,586	10,093
- Inter-corporate deposits	23,000	19,500
- Security deposits	10,274	11,092
- Employee loans	4,948	4,344
- Other financial assets	8,244	4,393
Total financial assets measured at amortised cost (b)	**137,826**	**137,982**
Derivative instruments in designated hedge accounting relationships (c)	-	712
Derivative instruments other than in designated hedge accounting relationships (d)	5	-
Total financial assets (a + b + c + d)	**138,774**	**178,834**

Financial liabilities

₹ in lakhs

Particulars	As at 31st March 2018	As at 31st March 2017
Measured at fair value through profit or loss (FVTPL)		
- Derivative instruments other than in designated hedge accounting relationships	-	1,386
- Gold on loan	161,202	188,243
Total financial liabilities measured at FVTPL (a)	**161,202**	**189,629**
Measured at amortised cost		
- Borrowings	7,899	-
- Trade payables	87,774	78,276
- Other financial liabilities	24,531	21,453
Total financial liablities measured at amortised cost (b)	**120,204**	**99,729**
Derivative instruments in designated hedge accounting relationships (c)	1,057	974
Total financial liabilities (a+b+c)	**282,463**	**290,332**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

36.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ in lakhs

Particulars	As at 31st March 2018			
	Level 1	Level 2	Level 3	Total
a) Financial assets and liabilities measured at fair value				
Financial assets				
- Quoted investments at FVTPL	205	-	-	205
- Other unquoted investments	-	-	738	738
- Derivative instruments in designated hedge accounting relationships	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	5	-	5
Total financial assets	**205**	**5**	**738**	**948**
Financial liabilities				
- Gold on loan	161,202	-	-	161,202
- Derivative instruments in designated hedge accounting relationships	-	1,057	-	1,057
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
Total financial liabilities	**161,202**	**1,057**	**-**	**162,259**

₹ in lakhs

Particulars	As at 31st March 2017			
	Level 1	Level 2	Level 3	Total
b) Financial assets and liabilities measured at fair value				
Financial assets				
- Quoted investments at FVTPL	39,403	-	-	39,403
- Other unquoted investments	-	-	737	737
- Derivative instruments in designated hedge accounting relationships	-	712	-	712
- Derivative instruments other than in designated hedge accounting relationships	-	-	-	-
Total financial assets	**39,403**	**712**	**737**	**40,852**
Financial liabilities				
- Gold on loan	188,243	-	-	188,243
- Derivative instruments in designated hedge accounting relationships	235	739	-	974
- Derivative instruments other than in designated hedge accounting relationships	-	1,386	-	1,386
Total financial liabilities	**188,478**	**2,125**	**-**	**190,603**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

(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.

36.3 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.

36.4 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.

36.5 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.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

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 to which the Group can be required to pay.

₹ in lakhs

Contractual maturities of financial liabilities	As at 31st March 2018		
	Less than 3 months	3 to 6 months	Total
Borrowings	7,899	-	7,899
Gold on loan	28,551	132,651	161,202
Trade payables	87,774	-	87,774
Other financial liabilities	24,531	-	24,531
Total non-derivative liabilities	**148,755**	**132,651**	**281,406**
Derivatives(net settled)			
Derivative instruments other than in designated hedge accounting relationships	-	-	-
Derivative instruments in designated hedge accounting relationship	1,057	-	1,057
Total derivative liabilities	**1,057**	**-**	**1,057**

₹ in lakhs

Contractual maturities of financial liabilities	As at 31st March 2017		
	Less than 3 months	3 to 6 months	Total
Gold on loan	118,265	69,978	188,243
Trade payables	78,276	-	78,276
Other financial liabilities	21,453	-	21,453
Total non-derivative liabilities	**217,994**	**69,978**	**287,972**
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**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

36.6 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.

The use of such derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

The Group assesses the effectiveness of its designated hedges by using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the Group actually uses. However, this hedge ratio will be rebalanced, when required (i.e., when the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting), by adjusting weightings of the hedged item and the hedging instrument.

Sources of hedge ineffectiveness include mismatch in the weightings of the hedged item and the hedging instrument and the selling rate.

The following table gives details of contracts as at the end of the reporting period.

Cash flow hedges Sell forward/future contracts:

₹ in lakhs

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
31st March 2018	2,897	5,854	169,600
31st March 2017	2,787	5,180	144,375

- The line items in the Balance Sheet that include the above hedging instruments are other financial assets and other financial liabilities.

As at 31st March 2018 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:

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

₹ in lakhs

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Balance at beginning of the year (Net of Tax)	1,326	(1,103)
Changes in fair value of effective portion of cash flow hedges	499	(3,802)
Deferred tax on fair value of effective portion of cash flow hedges	(130)	1,110
Cumulative gain/(loss) arising on changes in fair value of cashflow hedges reclassified to the consolidated statement of profit and loss	(2,993)	7,213
Deferred tax on gain/(loss) arising on changes in fair value of cashflow hedges reclassified to the consolidated statement of profit and loss	778	(2,092)
Balance at end of the year (Net of Tax)	(520)	1,326

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 36.6 above.

(ii) In respect of normal purchase and sale transactions denominated in foreign currency, the Company enters into forward foreign exchange contracts and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. These contracts are measured at fair value through profit and loss.

Foreign currency sensitivity analysis:

The Company is mainly exposed to USD, CHF and EURO currencies. The Company's sensitivity to a 1% increase and decrease in ₹ against the relevant foreign currencies is presented below:

Particulars	% variance	Impact on Equity (Increase/ decrease)
Titan Company Limited	1.0%	173
Titan Time Products Limited	5.0%	6
Titan Engineering & Automation Limited	0.5%	15
Carat Lane Trading Private Limited	1.0%	1

36.7 The Company's exposure to Forward foreign exchange contracts at the end of the reporting year are as follows:

The Company has 9 forward exchange contracts for US Dollars 42 lakhs equivalent to ₹ 2,746 lakhs (Previous year: 159 forward exchange contracts for US Dollars 638 lakhs equivalent to ₹ 42,721 lakhs).

In addition to the above, the Company has 24 Option contract in USD 194 lakhs equivalent to ₹ 12,904 lakhs (Previous year: 3 Option contracts in USD 170 lakhs equivalent to ₹ 11,296 lakhs).

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

37 DETAILS OF INTER-CORPORATE DEPOSITS GIVEN AND INVESTMENTS MADE DURING THE YEAR:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2017	Given during the year	Receipt during the year	As at 31st March 2018
Inter-corporate deposits									
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	5,000	10,000	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.55%- 9.00%	6 months	5,000	10,000	10,000	5,000
Fortis Healthcare Ltd	Others	Unsecured	Trade deposits	10.25%	6 months	2,500	-	2,500	-
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	-	5,000	-
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	2,000	-	2,000	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	7.50%	6 months	-	3,000	-	3,000
Mahindra & Mahindra Financial Services Limited	Others	Unsecured	Trade deposits	7.30%	6 months	-	5,000	-	5,000
Dewan Housing Finance Limited	Others	Unsecured	Trade deposits	7.60%	3 months	-	9,500	9,500	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	7.25%	6 months	-	1,500	-	1,500
Bajaj Finance Limited	Others	Unsecured	Trade deposits	6.35% - 7.70%	3 to 9 months	-	33,000	24,500	8,500
						19,500	**67,000**	**63,500**	**23,000**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2017	Investment made during the year	Share of Profit / (loss) during the year	As at 31st March 2018
Investments						
Investment in equity instruments (unquoted)						
Montblanc India Retail Private Limited	Joint venture	Strategic investment	2,724	-	(240)	2,484
Green Infra Wind Power Theni Limited	Associate	Strategic investment	209	-	(37)	172
			2,933	**-**	**(277)**	**2,656**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2017	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2018
Investments						
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited*	Others	Wealth creation	1	1	-	2
Tata Steel Limited*	Others	Wealth creation	10	2	-	12
Tata Global Beverages Limited*	Others	Wealth creation	9	7	-	16
Tata Chemicals Limited*	Others	Wealth creation	3	1	-	4
Trent Limited*	Others	Wealth creation	8	2	-	10
Other investments in equity instruments (unquoted)						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited	Others	Wealth creation	9	-	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	2	-	-	2
			768	**13**	**-**	**781**

* The movement is on account of fair valuation as at the year end.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

Details of Inter-corporate deposits given and investments made during the previous year:

₹ in lakhs

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2016	Given during the year	Receipt during the year	As at 31st March 2017
Inter-corporate deposits									
Cox & Kings Limited	Others	Unsecured	Trade deposits	9.5% -10%	6 months	5,000	10,000	10,000	5,000
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	9 % - 9.35%	6 months	5,000	5,000	5,000	5,000
Fortis Healthcare Limited	Others	Unsecured	Trade deposits	10.25%	6 months	-	5,000	2,500	2,500
Religare Securities Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	10,000	10,000	5,000
RHC Holding Private Limited	Others	Unsecured	Trade deposits	10.00%	6 months	5,000	7,000	10,000	2,000
						20,000	**37,000**	**37,500**	**19,500**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2016	Investment made during the year	Share of Profit / (loss) during the year	As at 31st March 2017
Investments						
Investment in equity instruments (unquoted)						
Montblanc India Retail Private Limited	Joint venture	Strategic investment	1,851	1,078	(205)	2,724
Green Infra Wind Power Theni Limited	Associate	Strategic investment	181	-	28	209
			2,032	**1,078**	**(177)**	**2,933**

₹ in lakhs

Name of the entity	Nature of relationship	Purpose	As at 1st April 2016	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2017
Investments						
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited	Others	Wealth creation	1	-	-	1
Tata Steel Limited*	Others	Wealth creation	7	3	-	10
Tata Global Beverages Limited*	Others	Wealth creation	7	2	-	9
Tata Chemicals Limited	Others	Wealth creation	2	1	-	3
Trent Limited*	Others	Wealth creation	5	3	-	8
Other investments in equity instruments (unquoted)						
Innoviti Embedded Solutions Private Limited	Others	Strategic investment	726	-	-	726
Green Infra Wind Generation Limited*	Others	Wealth creation	6	3	-	9
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	-	2	-	2
			754	**14**	**-**	**768**

* The movement is on account of fair valuation as at the year end.

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

38 ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act.

₹ in lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated profit / (loss)	Amount
Parent : Titan Company Limited	94.51%	519,399	111.45%	116,287	-162.30%	(310)	110.95%	115,977
Subsidiaries :								
Indian								
1) Titan Time Products Limited	0.33%	1,825	0.12%	128	8.38%	16	0.14%	144
2) Titan Engineering & Automation Limited	4.51%	24,783	1.28%	1,333	39.27%	75	1.35%	1,408
3) Carat Lane Trading Private Limited	-0.15%	(827)	-8.04%	(8,389)	-9.42%	(18)	-8.04%	(8,407)
Foreign								
1) Favre Leuba AG	0.80%	4,384	-4.81%	(5,021)	224.08%	428	-4.39%	(4,593)
2) Titan Watch Company Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	100.00%	**549,564**	**100.00%**	**104,338**	**100.00%**	**191**	**100.00%**	**104,529**
Adjustment arising out of consolidation		(40,152)		8,948		-		8,948
		509,412		113,286		191		113,477
Associate:								
Green Infra Wind Power Theni Limited		22		(240)		-		(240)
Jointly controlled entity:								
Montblanc India Retail Private Limited		(628)		(37)		-		(37)
Sub-total		**508,806**		**113,009**		**191**		**113,200**
Non controlling interest in subsidiary								
Carat Lane Trading Private Limited		(182)		(2,818)		(19)		(2,837)
		508,988		**110,191**		**172**		**110,363**

Notes to the Consolidated Ind AS Financial Statements

for the year ended 31st March 2018

39 CAPITAL MANAGEMENT

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plan and other strategic investment plans. The funding requirements are primarily met through equity and operating cash flows generated. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to all its shareholders. Gold on loan as disclosed in the financial statements represents amounts due to banks for the procurement of gold under 'Gold (Metal) loan scheme' by the Company. The Company is not subject to any externally imposed capital requirements.

40 Previous year audit was carried out by a firm other than B S R & Co. LLP.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number.: 205385

Place: Bengaluru
Date: 10th May 2018

for and on behalf of the Board of Directors

K Gnanadesikan
Chairman

N.N.Tata
Vice Chairman

Ashwani Puri
Director

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

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

FINANCIAL STATISTICS (Previous GAAP*)

₹ crores

Name of the entity	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 (Rs.)	-	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 so significant differences under previous GAAP as compared to Ind AS

FINANCIAL STATISTICS under Ind AS

BALANCE SHEET	April 1, 2015	2015-16	2016-17	2017-18
(1) Non-current assets				
Property, plant and equipment, Capital Work-in-progerss, Investment property and Intangible assets	628	741	855	1,015
Financial assets				
- Investments	39	80	512	734
- Other financial assets	93	103	83	116
Deferred tax asset (net)	-	-	2	48
Tax assets (net)	69	103	81	101
Other non-current assets	95	103	93	106
(2) Current assets				
Inventories	3,986	4,382	4,806	5,749
Financial assets				
- Investments	-	-	375	-
- Trade receivables	140	135	115	193
- Cash and cash equivalents	210	112	773	612
- Other financial assets	441	436	512	354
Other current assets	116	114	110	369
TOTAL APPLICATION OF FUNDS	**5,816**	**6,308**	**8,318**	**9,396**
Equity share capital	89	89	89	89
Other equity	3,268	3,446	4,223	5,105
Non-current liabilities				
- Provisions	81	100	109	104
- Deferred tax liability (net)	10	16	-	-
Current liabilities				
Financial liabilities				
- Borrowings	100	113	-	-
- Gold on loan	-	-	1,867	1,604
- Trade payables	1,874	1,629	711	786
- Other financial liabilities	26	70	235	251
Other current liabilities	355	828	1,065	1,414
Provisions	15	18	18	21
- Current tax liabilities (net)	-	-	-	22
TOTAL SOURCES OF FUNDS	**5,816**	**6,308**	**8,318**	**9,396**

PROFIT & LOSS ACCOUNT	2015-16	2016-17	2017-18
Revenue from operations	11,105	12,999	15,656
Expenses	10,161	11,804	13,922
Interest	42	37	48
Depreciation/Amortisation	87	93	110
Operating Profit/ (loss)	815	1,065	1,576
Add: Other income	73	65	86
Less: Exceptional Item	-	96	92
Profit before tax	888	1,033	1,571
Tax expense	191	272	408
Profit for the year	698	762	1,163
Other comprehensive income	(39)	15	(3)
Total comprehensive income	**659**	**777**	**1,160**
Equity Dividend (%)	220%	260%	375%
Equity Dividend (Rs.)	195	231	333
Employee costs (excluding VRS)	623	696	762
% to Sales Income	5.6%	5.4%	4.9%
Advertising	429	445	441
% to Sales Income	3.9%	3.4%	2.8%

NOTES

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TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6704 7000 E-mail: investor@titan.co.in Website: www.titan.co.in

ATTENDANCE SLIP

(To be presented at the entrance)

34th ANNUAL GENERAL MEETING ON FRIDAY, 3rd AUGUST 2018 AT 2:30 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
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Phone : 91 80 6704 7000 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 Fourth Annual General Meeting of the Company to be held on Friday, 3rd August 2018 at 2:30 p.m. at 3, SIPCOT Industrial Complex, Hosur 635 126 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2018, 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, 2018, together with the Report of the Auditors thereon
2. Declaration of dividend on equity shares for the financial year 2017-18
3. Re-appointment of Mr. N.N. Tata as a Director
4. Appointment of Mr. B. Santhanam as an Independent Director
5. Appointment of Mr. K. Gnanadesikan as a Director
6. Appointment of Mr. Ramesh Chand Meena as a Director
7. Appointment of Branch Auditors

Affix Revenue Stamp

Signed this _______________day of _______________2018.

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.

TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6704 7000 E-mail: investor@titan.co.in Website: www.titan.co.in

TITAN COMPANY

ATTENDANCE SLIP

(To be presented at the entrance)

34th ANNUAL GENERAL MEETING ON FRIDAY, 3rd AUGUST 2018 AT 2:30 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
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TITAN COMPANY

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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:..

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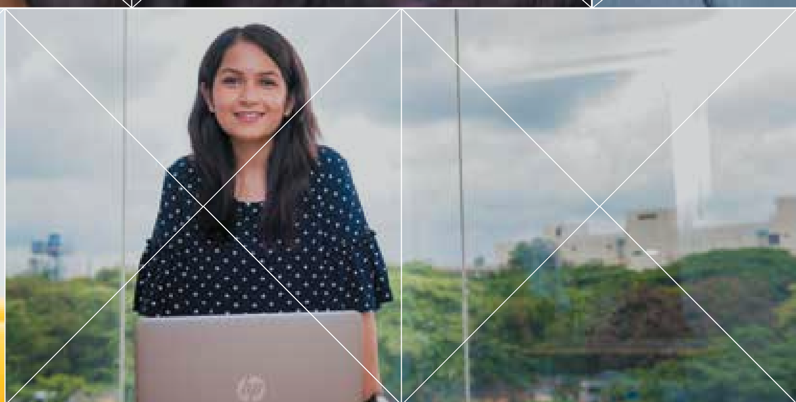
7. Appointment of Branch Auditors

Affix Revenue Stamp

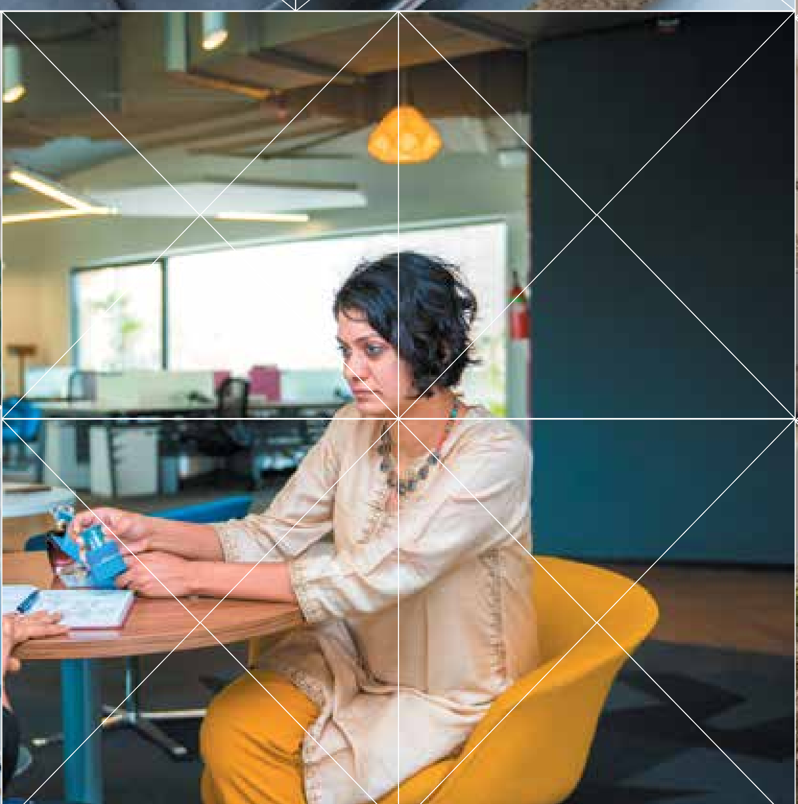
Signed this ______________day of ______________2018.

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.







TITAN COMPANY

TITAN · SONATA · fastrack · xylys Swiss made · FAVRE-LEUBA

TANISHQ · ZOYA · TITAN eyeplus · SKINN by TITAN Fine French Perfumes · NEBULA 18K SOLID GOLD WATCHES by TITAN

HELIOS THE WATCH STORE · CARATLANE · TANEIRA · Mia by Tanishq · TITAN RAGA · Zoop by TITAN Be Cool

https://www.facebook.com/TitanCompanyLimited/

https://twitter.com/TitanCompanyLtd

3 SIPCOT Industrial Complex Hosur 635 126

TATA

LEADERSHIP WITH TRUST
SINCE 1868

₹ **656,973** CRORE REVENUE

600 MILLION+ CONSUMERS

In a free enterprise,
the community is not just another
stakeholder in business, but is in fact
the very purpose of its existence.
- Jamsetji Tata

695,699 EMPLOYEES

₹ **27,346** CRORE PROFIT AFTER TAX

3.98 MILLION SHAREHOLDERS

150+ COUNTRIES

66 % OF PARENT COMPANY TATA SONS' EQUITY SHARE CAPITAL HELD BY PHILANTHROPIC TRUSTS

150 YEARS

The figures are aggregated for Tata companies for the financial year ended 31.03.2017.

From pioneering businesses, to pioneering welfare practices,
to pioneering national institutions,
the Tata Group remains committed to improving the lives of communities
we serve globally, based on leadership with trust.

Picture (left to right): The four partners - Jamsetji Tata, Founder of the Tata Group; R. D. Tata, father of J. R. D. Tata; Sir Ratan Tata, younger son of the Founder; and Sir Dorabji Tata, elder son of the Founder.

tata150.com