Independent Auditors' Report

To the Members of Titan Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Titan Company Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint venture, which comprise the consolidated balance sheet as at 31st March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at 31st March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group, its associate and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Revenue Recognition

See note 2(ix) and note 20 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group recognises revenue when the control of goods being sold is transferred to the customer. A substantial part of Group's revenue relates to jewelry and watches which involves large number of individual sales contracts having varied contractual terms with retail customers, distributors and franchisees. This increases the risk of misstatement of the timing and amount of revenue recognised to achieve specific performance targets or expectations. The Group and its external stakeholders focus on revenue as a key performance indicator. In view of the above we have identified revenue recognition as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: 1. Assessed the appropriateness of the accounting policy for revenue recognition as per relevant accounting standard. 2. We evaluated the design and implementation of key internal financial controls and their operating effectiveness with respect to revenue recognition transactions selected on a sample basis. These included general IT controls and key application controls over the IT systems which govern revenue recognition, including access controls, controls over program changes and interfaces between different systems. 3. We perused selected samples of key contracts with customers, distributors and franchisees to understand terms and conditions particularly relating to acceptance of goods. 4. We performed substantive testing of retail sales by selecting samples of sales made at the retail outlets using statistical sampling and tested the underlying documents, which included tracing sales to collection reports and bank statements. For sales (other than retail sales), we performed substantive testing using statistical sampling and tested the underlying documentation including verification of invoices and collections thereon. 5. We tested, selected samples of sales transactions made immediately pre and post year end, agreed the period of revenue recognition to the underlying documents. 6. We scrutinised manual journals posted to revenue to identify unusual items.

Inventories

See note 2(xix) and note 10 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group's inventories primarily comprise high value items like jewelry (gold, diamonds, gemstones etc.) and watches. The Group holds inventory at various locations including factories, stores (retail outlets) and third-party locations. There is a significant risk of loss of inventory given the high value and nature of the inventory involved. In view of the above, we have identified confirmation of physical inventories as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: 1. We evaluated the design, implementation and tested the operating effectiveness of key controls that the Group has in relation to safeguarding and physical verification of inventories including the appropriateness of the Group's standard operating procedures for conducting, recording and reconciling physical verification of inventories and tested the implementation thereof. 2. We evaluated the design, implementation and operating effectiveness of general IT controls and key application controls over the Group's IT systems including those relating to recording of inventory quantities on occurrence of each sale transaction, including access controls, controls over program changes, interfaces between different systems. 3. For the sampled locations, we attended physical verification of stocks conducted by the Group and performed roll-forward procedures as at the year end, where applicable. We also performed surprise stock counts at selected stores on a sample basis. We also checked on a sample basis reconciliation of inventories as per physical inventory verification and book records. 4. For samples selected using statistical sampling, we obtained independent confirmations of inventories held with third parties.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate and joint

venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of two subsidiaries (including one step down subsidiary), whose financial statements reflect total assets of ₹ 50 crores as at 31st March 2021, total revenues of ₹ 39 crores and net cash inflows amounting to ₹ 1 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

(b) The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹ 5 crores for the year ended 31st March 2021, as considered in the consolidated financial statements, in respect of one associate and a joint venture, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture and associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid joint venture and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies , incorporated in India is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint venture, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31st March 2021 on the consolidated financial position of the Group. Refer Note 30 to the consolidated financial statements.

ii. The Group its associate and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March 2021.

iii. There has been no delay in transferring amounts, required to be transferred (excluding disputed legal cases, as explained in note 16.5 to the consolidated financial statements) to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March 2021. There are no amounts which are required to be transferred to the Investment Education and Protection Funds by its subsidiary companies, associate company and joint venture incorporated in India during the year ended 31st March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31st March 2021.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Supreet Sachdev
Partner
Membership Number: 205385
UDIN: 21205385AAAAAN4541

Place: Bengaluru
Date: 29 April 2021

Annexure A to the Independent Auditors' report

on the consolidated financial statements of Titan Company Limited for the year ended 31st March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Titan Company Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies and its associate Companys of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and , its associate company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Supreet Sachdev
Partner
Membership Number: 205385
UDIN: 21205385AAAAAN4541

Place: Bengaluru
Date: 29 April 2021

Consolidated Balance Sheet

as at 31st March 2021

₹ in crores

	Note	As at 31st March 2021	As at 31st March 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,216	1,285
(b) Capital work-in-progress	3	19	11
(c) Right-of-use assets	4	917	935
(d) Investment property	5.1	24	24
(e) Goodwill	5.2	123	123
(f) Other intangible assets	6	243	266
(g) Intangible assets under development		13	7
(h) Financial assets			
(i) Investments	7.1	19	44
(ii) Loans receivable	7.2	158	154
(iii) Other financial assets	7.3	211	199
(i) Deferred tax assets (net)	8	105	159
(j) Income tax assets (net)	8	121	144
(k) Other non-current assets	9	86	78
		3,255	**3,429**
(2) Current assets			
(a) Inventories	10	8,408	8,103
(b) Financial assets			
(i) Investments	11.1	2,805	114
(ii) Trade receivables	11.2	366	312
(iii) Cash and cash equivalents	11.3	181	75
(iv) Bank balances other than (iii) above	11.3	379	306
(v) Loans receivable	11.4	109	56
(vi) Other financial assets	11.5	197	459
(c) Other current assets	12	752	696
		13,197	**10,121**
TOTAL ASSETS		**16,452**	**13,550**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13.1	89	89
(b) Other equity	13.2	7,408	6,580
Equity attributable to the equity holders of the Company		**7,497**	**6,669**
Non-controlling interest		5	4
		7,502	**6,673**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14.1	9	17
(ii) Lease liabilities	14.2	1,059	1,056
(iii) Other financial liabilities	14.3	3	4
(b) Provisions	15	156	166
(c) Deferred tax liability (net)	8	8	6
(d) Other non-current liabilities	16	1	-
		1,236	**1,249**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17.1	156	706
(ii) Gold on loan	17.2	4,210	1,585
(iii) Lease liabilities	17.3	197	187
(iv) Trade payables			
- Total outstanding dues of micro and small enterprises	17.4	167	68
- Total outstanding dues of creditors other than micro and small enterprises	17.4	622	528
(v) Other financial liabilities	17.5	239	219
(b) Other current liabilities	18	2,013	2,206
(c) Provisions	19	30	120
(d) Current tax liabilities (net)	8	80	9
		7,714	**5,628**
TOTAL EQUITY AND LIABILITIES		**16,452**	**13,550**
Significant accounting policies	2		

See accompanying notes to the consolidated financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 29 April 2021

for and on behalf of the Board of Directors

Bhaskar Bhat *Director*

C K Venkataraman *Managing Director*

S.Subramaniam *Chief Financial Officer*

Dinesh Shetty *General Counsel and Company Secretary*

Place: Bengaluru
Date: 29 April 2021

Consolidated Statement of Profit and Loss

for the year ended 31st March 2021

₹ in crores

		Note	For the year ended 31st March 2021	For the year ended 31st March 2020
I.	Revenue from operations	20	21,644	21,052
II.	Other income	21	186	153
III.	**TOTAL INCOME (I +II)**		**21,830**	**21,205**
IV.	Expenses:			
	Cost of materials and components consumed		13,713	13,042
	Purchase of stock-in-trade		2,579	2,991
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	122	(878)
	Employee benefits expense	23	1,065	1,199
	Finance costs	24	203	166
	Depreciation and Amortisation Expense	25	375	348
	Other expenses	26	2,441	2,231
IV.	**TOTAL EXPENSES**		**20,498**	**19,099**
V.	Profit before share of profit/(loss) of an associate and a joint venture and exceptional item and tax (III - IV)		**1,332**	**2,106**
VI.	Share of profit/ (loss) of:			
	- Associate		0	1
	- Joint venture	7.1	(5)	(5)
VII.	Profit before exceptional item and tax (V - VI)		**1,327**	**2,102**
VIII.	Exceptional item		-	-
IX.	**Profit before tax (VII - VIII)**		**1,327**	**2,102**
X.	Tax expense:			
	Current tax	8	360	570
	Deferred Tax	8	(7)	39
X.	**TOTAL TAX**		**353**	**609**
XI.	**Profit for the year (IX-X)**		**974**	**1,493**
XII.	Other comprehensive income			
	(i) Items that will not be reclassified to the statement of profit and loss			
	- Remeasurement of employee defined benefit plans		48	(73)
	- Income-tax on (i) above		(12)	19
	(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		234	(255)
	- Exchange differences in translating the financial statements of foreign operations		1	7
	- income-tax on (ii) above		(62)	68
	TOTAL OTHER COMPREHENSIVE INCOME		**209**	**(234)**
XIII.	**Total comprehensive income (XI + XII)**		**1,183**	**1,259**
	Profit for the year attributable to:			
	- Owners of the Company		973	1,501
	- Non-controlling interest		1	(8)
			974	**1,493**
	Other comprehensive income for the year attributable to:			
	- Owners of the Company		209	(234)
	- Non-controlling interest		0	0
			209	**(234)**
	Total comprehensive income for the year attributable to:			
	- Owners of the Company		1,182	1,267
	- Non-controlling interest		1	(8)
			1,183	**1,259**
XIV.	Earnings per equity share of ₹ 1			
	Basic	28	10.96	16.91
	Diluted	28	10.96	16.91
	Significant accounting policies	2		

See accompanying notes to the consolidated financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 29 April 2021

for and on behalf of the Board of Directors

Bhaskar Bhat *Director*

C K Venkataraman *Managing Director*

S.Subramaniam *Chief Financial Officer*

Dinesh Shetty *General Counsel and Company Secretary*

Place: Bengaluru
Date: 29 April 2021

Consolidated Statement of Changes in Equity

as at 31st March 2021

(a) Equity share capital

₹ in crores

	As at 31st March 2021	As at 31st March 2020
Opening balance	89	89
Changes in equity share capital during the year	-	-
Closing balance	**89**	**89**

(b) Other equity

Particulars	Reserves and surplus						Items of other comprehensive income (refer note 13.2)				Capital reserve on consolidation	Attributable to the Owners of the Company	Non-controlling interest	Total
	Capital reserve	Capital redemption reserve	Securities premium	Share options outstanding account	General reserve	Retained earnings	Remeasurement of employee defined benefit plans	Foreign currency translation reserve	Cash flow hedge reserve	Total				
Balance as at 1st April 2019	**0**	**1**	**141**	**4**	**3,066**	**2,759**	**(18)**	**2**	**27**	**12**	**-**	**5,982**	**14**	**5,996**
Profit for the year (net of taxes)	-	-	-	-	-	1,501	-	-	-	-	-	1,501	(9)	1,492
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	(54)	7	(187)	(234)	-	(234)	(0)	(234)
Transactions with non-controlling interests	-	-	-	-	-	(30)	-	-	-	-	-	(30)	(1)	(31)
Employee stock compensation	-	-	-	0	-	-	-	-	-	-	-	0	-	0
Premium on share issued during the year	-	-	0	(0)	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**0**	**0**	**-**	**1,471**	**(54)**	**7**	**(187)**	**(234)**	**-**	**1,237**	**(10)**	**1,227**
Payment of dividends (refer note 13.3)	-	-	-	-	-	(444)	-	-	-	-	-	(444)	-	(444)
Tax on dividends	-	-	-	-	-	(91)	-	-	-	-	-	(91)	-	(91)
Transition impact of Ind AS 116	-	-	-	-	-	(158)	-	-	-	-	-	(158)	-	(158)
Deferred tax on transition impact of Ind AS 116 (refer note 8(a))	-	-	-	-	-	55	-	-	-	-	-	55	-	55
Balance as at 31st March 2020	**0**	**1**	**141**	**4**	**3,066**	**3,592**	**(72)**	**9**	**(160)**	**(223)**	**-**	**6,580**	**4**	**6,584**
Balance as at 1st April 2020	0	1	141	4	3,066	3,592	(72)	9	(160)	(223)	-	6,580	4	**6,584**
Profit for the year (net of taxes)	-	-	-	-	-	973	-	-	-	-	-	973	1	974
Other comprehensive income for the year (net of taxes)	-	-	-	-	-	-	36	1	172	209	-	209	-	209
Employee stock compensation	-	-	-	0	-	-	-	-	-	0	-	0	-	0
Total comprehensive income for the year	**0**	**-**	**-**	**0**	**-**	**973**	**36**	**1**	**172**	**209**	**-**	**1,182**	**1**	**1,183**
Payment of dividends (refer note 13.3)	-	-	-	-	-	(355)	-	-	-	-	-	(355)	-	(355)
Balance as at 31st March 2021	**0**	**1**	**141**	**4**	**3,066**	**4,210**	**(36)**	**10**	**12**	**(14)**	**-**	**7,408**	**5**	**7,413**

Significant accounting policies Note 2

See accompanying notes to the consolidated financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 29 April 2021

for and on behalf of the Board of Directors

Bhaskar Bhat *Director*

C K Venkataraman *Managing Director*

S.Subramaniam *Chief Financial Officer*

Dinesh Shetty *General Counsel and Company Secretary*

Place: Bengaluru
Date: 29 April 2021

Consolidated Statement of Cash Flow

for the year ended 31st March 2021

₹ in crores

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
A. Cash flow from operating activities			
Net profit before tax		1,327	2,102
Adjustments for :			
- Depreciation and amortisation expense		375	348
- Net unrealised exchange gain/(loss)		(1)	(1)
- Share of profit/(loss) of the associate and joint venture		5	4
- Loss on sale/ disposal/ scrapping of property, plant and equipment (net)		6	(3)
- Provision for doubtful trade receivables (net) and bad trade receivables written off		35	4
- Provision for asset write off of a subsidiary		31	-
- Interest income		(61)	(98)
- Gain on investments carried at fair value through profit and loss		(35)	(32)
- Gain on of investment in joint venture		(22)	-
- Gain on pre-closure of lease contracts		(13)	(9)
- Rent waiver		(61)	-
- Finance costs		203	166
Operating profit before working capital changes		**1,789**	**2,481**
Adjustments for :			
- (increase)/ decrease in trade receivables		(59)	109
- (increase)/ decrease in inventories		(316)	(1,057)
- (increase)/ decrease in financial assets-loans receivable		(8)	(20)
- (increase)/ decrease in other financial assets		237	(336)
- (increase)/ decrease in other assets		(62)	36
- increase/ (decrease) in gold on loan		2,625	(768)
- increase/ (decrease) in trade payables		195	(310)
- increase/ (decrease) in other financial liabilities		253	(280)
- increase/ (decrease) in other liabilities		(192)	316
- increase/ (decrease) in provisions		(52)	38
Cash generated from operating activities before taxes		**4,410**	**209**
- Direct taxes paid, net		(271)	(557)
Net cash generated from/ (used in) operating activities	**A**	**4,139**	**(348)**

Consolidated Statement of Cash Flow

for the year ended 31st March 2021

₹ in crores

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
B. Cash flow from investing activities			
Purchase of property, plant and equipment, intangible assets and investment property		(146)	(355)
Proceeds from sale of property, plant and equipment		7	10
Investment in non convertible debentures		(5)	-
Inter-corporate deposits placed		(150)	(100)
Proceeds from inter-corporate deposits		100	300
Bank deposits (placed)/matured, net		(73)	331
Proceeds from sale of investment in joint venture		43	-
Purchase of investments in subsidiaries, joint venture and other equity instruments		-	(39)
Purchases of mutual funds, net		(2,651)	(13)
Loan given to Group's franchisees and vendors		(97)	-
Proceeds from loan given to Group's franchisees and vendors		94	-
Lease payments received from sub-lease (excluding interest received)		28	28
Interest received		49	73
Net cash (used in)/ from investing activities	**B**	**(2,801)**	**235**
C. Cash flow from financing activities			
(Repayment)/proceeds from long term borrowings, net		(12)	693
(Repayment)/proceeds from borrowings, net		(550)	-
Dividends paid including dividend distribution tax		(355)	(536)
Payment of lease liabilities excluding interest paid		(114)	(233)
Finance costs paid		(203)	(166)
Net cash used in financing activities	**C**	**(1,234)**	**(242)**
Net increase/ (decrease) in cash and cash equivalents during the year (A+B+C)		**104**	**(355)**
Cash and cash equivalents (opening balance)	11.3	75	430
Add/ (Less): Unrealised exchange (gain)/ loss		2	0
Cash and cash equivalents (closing balance)	11.3	**181**	**75**
Debt reconciliation statement in accordance with Ind AS 7			
Current borrowings	17.1		
Opening balance		706	0
(Repayment)/proceeds from borrowings, net		(550)	706
Closing balance		**156**	**706**
Non current borrowings and current maturities of long term borrowings	14.1 and 17.5		
Opening balance		28	41
Repayment from borrowings, net		(12)	(13)
Closing balance		**16**	**28**
Significant accounting policies	2		

See accompanying notes to the standalone financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Supreet Sachdev
Partner
Membership Number: 205385

Place: Bengaluru
Date: 29 April 2021

for and on behalf of the Board of Directors

Bhaskar Bhat *Director*

C K Venkataraman *Managing Director*

S.Subramaniam *Chief Financial Officer*

Dinesh Shetty *General Counsel and Company Secretary*

Place: Bengaluru
Date: 29 April 2021

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

1. Corporate Information

Titan Company Limited ('Titan' or 'the Company'), and its subsidiaries (collectively, the "Group"), associate and joint venture is primarily involved in manufacturing and sale of watches, jewelry, eyewear and other accessories and products.

Titan is a public Company domiciled in India, with its registered office situated at 3, SIPCOT Industrial Complex, Hosur - 635 126, Tamil Nadu, India. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and BSE Ltd. in India.

2. Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These consolidated financial statements are the separate financial statements of the Group.

Basis of Preparation

i. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

ii. Basis of measurement

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Certain financial assets and liabilities (including derivative instruments).

b) The defined benefit asset/ (liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

c) Brand and goodwill on business combination measured at fair value.

d) Valuation of grants under Employees Share Options (ESOPs).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

iii. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to rupees crores as per the requirement of Schedule III, unless otherwise stated. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements. The Group has decided to report all the amounts in crores in lieu of in lakhs as reported in the earlier from the current year. Accordingly, comparative numbers which were reported in lakhs previously have been reflected in crores in the current financial statements.

iv. Use of estimates and judgement

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may diverge from these estimates.

Estimates and assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31st March 2021 is included in the following notes:

- Note 3 – Useful life of the Property, Plant and Equipment;

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

- Note 6 – Useful life of the Intangible assets;
- Note 8 – Valuation of deferred tax assets;
- Note 4, 14.2, 16.3 and 28 – Leases;
- Note 29 – Contingent liabilities;
- Note 31 – Measurement of defined benefit obligations: key actuarial assumptions;
- Notes 35.1 and note 35.2 – Fair value measurement of financial instruments.

v. 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 consolidated 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 31st March 2021	Ownership interest 31st March 2020
Titan Engineering & Automation Limited ("TEAL")	India	100%	100%
Favre Leuba AG	Switzerland	100%	100%
Titan Watch Company Hong Kong Limited (100% subsidiary of Favre Leuba AG)	Hong Kong	100%	100%
Caratlane Trading Private Limited ("formerly known as Carat Lane Trading Private Limited")	India	72.31%	72.31%
StudioC (from 11th February 2021) (100% subsidiary of Caratlane Trading Private Limited)	United States of America	100%	-
Titan Holdings International FZCO (from 15th October 2019)	Dubai	100%	100%
Titan Global Retail L.L.C (from 15th December 2019) (Subsidiary of Titan Holdings International FZCO)	Dubai	100%	100%
Titan Commodity Trading Limited (from 10th August 2020)	India	100%	-

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

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 31st March 2021	Ownership interest 31st March 2020
Montblanc India Retail Private Limited - Jointly controlled entity*	India	-	49.00%
Green Infra Wind Power Theni Limited - Associate company	India	**26.79%**	26.79%

** The Group had exercised the full put option on 8th December 2020 as per the joint venture agreement and divested its stake in Montblanc India Retail Private Limited. The requisite formalities were completed on 12th March 2021.*

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. 31st March, 2021. The figures used in consolidation for equity accounting of the investment in joint venture and the associate companies are audited.

vi. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

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.

Goodwill is initially measured at cost, being 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 assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

vii. 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 crores, unless otherwise indicated.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

viii. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 5.1 – Investment property

- Note 35 - financial instruments.

ix. Revenue recognition

The Group recognises revenue when the control of goods being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled based on various customer terms including at the time of delivery of goods, dispatch or upon customer acceptance based on various distribution channels. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

a) Sale of goods: Revenue from the sale of products is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers, other similar charges, as specified in the contract with the customer. Additionally, revenue excludes taxes collected from customers, which are subsequently remitted to governmental authorities

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

Customer loyalty programmes

The Group has a customer loyalty programme for selected customers. The Group grants credit points to those customers as part of a sales transaction which allows them to accumulate and redeem those credit points. The consideration is allocated between the loyalty programme and the goods based on their relative standalone selling prices. The credit points have been deferred and will be recognised as revenue when the reward points are redeemed or lapsed.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

b) Service income: Service income is recognised on rendering of services based on the agreements / arrangements with the concerned parties.

c) Dividend and interest income: Dividend income from investments is recognised when the Group's right to receive the payment has been established i.e., either when the dividend is declared or when shareholders approve the dividend in case of equity investments.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

Other Operating Income:

Indirect tax incentives are recognised when the right to receive the amount as per the terms of scheme is established in respect of industrial promotion scheme applicable to the respective units.

Use of significant judgements in revenue recognition:

a) The Group's contracts with customers could include promises to transfer multiple goods to a customer. The Group assesses the goods promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct good from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

c) The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct good or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Interest income is recognised as it accrues in the consolidated statement of profit and loss using effective interest rate method.

Commission income is generally recognised when the related sale is executed as per the terms of the agreement.

The Group has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

x. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease i.e., if the contract conveys the right to control the use of an identified asset for a period in exchange of consideration.

Notes to the Consolidated Financial Statements
for the year ended 31st March 2021

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The nature of expenses related to those leases has changed from lease rent in previous periods to (i) amortization for the right-to-use asset, and (ii) interest accrued on lease liability.

a) Right-of-use assets:

Right-of-use assets are measured at cost comprising the following:

i) the amount of the initial measurement of lease liability

ii) any initial direct costs

iii) restoration costs

Right-of-use assets are depreciated over the lease term on a straight-line basis.

b) Lease Liabilities:

Lease liabilities are measured at present value of following components:

i) fixed payments less any lease incentives receivable

ii) amounts expected to be payable by the Group under residual value guarantee

Incremental borrowing rate used for discounting has been determined by taking the interest rates obtained from financial institutions for borrowing the similar value of right of use assets for similar tenure. The rates will be reassessed on a yearly basis at the beginning of each accounting period to reflect changes in financial conditions.

c) Short-term leases:

The Group applies the short-term lease recognition exemption to its short-term lease contracts (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on a short-term leases are recognised as expense on a straight-line basis over the lease term.

d) Variable payments:

Variable lease payments that depend on sales are recognised in the Statement of profit or loss in the period in which the condition that triggers those payments occurs.

Group as a Lessor:

In case of sub-leasing, where the Group, being the original lessee and intermediate lessor, grants a right to use the underlying asset to a third party, the head lease is recognised as lease liability and sub-lease is recognised as lease receivables in the Balance Sheet of the Group. Interest expense is charged on the lease liability and interest income is recognised on lease receivables in the statement of profit or loss.

xi. Foreign currencies

a) *Transactions and balances:*

In preparing the consolidated financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognised in the statement of consolidated profit and loss in the period in which they arise except for exchange differences on transactions designated as cash flow hedge (refer note xxii(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

Notes to the Consolidated Financial Statements
for the year ended 31st March 2021

at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and held in foreign currency translation reserve (FCTR), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest. When a foreign operation is disposed off, the relevant amount recognised in FCTR is transferred to the statement of consolidated profit and loss as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

xii. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with borrowing of funds. The borrowing cost includes interest expense accrued on gold on loan taken from banks. Borrowing costs attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xiii. Employee benefits

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

The Group's contributions to the Superannuation Fund which is managed by a Trust and Pension Fund administered by Regional Provident Fund Commissioner and Group's contribution to National pension Scheme are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

The contribution to the Group's Gratuity Trust and liability towards pension of retired managing directors are provided using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the consolidated balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of consolidated profit and loss.

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

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the consolidated balance sheet date.

xiv. Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the statement of consolidated profit and loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

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 recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are not recognised, when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

For operations carried out in notified units covered under Section 80 IC of the income tax Act 1961, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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.

xv. Property, Plant and Equipment

a) *Recognition and measurement:*

Land and buildings held for use in the production or supply of goods or services,

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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 recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

The estimated useful life of the tangible assets and the useful life are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of consolidated profit and loss.

b) *Depreciation*

Depreciable amount for assets is the cost of an asset, or other substituted for cost, less its estimated residual value. Depreciation is calculated on the basis of the estimated useful lives using the straight line method and is generally recognised in the statement of consolidated profit and loss. Depreciation for assets purchased / sold during the year is proportionately charged from/upto the date of disposal. Free hold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Management estimate of useful life	Useful life as per Schedule II
Building	30 to 60 years	30 to 60 years
Plant, machinery and equipment	5 to 15 years	10 to 15 years
Computers and server	3 to 6 years	3 to 6 years
Furniture and Fixtures	5 to 10 years	10 years
Office equipment	5 years	5 years
Vehicles	4 to 5 years	8 years

Leasehold improvements are depreciated over the lease term ranging from 1-9 years.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above represents the period over which the management expects to use these assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Repairs and maintenance costs are recognised in the statement of consolidated profit and loss when incurred.

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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.

xvi. 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 Group and accordingly no amortization of the investment property is recorded in the statement of consolidated profit and loss.

The fair values of the investment property is disclosed in the notes. Fair values is determined by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

xvii. 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.

Intellectual properties - 5 years

Patents - 5 years

Brand and trademark - Infinite period.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

xviii. Impairment

Impairment of financial assets:

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of consolidated profit and loss.

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Impairment of non-financial assets:

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, 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.

xix. 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, other taxes.

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.

xx. Provisions and contingencies

Provisions: A provision is recognised when the Group has a present obligation as a result of

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past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

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

Contingent liabilities: A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made in the 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.

xxi. 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.

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Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets. Interest income is recognised in profit or loss and is included in the "Other income" line item.

ii) Investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

On initial recognition, the 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.

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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.

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

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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 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.

xxii. 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

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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 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 recognised in hedging reserve is retained until the forecast transaction occurs upon which it is recognised in the statement of consolidated profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in hedging reserve is recognised immediately to the statement of consolidated profit and loss.

The Group has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

c) Fair Value Hedge:

The Group designates non derivative financial liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the statement of consolidated profit and loss with an adjustment to the carrying value of the hedged item. The Group has designated the trade payables pertaining to gold taken on loan from banks ('unfixed gold') as a fair value hedge to the corresponding gold inventory purchased on loan.

xxiii. 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 Watches and wearables, Jewellery, Eyewear, Corporate and Others, where 'Others' include Aerospace & Defence, Automation Solutions, Fragrances, Accessories and Indian dress wear. Secondary information is reported geographically.

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

xxiv. Consolidated cash flow statement

Consolidated cash flows are reported using indirect method, whereby net profits before tax is adjusted

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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.

xxv. 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.

xxvi. 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.

xxvii. 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.

xxviii. Recent accounting pronouncements

On 24th March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1st April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

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3.1 Property, plant and equipment

₹ in crores

Particulars	Land	Buildings	Plant, machinery and equipment	Computer and Servers	Leasehold improvements	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block									
As at 1st April 2019	85	381	630	92	6	251	50	22	1,516
Additions	-	30	93	32	3	77	22	12	269
Disposals	-	-	10	5	1	15	2	6	40
As at 31st March 2020	**85**	**411**	**712**	**119**	**7**	**313**	**70**	**28**	**1,745**
As at 1st April 2020	85	411	712	119	7	313	70	28	1,746
Additions	-	3	29	28	6	33	11	4	114
Disposals/ other adjustment#	-	0	14	5	0	37	5	3	64
As at 31st March 2021	**85**	**414**	**727**	**142**	**13**	**309**	**76**	**28**	**1,796**
Accumulated depreciation									
As at 1st April 2019	-	29	145	35	3	93	22	7	333
Depreciation expense	-	11	60	24	1	44	11	7	160
Disposals	-	-	8	5	1	12	2	5	33
As at 31st March 2020	**-**	**40**	**197**	**55**	**4**	**125**	**30**	**9**	**460**
As at 1st April 2020	-	40	197	55	4	125	30	9	460
Depreciation expense	-	12	59	26	2	47	13	8	166
Disposals	-	-	9	5	0	25	4	2	46
As at 31st March 2021	**-**	**52**	**247**	**76**	**6**	**147**	**39**	**14**	**580**
Net carrying value									
As at 31st March 2020	**85**	**371**	**515**	**64**	**4**	**188**	**40**	**19**	**1,285**
As at 31st March 2021	**85**	**362**	**480**	**66**	**8**	**163**	**37**	**14**	**1,216**

 # Includes an amount of ₹ 4 crores on provision for write off of assets in a subsidiary.

3.2 Capital work-in-progress

₹ in crores

Particulars	Capital work-in-progress
As at 1st April 2019	**29**
Additions	252
Capitalizations	270
As at 31st March 2020	**11**
As at 1st April 2020	11
Additions	107
Capitalizations	99
As at 31st March 2021	**19**

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4 Right-of-use assets*

₹ in crores

Particulars	Leasehold land	Buildings	Plant and Machinery	Total
As at 1st April 2019- Transition impact of Ind AS 116	21	726	-	746
Additions	2	357	12	372
Modifications/ terminations	-	28	-	28
As at 31st March 2020	**23**	**1,055**	**12**	**1,090**
As at 1st April 2020	23	1,055	12	1,090
Additions	-	243	-	243
Disposals	-	108	-	108
As at 31st March 2021	**23**	**1,190**	**12**	**1,225**
Accumulated amortisation				
As at 1st April 2019- Transition impact of Ind AS 116	-	-	-	-
Amortisation expense	1	163	0	164
Modifications/ terminations	-	9	-	9
As at 31st March 2020	**1**	**154**	**0**	**155**
As at 1st April 2020	1	154	0	155
Amortisation expense	1	174	1	176
Modifications/ terminations	-	23	-	23
As at 31st March 2021	**1**	**305**	**1**	**308**
Net carrying value				
As at 31st March 2020	**23**	**901**	**11**	**935**
As at 31st March 2021	**22**	**885**	**10**	**917**

**Also, refer note 29*

5.1 Investment property

₹ in crores

Particulars	Land
As at 1st April 2019	24
Additions	-
Disposals	-
As at 31st March 2020	**24**
As at 1st April 2020	24
Additions	-
Disposals	-
As at 31st March 2021	**24**
Net carrying value	
As at 31st March 2020	**24**
As at 31st March 2021	**24**

a) The Company's investment properties consist of freehold land and therefore no depreciation is chargeable.

b) Fair market value of land at ₹ 102 crores (Previous year: ₹ 102 crores) have been arrived at on the basis of valuations carried out by Chartered Engineer during the years ended 31st March 2021 and 31st March 2020.

c) No rental income has been accrued against these properties.

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5.2 Goodwill

	₹ in crores
Opening Goodwill as at 1st April 2020	123
Movement during the year	-
Closing Goodwill as at 31st March 2021	**123**

Name of the CGU	Operating Segment
Jewellery business of Titan Company Limited	Jewellery
Caratlane Trading Private Limited	Jewellery
Watches business of Titan Company Limited	Watches
Favre Leuba AG	Watches
Eyewear business of Titan Company Limited	Eyewear
Other business of Titan Company Limited	Other business
Titan Engineering & Automation Limited	Other business
Titan Holdings International FZCO	Other business
Titan Global Retail L.L.C.	Other business
Titan Commodity Trading Limited	Other business

Goodwill is tested for impairment at least annually in accordance with the Company's procedure for determining the recoverable value of such assets. For the purpose of impairment testing, goodwill is allocated to a CGU representing the lowest level/ group of CGUs within the Group at which goodwill is monitored for internal management purposes, and which is not higher than the Company's operating segment. The goodwill as at 31st March 2021 has been entirely allocated to the Caratlane CGU.

The recoverable amount of the Caratlane CGU is determined on the basis of value-in-use (VIU). The VIU of the CGU is determined based on discounted cash flow projections. Key assumptions on which the Company has based its determination of VIU include estimated cash flows, terminal value and discount rates.

Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions.

The key assumptions used in the estimation of the recoverable amount are set out below. The value assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

a) Terminal value growth rate 5%

b) Discount rate post tax 14.4%

The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging applicable to the region at a market interest rate applicable to the respective region.

The cash flow projections include specific estimates for ten years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. Revenue growth has been projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the coming years. It has been assumed that the sales price would increase in line with forecast inflation over the next ten years.

An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's/group of CGU's recoverable amount would fall below its carrying amount.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

6 Other Intangible assets

₹ in crores

Particulars	Trademarks	Intellectual properties	Patents	Computer software	Brand on consolidation	Total
Owned						
As at 1st April 2019	16	-	-	72	180	268
Additions*	-	6	8	39	-	53
Disposals	-	-	-	-	-	-
As at 31st March 2020	**16**	**6**	**8**	**111**	**180**	**321**
As at 1st April 2020	16	6	8	111	180	321
Additions	-	-	-	24	-	24
Disposals/ other adjustment#	13	-	-	1	-	14
As at 31st March 2021	**3**	**6**	**8**	**134**	**180**	**331**
Accumulated amortisation						
As at 1st April 2019	3	-	-	28	-	31
Amortisation expense	-	0	0	24	-	24
Disposals	-	-	-	-	-	-
As at 31st March 2020	**3**	**-**	**-**	**52**	**-**	**55**
As at 1st April 2020	3	-	-	52	-	55
Amortisation expense	-	1	2	31	-	34
Disposals	-	-	-	1	-	1
As at 31st March 2021	**3**	**1**	**2**	**82**	**-**	**88**
Net carrying value						
As at 31st March 2020	**13**	**6**	**8**	**59**	**180**	**266**
As at 31st March 2021	**-**	**5**	**6**	**52**	**180**	**243**

** During the previous year, the Group acquired intellectual properties and patents from HUG Innovations LLP and HUG Innovations Corp (collectively referred as "Hug Innovations") on 6th and 9th January 2020 respectively for a cash considerations of ₹ 14 crores.*

 # Includes an amount of ₹ 13 crores on provision for write off of assets in a subsidiary.

7 Financial assets

7.1 Investments

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
1) Investment in equity instruments (unquoted)		
i) In joint venture company (at cost unless stated otherwise)		
Nil (Previous year: 38,856,265) fully paid equity shares of ₹ 10 each in Montblanc India Retail Private Limited (refer note (a) below)	-	26
ii) In associate company (at cost unless stated otherwise)		
1,500,000 (Previous year: 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {refer note (b) below}	3	3
	3	28
2) Other investments		
i) Investments in equity instruments - quoted (at fair value through profit or loss)		
1,000 (Previous year: 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited	0	0

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for the year ended 31st March 2021

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
2,511 (Previous year: 2,349) fully paid equity shares of ₹ 10 each in Tata Steel Limited	0	0
6,638 (Previous year: 6,638) fully paid equity shares of ₹ 1 each in Tata Consumer Products Limited (formerly known as Tata Global Beverages Limited)	0	0
560 (Previous year: 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	0	0
3,000 (Previous year: 3,000) fully paid equity shares of ₹ 1 each in Trent Limited	0	0
	0	**0**
ii) Investments in equity instruments - unquoted (at fair value through profit or loss)		
525,000 (Previous year: 525,000) fully paid equity shares of ₹ 10 each in Innoviti Payment Solutions Private Limited (formerly known as Innoviti Embedded Solutions Private Limited)	10	16
91,200 (Previous year: 91,200) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	0	0
18,000 (Previous year: 18,000) fully paid equity shares of ₹ 10 each in Clean Wind Power (Pratapgarh) Private Limited	0	0
	10	**16**
iii) Investments in non-convertible debentures carried at amortised cost - unquoted		
Investment in non convertible debentures	5	-
	5	**-**
Aggregate value of investments	**19**	**44**
Aggregate book value of quoted investments	**0**	**0**
Aggregate market value of quoted investments	**0**	**0**
Aggregate book value of unquoted investments	**19**	**44**

Notes:

a) The Group has disposed off its entire shareholding in Montblanc India Retail Private Limited to its Joint venture partner on 12th March 2021 at a consideration of ₹ 43 crores exercising put option as per the joint venture agreement. Consequently, the Group has recognised profit on sale of investment amounting to ₹ 22 crores under the head "Other income" during the year ended 31st March 2021.

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

7.2 Loans receivable

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Security deposits	115	110
Employee loans	43	44
	158	**154**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

7.3 Other financial assets

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Lease receivables	205	191
Other assets	6	8
	211	**199**

8 Income tax

a) The following is the analysis of deferred tax assets/(liabilities):

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Deferred tax assets	105	159
Deferred tax liabilities	(8)	(6)
Net deferred tax asset	**97**	**153**

₹ in crores

Particulars	As at 1st April 2020	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2021
Deferred tax assets				
Provision for doubtful trade receivables	2	9	-	11
Employee benefits	44	(6)	-	38
Compensation towards voluntary retirement of employees	7	(6)	-	1
Fair value of investments	34	1	-	35
Cash flow hedges	58	-	(62)	(4)
Lease liabilities (net of Right-of-use assets)	41	3	-	44
Sub-total	**186**	**1**	**(62)**	**124**
Deferred tax liability				
Property, plant and equipment	(33)	6	-	(27)
	(33)	**6**	**-**	**(27)**
	153	**7**	**(62)**	**97**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

₹ in crores

Particulars	As at 1st April 2019	On adoption of Ind AS 116	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31st March 2020
Deferred tax assets					
Provision for doubtful trade receivables	2	-	(0)	-	2
Employee benefits	50	-	(6)	-	44
Compensation towards voluntary retirement of employees	18	-	(11)	-	7
MAT credit entitlement	3	-	(3)	-	(0)
Fair value of investments	48	-	(14)	-	34
Cash flow hedges	(10)	-	-	68	58
Lease liabilities (net of Right-of-use assets)	-	55	(14)	-	41
Others	2	-	(2)	-	-
Sub-total	**112**	**55**	**(49)**	**68**	**186**
Deferred tax liability					-
Property, plant and equipment	(43)	-	10	-	(33)
	(43)	**-**	**10**	**-**	**(33)**
	69	**55**	**(39)**	**68**	**153**

b) Amounts recognised in statement of profit and loss and other comprehensive income

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Income tax expenses		
Current tax	360	570
Deferred tax	(7)	39
Income tax included in other comprehensive income on:		
- Remeasurement of employee defined benefit plans	12	(19)
- Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	62	(68)
Tax expense for the year	**427**	**522**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

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:

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit before tax	**1,332**	2,106
Enacted income tax rate in India	**25.17%**	25.17%
Computed expected tax expense	**335**	530
Effect of:		
Expenses that are not deductible in determining taxable profit	**4**	21
Income taxes relating to earlier periods	**-**	(2)
Effect of concessions	**(6)**	-
Unrecognised deferred tax for losses of subsidiaries	**20**	20
Income taxed at higher rate for subsidiary	**-**	3
Tax charge/(credit) on gratuity disclosed in OCI	**-**	18
Effect of change in income tax rate*	**-**	26
Others	**-**	(6)
Income tax expense recognised in the statement of profit and loss	**353**	**609**

**From the Assessment Year 2020-21 relevant to the previous year 2019-20, the Company elected to exercise the option permitted under section 115BAA(1) of the Income-tax Act, 1961 after satisfying the conditions contained in section 115BAA(2) as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognized provision for income tax for the year ended 31st March 2020 and computed deferred tax based on the rate prescribed in the said section. From the Assessment Year 2021-22, one of the subsidiary opted to exercise option permitted under section 115BAA for the financial year ended 31st March 2021.*

d) The following table provides the details of income tax assets and income tax liabilities as of 31st March 2021 and 31st March 2020:

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Income tax assets (net)	121	144
Current tax liabilities (net)	80	9
Net current income tax assets at the end of the year	**41**	**135**

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Net current income tax assets at the beginning of the year	135	112
Income tax paid	271	558
Current income tax expense	(360)	(570)
Interest on income tax refund	7	17
Income tax on other comprehensive income and others	(12)	19
Net current income tax assets at the end of the year	**41**	**135**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

9 Other non-current assets

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Capital advances	25	23
Balance with revenue authorities	56	51
Other assets (includes deferred lease cost and deferred employee cost)	5	4
	86	**78**

10 Inventories

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Raw materials	1,865	1,437
Work-in-progress {refer (a) below}	375	353
Finished goods	6,082	4,648
Stock-in-trade	58	1,635
Stores and spares	28	25
Loose tools	-	5
	8,408	**8,103**
Included above, goods- in- transit		
Raw materials	6	10
Stock-in-trade	1	2
	7	**12**
a) Details of inventory of work-in-progress		
Watches	134	162
Jewellery	200	147
Others	41	44
	375	**353**

(i) The cost of inventories recognised as an expense during the year is ₹ 16,414 crores (Previous year: ₹ 15,155 crores).

(ii) The cost of inventories recognised as an expense includes ₹ 14 crores (Previous year: ₹ 1 crores) in respect of write down of inventory to net-realisable value.

(iii) The inventory includes Gold purchased on loan from banks amounting to ₹ 4,210 crores (Previous year: ₹ 1,585 crores).

(iv) Refer point (xix) under significant accounting policies for mode of valuation.

Notes to the Consolidated Financial Statements

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11 Financial assets

11.1 Investments

₹ in crores

Particulars	As at 31st March 2021		As at 31st March 2020	
Name of the fund	No of units	Amount	No of units	Amount
Investments in mutual funds (Unquoted)- {at fair value through profit or loss}				
Axis Overnight Fund - Direct Plan - Growth	-	-	3,78,966	40
Tata Overnight Fund - Direct Plan - Growth	-	-	1,89,817	20
Aditya Birla Sun Life Liquid Fund - Direct Plan - Growth	33,69,823	112	4,38,283	14
Axis Liquid Fund - Direct Plan - Growth	-	-	1,07,590	24
ICICI Prudential Liquid Fund - Direct Plan - Growth	55,24,011	168	51,261	2
L&T Liquid Fund - Direct Plan - Growth	-	-	52,675	14
Aditya Birla Sun Life Low Duration Fund - Direct Plan - Growth	9,15,643	51	-	-
Aditya Birla Sun Life Money Manager Fund - Direct Plan - Growth	89,25,419	256	-	-
Aditya Birla Sun Life Savings Fund - Direct Plan - Growth	11,89,273	51	-	-
Axis Treasury Advantage Fund - Direct Plan - Growth	2,04,535	51	-	-
HDFC Arbitrage Fund - Direct Plan - Growth	1,30,07,480	20	-	-
HDFC Liquid Fund - Direct Plan - Growth	498	0	-	-
HDFC Low Duration Fund - Direct Plan - Growth	1,06,60,130	51	-	-
HDFC Money Market Fund - Direct Plan - Growth	6,10,688	273	-	-
HDFC Money Market Fund - Direct Plan - Growth	11,204	5	-	-
HDFC Ultra Short Term Fund - Direct Plan - Growth	4,26,13,806	51	-	-
ICICI Prudential Equity Arbitrage Fund - Direct Plan - Growth	1,61,81,055	45	-	-
ICICI Prudential Money Market Fund Option - Direct Plan - Growth	1,04,43,131	308	-	-
ICICI Prudential Savings Fund - Direct Plan - Growth	12,10,792	51	-	-
IDFC Ultra Short Term Fund - Direct Plan - Growth	4,22,43,504	51	-	-
Kotak Equity Arbitrage Fund - Direct Plan - Growth	1,50,04,578	45	-	-
Kotak Money Market Scheme - Direct Plan - Growth	7,24,493	252	-	-
Kotak Savings Fund - Direct Plan - Growth	1,46,55,362	51	-	-
L&T Ultra Short Term Fund - Direct Plan - Growth	1,44,04,766	51	-	-
Nippon India Arbitrage Fund - Direct Plan - Growth	2,08,07,996	45	-	-
Nippon India Liquid Fund - Direct Plan - Growth	3,09,531	156	-	-
Nippon India Money Market Fund - Direct Plan - Growth	9,55,027	308	-	-
SBI Magnum Ultra Short Duration Fund - Direct Plan - Growth	1,14,939	54	-	-
SBI Savings Fund-Direct - Direct Plan - Growth	7,43,23,527	254	-	-
Tata Arbitrage Fund - Direct Plan - Growth Option	3,96,13,175	45	-	-
		2,805		**114**
Aggregate value of unquoted investments		2,805		114

Notes to the Consolidated Financial Statements
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11.2 Trade receivables

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Considered good- unsecured*	369	315
Less: Allowance for doubtful trade receivables	(3)	(3)
	366	**312**
Credit impaired	6	5
Less: Allowance for doubtful trade receivables	(6)	(5)
	-	-
	366	**312**

** Includes dues from related parties - refer note 35.*

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Provision matrix at the end of reporting period as follows:

Age of receivables	Expected credit loss (%)				
	Watches	Jewellery	Eye-wear	New Category	Aerospace and Defence, Automation Solutions
With in credit period	0%	0%	2%	8%	-
Less than 1 year	0%	2%	3%	2%	-
1 to 2 years	21%	0%	20%	17%	40%
2 to 3 years	20%	6%	50%	24%	80%
Over 3 years	100%	36%	100%	33%	100%

₹ in crores

Age of receivable	As at 31st March 2021	As at 31st March 2020
With in credit period	285	143
Less than 1 year	81	169
1 to 2 years	7	3
2 to 3 years	1	2
Over 3 years	1	3
	375	**320**

Movement in the expected credit loss allowance

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Balance at the beginning of the year	9	12
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	0	(3)
Balance at the end of the year	**9**	**9**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

11.3 Cash and bank balances

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Cash and cash equivalents		
Cash on hand	12	6
Cheques, drafts on hand	9	4
Balances with banks		
(i) Current account {refer note (a) below}	115	65
(ii) Demand deposit	45	0
Total cash and cash equivalents	**181**	**75**
Other bank balances		
(iii) Earmarked accounts		
- Unclaimed dividend	11	11
- Unclaimed debenture and debenture interest	0	0
(iv) Demand deposit	14	28
(v) Fixed deposits held as margin money against bank guarantee	54	11
(vi) Fixed deposits held as deposit reserve fund {refer note (b) below}	300	255
Total other bank balances	**379**	**306**
	560	**381**

Notes:

(a) *The balance under current account includes funds in transit primarily for credit card receipts yet to be credited to the Company- ₹ 34 crores (Previous year: ₹ 3 crores).*

(b) *This amount represents restricted cash maintained for the gold harvest scheme for compliance with the Companies (Acceptance of Deposit) Rules, 2014 as per the Companies Act 2013 as amended.*

(c) *The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December 2016 have not been made since the requirement does not pertain to financial year ended 31st March 2021.*

11.4 Loans receivable

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Inter-corporate deposits	195	145
Less: Provision for impairment (refer note 37)	(145)	(145)
Inter-corporate deposits, net	50	-
Security deposits	33	32
Employee loans	26	24
	109	**56**

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11.5 Other financial assets

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured, considered good		
Refunds due from government authorities	128	121
Margin money for gold future contracts	41	245
Provision for doubtful margin money deposits {refer note (a) below}	(34)	-
	7	245
Derivative instruments other than in designated hedge accounting relationships	3	3
Lease receivables	29	29
Other assets (Mark to market gain on gold future contracts, interest accrued on fixed deposits and ICDs)	30	61
	197	**459**

(a) Based on its assessment of recoverability, the Group has made a provision of ₹ 34 crores against receivables from one of the brokers with whom the Group was transacting. The Group, however, continues to monitor the developments in this matter and necessary legal action is being taken in this regard to recover the amount deposited.

12 Other current assets

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unsecured and considered good		
Advances to suppliers {refer note (c) below}	92	86
Provision for doubtful advances	(2)	-
	90	86
Prepaid expenses	27	32
Balance with revenue authorities {refer note (a) below}	507	463
Contractual asset {refer note (b) below}	99	102
Gratuity {refer note 32 (b)}	19	-
Other assets (includes deferred lease cost and deferred employee cost)	10	13
	752	**696**

(a) Balance with revenue authorities includes GST credits of ₹ 496 crore (Previous year: ₹ 440 crore) in respect to GST input credit, transitional credit and deemed credit.

(b) Contract asset represents the amount of goods expected to be received by the Company on account of sales return. Also, refer disclosure made under note 18.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

13.1 Share capital

₹ in crores

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares (in crores)	Amount	No. of shares (in crores)	Amount
a) Authorised				
Equity share of ₹ 1 each with voting rights	120	120	120	120
Redeemable cumulative preference shares of ₹ 100 each	0.40	40	0.40	40
b) Issued, subscribed and fully paid up				
Equity share of ₹ 1 each with voting rights	89	89	89	89

c) Rights, preferences and restrictions attached to shares

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

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

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

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. crores	₹ crores	No. crores	₹ crores
Equity shares with voting rights				
At the beginning of the year	89	89	89	89
At the end of the year	**89**	**89**	**89**	**89**

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

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares held (in crores)	% of total holding	No. of shares held (in crores)	% of total holding
Tamilnadu Industrial Development Corporation Limited	25	27.88	25	27.88
Tata Group				
Tata Sons Limited	19	20.85	19	20.85
Tata Investment Corporation Limited	2	2.01	2	2.01
Tata Chemicals Limited	1	1.56	1	1.56
Ewart Investments Limited	0	0.56	0	0.56
Piem Hotels Limited	0	0.06	0	0.06
Total - Tata Group	**22**	**25.04**	**22**	**25.04**

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13.2 Other equity

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Capital reserve (Surplus on re-issue of forfeited shares and debentures)	0	0
Capital redemption reserve (Reserve created on redemption of capital)	1	1
Securities premium (Amounts received on issue of shares in excess of the par value has been classified as securities premium)	141	141
General reserve (Represents appropriation of profit by the Company)	3,066	3,066
Retained earnings* (Retained earnings comprise of the Company's prior years' undistributed earnings after taxes)	4,210	3,591
Other comprehensive income (Items of other comprehensive income consist of cash flow hedge reserve, foreign currency translation reserve and remeasurement of net defined benefit obligation.)	(14)	(223)
Share options outstanding (Share options granted by a subsidiary to its employees)	4	4
	7,408	**6,580**

13.3 Distributions made and proposed

The Board of Directors at its meeting held on 8th June 2020 had proposed a final dividend of ₹ 4 per equity share of par value of ₹ 1 each for the financial year ended 31st March 2020. The proposal was approved by shareholders at the Annual General Meeting held on 11th August 2020 and the same was paid during the year ended 31st March 2021. This has resulted in a total outflow of ₹ 355 crores.

The Board of Directors, in its meeting on 29th April 2021, have proposed a final dividend of ₹ 4 per equity share for the financial year ended 31st March 2021. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved would result in a cash outflow of approximately ₹ 355 crores.

14 Financial liabilities

14.1 Borrowings

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Secured		
Term loan*	9	17
	9	**17**

**The interest rate of the term loan is 8.19% p.a. (Previous year:8.60% p.a.) and is payable over 48 equal monthly installments began from 1st June 2019. Current revised rate as per the bank is 5.5% from 22nd March 2021. A prepayment of ₹ 5 crore of the principal amount was made in January 2021 (Previous year: prepayment of ₹ 5 crore in December 2019)*

Notes to the Consolidated Financial Statements

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14.2 Lease liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Lease liabilities (refer note 29)	1,059	1,056
	1,059	**1,056**

14.3 Other financial liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Others (includes rental deposits)	3	4
	3	**4**

15 Provisions

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for compensated absences {refer note 32 (c)}	123	133
Provision for pension*	30	30
Provision for gratuity {refer note 32 (b)}	3	3
	156	**166**

**During the previous year ended 31st March 2020, the Company's Board of Directors approved the special retiral benefits payable to the Managing Director who retired in September 2019, as per the policy of the Company. Accordingly, the Company has accrued ₹ 26 crores based on actuarial valuation by giving corresponding charge to employee benefit expense in the statement of profit and loss.*

16 Other non-current liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Others (deferred rental)	1	-
	1	**-**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

17 Financial liabilities

17.1 Borrowings

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Secured		
Bank overdraft and cash credit {refer note (a) below}	39	30
Unsecured		
Loan from bank and cash credit {refer note (b) below}	13	626
Commercial paper {refer note 41 and note (c) below}	104	50
	156	**706**

(a) *Secured against the Company's inventory, receivables and movable fixed assets on pari-passu basis. The interest rate on the overdraft varies from 8.30% to 8.95% per annum and is payable at monthly intervals. (Previous year secured against the Corporate Guarantee issued by Titan Company Limited at an interest rate of 0.5% per annum)*

(b) *The interest rate on the cash credit facilty is 7.7% p.a. The interest is payable at monthly intervals. (Previous year the loan had a tenure ranging from 24 days to 31 days. The interest rate varies from 7.45% to 8.85% per annum).*

(c) *Commmercial papers are issued with 5.8% effective interest rate for a tenure of 2 to 6 months*

17.2 Gold on loan

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Secured#		
Payable to banks* {refer note (a) below}	2,003	657
Unsecured		
Payable to banks*	2,207	928
	4,210	**1,585**

 # Secured against letter of credit, inventories and receivables.

** Includes amounts payable against gold purchased from various banks under Gold on loan scheme. The interest rate of the same varies from 1.45% to 3.00 % per annum (Previous year: 1.45% to 2.82%) and is payable at monthly intervals. The credit period under the aforesaid arrangement is 180 days from the date of the delivery of gold.*

17.3 Lease liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Lease liabilities (refer note 29)	197	187
	197	**187**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

17.4 Trade payables

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Total outstanding dues of micro and small enterprises {Refer note (a) below}	167	68
Total outstanding dues of other than micro and small enterprises	622	529
	789	**597**

Note a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year:		
- Principal	167	68
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.*	51	18
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.	0	0

** The payment was made beyond appointed day due to delay in receipt of invoices. Accordingly, management believes that no interest is payable on the same.*

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

17.5 Other financial liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Unclaimed dividends {refer note (a) below}	11	11
Payables on purchase of property, plant and equipment	15	8
Current maturities of long term debt {refer note (c) below}	7	11
Derivative instruments other than in designated hedge accounting relationships	1	3
Other financial liabilities		-
- Employee related	174	149
- Others {refer note (b) below}	31	37
	239	**219**

Notes:

(a) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 0.11 crores (Previous year: ₹ 0.07 crores) and therefore amounts relating to the same have not been transferred.

(b) Previous year ended 31st March 2020 includes ₹ 21 crores, being the change in measurement of defined benefit plans due to impairment in the value of investments made in securites of Dewan Housing Finance Corporation Limited, Reliance Capital Limited, IL&FS Transportation Networks Limited and IL&FS Financial Services Limited by the trusts' managing the defined benefit plans of the Group.

(c) Secured against the Corporate Guarantee issued by Titan Company Limited.

18 Other current liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Advance from customers	407	306
Golden harvest scheme (deposit)	1,075	1,485
Liability towards award credit for customers	72	80
Statutory dues (TDS, PF, etc.)	38	20
Contract liability {refer note (a) below}	133	143
Other liabilities (gift card liability, book overdraft)	288	172
	2,013	**2,206**

a) Contract liability represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. Thus, it represents the value of sales the Company estimates to be returned on account of sales return.

Notes to the Consolidated Financial Statements
for the year ended 31st March 2021

19 Provisions

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for compensated absences {refer note 32 (c)}	20	37
Provision for gratuity {refer note 32 (b)}	1	72
Provision for warranty { refer note (a) below}	9	11
	30	**120**

Note (a): Provision for warranty

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Opening balance	11	9
Provisions made during the year	6	9
Utilisations/ reversed during the year	(8)	(7)
Provision at the end of the year	**9**	**11**

20 Revenue from operations

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Sale of products		
Manufactured goods		
Watches	1,180	2,030
Jewellery	14,511	13,731
Eyewear	218	86
Others	339	454
	16,248	**16,301**
Traded goods		
Watches	349	502
Jewellery	3,234	3,324
Eyewear	143	452
Others	93	178
	3,819	**4,456**
Total - Sale of products (a)	**20,067**	**20,757**
Income from services provided (b)	**21**	**11**
Other operating revenue		
Indirect tax incentive {refer note (a) below}	24	64
Sale of precious / semi-precious stones	51	126
Sale of gold / platinum	1,467	82
Scrap sales	14	12
Total - Other operating revenue (c)	**1,556**	**284**
Revenue from operations (a+b+c)	**21,644**	**21,052**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

a) Represents benefits accrued on account of budgetary support for the existing eligible units under different industrial promotion schemes.

b) Include sale of gold-ingots aggregating ₹ 1,355 crores (Previous year: Nil) to various customers dealing in bullion.

c) As per the requirements of Ind AS 115, the Group disaggregates revenue based on line of business, geography (as given in Note 27) and between manufactured and traded goods as given above.

d) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price:

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Contracted price	25,563	25,575
Reductions towards variable consideration components	3,919	4,523
Revenue recognised	**21,644**	**21,052**

The reduction towards variable consideration comprises of scheme discounts, incentives, taxes etc.

21 Other income

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest income on financial assets carried at amortised cost	38	63
Interest income on income tax refund	7	17
Gain on investments carried at fair value through profit and loss	35	32
Gain on of investment in joint venture	22	-
Interest income on sub-lease	16	18
Miscellaneous income {refer note (a) below}	68	23
	186	**153**

a) Miscellaneous income includeds gain on preclosure of lease contract and lease concessions (net) as defined in note 29.2(c).

22 Changes in inventories of finished goods, stock-in-trade and work-in-progress

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Closing stock		
Finished goods	6,082	4,648
Work-in progress	375	354
Stock-in-trade	58	1,635
	6,515	**6,637**
Opening stock		
Finished goods	4,648	4,006
Work-in progress	354	278
Stock-in-trade	1,635	1,475
	6,637	**5,759**
(Increase) / decrease in inventory	**122**	**(878)**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

23 Employee benefits expense

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Salaries, wages and bonus	926	1,042
Contribution to provident and other funds		
- Gratuity {refer note 32 (b)}	29	20
- Provident and other funds {refer note 32 (a) and 32 (b) }	48	51
Staff welfare expenses	62	86
Employee stock compensation expense (refer note 34)	0	0
	1,065	**1,199**

24 Finance costs

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest expense on :		
Borrowings#	34	23
Interest on lease liability	114	106
Gold on loan*	55	37
Others	0	0
	203	**166**

 # Includes interest paid for unsecured commercial paper borrowed during the year. The interest rate ranges from 3.35% to 5.8% and payable within a period of 3 to 6 months.

**Refer note 17.2*

25 Depreciation and amortisation expense

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation of property, plant and equipment (refer note 3)	166	160
Amortisation of intangible assets (refer note 4, 6)	209	188
	375	**348**

Notes to the Consolidated Financial Statements
for the year ended 31st March 2021

26 Other expenses

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Loose tools, stores and spare parts consumed	26	52
Agency labour	89	128
Power and fuel	37	52
Repairs and maintenance		
- buildings	5	8
- plant and machinery	16	25
- others	5	2
Advertising	288	560
Selling and distribution expenses	587	675
Insurance	18	10
Rent	2	28
Rates and taxes	12	9
Travel	9	53
Bad trade receivables and advances written off	1	1
Less : Provision released	1	0
	-	**1**
Provision for doubtful trade receivables and doubtful other financial assets {refer note (d) below}	35	3
Loss on sale / disposal / scrapping of property, plant and equipment (net)	6	-
Gold price hedge ineffectiveness {refer note (e) below}	739	60
Legal and professional charges {refer note (b) below}	113	138
Expenditure on corporate social responsibility {refer note (c) below}	40	32
Miscellaneous expenses {refer note (a) below}	379	393
Directors' fees	1	1
Commission to non Whole-time Directors	3	4
Provision for asset write off of a subsidiary {refer note (f) below}	31	-
	2,441	**2,231**

Notes:

a) Includes exchange (gain) / loss (net) of ₹ Nil (Previous year: ₹ 3 crore)

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
b) Auditors remuneration comprises fees for audit of :		
Statutory account	2	2
Other services including tax audit and out of pocket expenses	1	1
Total	**3**	**3**

c) Corporate Social Responsibility:

(i) Gross amount required to be spent towards corporate social responsibility by the group during the year: ₹ 40 crore (Previous year ₹ 31 crore).

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

(ii) Amount spent during the year on:

	In cash	Yet to be paid in cash	Total
- Construction/acquisition of any asset	-	-	-
- On purposes other than above	40	-	40
	40	**-**	**40**

d) Based on its assessment of recoverability, the Group has made a provision of ₹ 34 crores against receivables from one of the brokers with whom the Company was transacting. The Group, however, continues to monitor the developments in this matter and necessary legal action is being taken in this regard to recover the amount deposited.

e) During the year the Group has recognized a loss of ₹ 739 crores (Previous year: ₹ 60 crores) under Other expenses as a result of change in the cash flow hedging relationship due to increase in sales compared to the original sales forecast and availment of the moratorium offered on the Gold on Loan (GOL). This had led to preclosures of hedge contracts originally designated against sales in the subsequent quarters and redesignation of certain open contracts. Consequently, these hedging contracts have been accounted as ineffective hedges as required under Ind AS 109 – Financial Instruments. If the hedge contracts utilised during the period had been concluded to be effective as per the principles contained in Ind AS 109, these losses would have to be disclosed as a reduction of revenues.

f) Provision for asset write off includes amounts pertaining to Property, plant and equipments, Other intangible assets (Trademarks), Inventory and Trade receivables for a subsidiary - Favre Leuba AG, Switzerland.

27 Segment information

a) Description of segments: The Company's Chief Operating Decision Maker (CODM) examines the performance both from a product perspective and geography perspective and has identified the reportable segments Watches and wearables, Jewellery, Eyewear and Others, where 'Others' include Aerospace & Defence, Automation Solutions, Accessories, Fragrances and Indian dress wear. The CODM is Managing Director.

Corporate (unallocated) represents 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 crores

	Revenue		Profit / (loss)	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Watches and wearables	1,587	2,622	(132)	316
Jewellery	19,320	17,319	1,701	2,051
Eyewear	375	544	23	(14)
Others	457	635	(5)	19
Corporate (unallocated)	91	85	(57)	(104)
	21,830	**21,205**	**1,530**	**2,268**
Finance costs			203	166
Profit before taxes			**1,327**	**2,102**

There is no inter segment revenue.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

c) Profit / (Loss) from segments before exceptional items, finance costs and taxes are as below:

₹ in crores

Segment	For the year ended 31st March 2021	For the year ended 31st March 2020
Watches and wearables	(132)	316
Jewellery	1,701	2,051
Eyewear	23	(14)
Others	(5)	19
Corporate (unallocated)	(57)	(104)
Total	**1,530**	**2,268**

d) Segment assets and liabilities

₹ in crores

Segment assets	As at 31st March 2021	As at 31st March 2020
Watches and wearables	1,960	2,218
Jewellery	9,459	8,904
Eyewear	414	495
Others	661	710
Corporate (unallocated)	3,958	1,223
	16,452	**13,550**

₹ in crores

Segment liabilities	As at 31st March 2021	As at 31st March 2020
Watches and wearables	683	783
Jewellery	7,630	4,811
Eyewear	221	234
Others	227	242
Corporate (unallocated)	189	807
	8,950	**6,877**

e) Other segment information

₹ in crores

	Depreciation and amortisation	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Watches and wearables	87	89
Jewellery	149	138
Eyewear	49	47
Others	43	33
Corporate (unallocated)	47	41
	375	**348**

Notes to the Consolidated Financial Statements

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28 Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit for the year (₹ crore)	973	1,501
Weighted average number of equity shares	88,77,86,160	88,77,86,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	10.96	16.91

29 Leases

29.1 Amounts recognised in balance sheet

Particulars	Note	As at 31st March 2021	As at 31st March 2020
(i) Right-of-use assets	4		
Buildings		885	901
Leasehold land		22	23
Plant and machinery		10	11
		917	**935**
(ii) Lease liabilities			
Non-current	14.2	1,059	1,056
Current	17.3	197	187
		1,256	**1,243**
(iii) Lease receivables			
Non-current	7.3	205	191
Current	11.5	29	29
		234	**220**

29.2 Amounts recognised in the statement of profit and loss

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
(i) Depreciation and amortisation expense	4		
Buildings		174	163
Leasehold land		1	1
Plant and machinery		1	0
		176	**164**
(ii) Interest expense (included in finance cost)	24	114	106
(iii) Interest income on sub-lease (included in other income)	21	16	18
(iv) Expense relating to short-term leases	26	29	18
(v) Expense relating to variable lease payments	26	4	10
(vi) Rent concessions received during the year {refer note (c) below}	21	61	-

(a) Short-term leases has been accounted for applying Paragraph 6 of Ind AS 116- Leases and accordingly recognised as expense in the statement of profit and loss.

(b) The total cash outflow for the year ended 31st March 2021 amounts to ₹ 274 crores (Previous year: ₹ 302 crores).

Notes to the Consolidated Financial Statements

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(c) The Group has renegotiated with certain landlords on the rent concession due to COVID 19 pandemic. These rent concessions are short term in nature and meets the other conditions specified in the notification issued by the Central Government in consultation with National Financial Reporting Authority dated 24th July 2020 as Companies (Indian Accounting Standards) Amendment Rules, 2020 with effect from 1st April 2020. Thus, in accordance with the said notification, the Company has elected to apply exemption as the concession does not necessitate a lease modification as envisaged in the Standard by recording in the "Other income".

29.3 Additional information on variable lease payment:

During the year ended 31st March 2021, the Group has incurred an amount of ₹ 4 crores (Previous year: ₹ 10 crores) on account of variable lease payments. Variable payment terms ranges from 0.50% to 28% of net sales from a particular store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores and stores in malls. Excess of variable lease payments that depend on sales, over the fixed rental, are recognised in the statement of profit or loss in the period in which the condition that triggers those payments occur.

29.4 Additional information on extension/ termination options:

Extension and termination options are included in a number of property lease arrangements of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable based on mutual consent of the Company and respective lessors.

30 Contingent liabilities and commitments

Contingent liabilities not provided for - ₹ 366 crores (Previous year: ₹ 352 crores) comprising of the following:

a) Sales tax - ₹ 42 crores (Previous year: ₹ 35 crores)
(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs duty - ₹ 5 crores (Previous year: ₹ 5 crores)
(relating to denial of benefit of exemptions)

c) Excise duty - ₹ 134 crores (Previous year: ₹ 138 crores)
(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 - ₹ 176 crores (Previous year: ₹ 166 crores)
(relating to disallowance of deductions claimed)

e) Others - ₹ 9 crores (Previous year: ₹ 9 crores)
(relating to miscellaneous claims)

f) Claims not acknowledged as debts ₹ 0 crores (Previous year: ₹ 0 crores)
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.

g) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act,1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group has made a provision for provident fund contribution based on its interpretation of the said judgement, wherever applicable. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

31 Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 70 crores (Previous year: ₹ 103 crores)

32 Employee benefits

a) Defined Contribution Plans

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

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
National pension scheme	2	2
Superannuation fund #	8	9
Employee pension fund	11	12
	21	**23**

b) Defined Benefit Plans

The expense recognized in the statement of profit and loss during the year are as under: ₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Provident fund*	27	28
Superannuation fund #	-	-
	27	**28**

** 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.*

During the previous year ended 31st March 2020, the Group has charged ₹ 21 crores, being the change in measurement of defined benefit plans, in other comprehensive income due to impairment in the value of investments made in various securites by the trusts' managing the defined benefit plans of the Company (refer note 17.5)."

 # During the previous year ended 31st March 2020, the Group has changed its policy on allocable return from investment of the Superannuation fund trust wherein the Group does not have an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the equivalent Provident Fund interest rate for that year.

i) Gratuity (Funded)

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

The gratuity benefit of the Caratlane is non-funded.

The plan is defined benefit plan which is sponsored by the Group and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Group that an adverse salary growth or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longetivity risks.

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for the year ended 31st March 2021

The principal assumptions used for the purposes of the actuarial valuations were as follows:

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Discount rate (p.a.)	5.30% - 6.90%	6.06% - 6.90%
Salary escalation rate (p.a.)		
-Non-management	6.50% - 7.00%	7.00% - 7.31%
-Management	7% - 8.5%	8% - 10%

- The retirement age of employees of the Company varies from 58 to 65 years.
- The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2012-14) Ult table.
- Rates of leaving service (leaving service due to disability included) at specimen ages for the Company and Titan Engineering & Automation Limited ('TEAL') are as shown below:

₹ in crores

Age (Years)	Rates (p.a.)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
21-44	6%	6%
45 and above	2%	2%

- Rate of leaving service (leaving service due to disability included) for Caratlane Trading Private Limited is 10.34% to 25.82% for various categories of employees (Previous year: 9.42% to 23.53%).

Components of defined benefit costs recognised in the Consolidated statement of profit and loss are as follows:

₹ in crores

Particulars	For the year ended 31st March 2021		For the year ended 31st March 2020	
	Funded	Non Funded	Funded	Non Funded
Current service cost	24	1	18	0
Past service cost	-	-	-	-
Interest on net defined benefit liability/ (asset)	4	-	2	-
(Gains) / losses on settlement	-	-	-	-
Total component of defined benefit costs charge to the statement of consolidated profit and loss	**28**	**1**	**20**	**0**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

Components of defined benefit costs recognised in other comprehensive income are as follows:

₹ in crores

Particulars	For the year ended 31st March 2021		For the year ended 31st March 2020	
	Funded	Non Funded	Funded	Non Funded
Opening amount recognised in Other comprehensive Income outside the consolidated statement of profit and loss	76	1	24	1
Remeasurements during the period due to:			-	-
- Adjustment on account of sale of Subsidiary	-	-	-	-
- Changes in financial assumptions*	(13)	-	25	-
- Changes in demographic assumptions	-	-	(4)	-
- Experience adjustments	(19)	-	29	-
- Actual return on plan assets less interest on plan assets	(14)	-	1	-
Closing amount recognised in other comprehensive income	**30**	**1**	**76**	**1**

** Other comprehensive income disclosed above is gross of tax.*

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 remeasurement of the net defined liability is included in other comprehensive income.

** Includes an amount of ₹ 21 crores charged by the Group, being the change in measurement of defined benefit plans, in other comprehensive income during the year ended 31st March 2020 due to impairment in the value of investments made in securites of Dewan Housing Finance Corporation Limited, IL&FS Transportation Networks Limited and IL&FS Financial Services Limited by the trusts' managing the defined benefit plans of the Group.*

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 crores

Particulars	As at 31st March 2021		As at 31st March 2020	
	Funded	Non Funded	Funded	Non Funded
Opening net defined benefit liability/ (asset)	71	3	37	2
Expense charged to the consolidated statement of profit and loss	29	1	20	1
Amount recognised outside the consolidated statement of profit and loss	(49)	-	52	-
Benefits paid	-	-	-	-
Employer contributions	(70)	-	(37)	(0)
Closing net defined benefit liability/ (asset)	**(19)**	**4**	**71**	**3**

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Movements in the present value of the defined benefit obligation are as follows:

₹ in crores

Particulars	As at 31st March 2021		As at 31st March 2020	
	Funded	Non Funded	Funded	Non Funded
Opening defined benefit obligation	341	3	271	2
Current service cost	25	1	18	1
Past service cost	-	-	-	-
Interest cost	23	-	20	0
Remeasurement due to	-	-	-	-
- Actuarial gains and losses arising from changes in demographic assumptions	(1)	-	(2)	-
- Actuarial gains and losses arising from changes in financial assumptions	(13)	-	23	-
- Actuarial gains and losses arising from experience adjustments	(20)	-	29	0
Benefits paid	(13)	-	(18)	(0)
Closing defined benefit obligation	**342**	**4**	**341**	**3**

Movements in the fair value of plan assets are as follows:

₹ in crores

Particulars	As at 31st March 2021		As at 31st March 2020	
	Funded	Non Funded	Funded	Non Funded
Opening fair value of plan assets	270	-	234	-
Employer contributions	71	-	37	-
Interest on plan assets	19	-	18	-
Remeasurements due to actuarial return on plan assets less interest on plan assets	15	-	(1)	-
Benefits paid	(13)	-	(18)	-
Closing fair value of plan assets	**362**	**-**	**270**	**-**

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 crores

Particulars	As at 31st March 2021		
	Discount rate	Salary growth	Attrition rate
Defined benefit obligation on plus 50 basis points	331	363	340
Defined benefit obligation on minus 50 basis points	363	331	348

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₹ in crores

Particulars	As at 31st March 2020		
	Discount rate	Salary growth	Attrition rate
Defined benefit obligation on plus 50 basis points	329	360	338
Defined benefit obligation on minus 50 basis points	362	328	346

Maturity profile of defined benefit obligation

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
With in year 1	21	21
1 year to 2 years	17	17
2 years to 3 years	20	17
3 years to 4 years	19	21
4 years to 5 years	28	20
Over 5 years	626	653

The Company is expected to contribute ₹ 19 crores to the gratuity fund next year.

A split of plan asset between various asset classes is as below:

₹ in crores

Particulars	As at 31st March 2021		As at 31st March 2020	
	Quoted	Unquoted	Quoted	Unquoted
Government debt instruments	158	-	149	-
Other debt instruments	174	-	108	-
Entity's own equity instruments	20	-	14	-
Others	-	10	-	(1)
	352	**10**	**271**	**(1)**

c) Unfunded

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

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Compensated absences		
Non-current	123	133
Current	20	37
	143	**170**

33 Research and Development expenses

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Expenditure at the Department of Scientific and Industrial Research approved Research and development centers		
Capital	2	2
Revenue	20	22
	22	**24**

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34 Note on Employee Stock Option Plan

During the financial year 2017-18, Caratlane Trading Private Limited (CTPL) introduced Caratlane Stock Option Plan 2017 ('the Plan'). This Plan supersedes 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

c. Senior Management Stock Option Scheme, 2012

As per the plan, 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 70,000 options to employees.

A maximum of 714,017 options are issuable under this plan. The movement in options issued are as below:

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Outstanding at the beginning of the year	4,88,800	4,62,600
Options granted during the year	70,000	77,000
Options forfeited during the year	(5,600)	(38,800)
Options exercised during the year	(1,200)	(12,000)
Outstanding at the end of the year	**5,52,000**	**4,88,800**
Options exercisable at the end of the year	4,36,900	3,35,020
Weighted average excercise price per option (₹)	83.51	48.19

Fair value measurement

The fair value at grant date is determined using the Black-Scholes-Merton Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The key inputs used in Black-Scholes-Merton 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 2021 and 31st March 2020 under the Caratlane stock Options Plan was 6 years and 7 years respectively.

The fair value of the options is estimated on the date of grant using the Black-Scholes-Merton Model with the following assumptions:

₹ in crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
No of options granted	70,000	77,000
Date of grant	28-Jan-21	21-Oct-19
Vesting period	4 years	4 years
Dividend yield (%)	-	-
Volatility rate (%)	-	-
Risk free rate	5.97%	6.30%
Expected life of options (years)	5.5	5.5
Weighted average fair value of options per share (₹)	474	328

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The stock price of CTPL is arrived using the last round of funding closest to the grant date. Implied volatility is the unit at which the price of shares of peer listed companies has fluctuated during the past period. The expected time to maturity/ expected life of the options is the period for which the CTPL expects the options to be alive, which has been taken as 10 years subject to adjustment of time lapses from the date of grant. The risk free rate considered for calculation is based on the yield on Government Securities for 10 years as on the date of valuation.

35 Related parties

i) Relationships

a)	Promoters	Tamilnadu Industrial Development Corporation Limited	
		Tata Sons Private Limited	
b)	Joint venture	Montblanc India Retail Private Limited (up to 12th March 2021)	
d)	Associate	Green Infra Wind Power Theni Limited	
e)	Key management personnel	Mr. Bhaskar Bhat, Managing Director (up to 30th September 2019)	
		Mr. C K Venkataraman, Managing Director (from 1st October 2019)	
		Mr. S.Subramaniam, Chief Financial Officer	
		Mr. Dinesh Shetty, General Counsel and Company Secretary	
		Non - executive Directors	
		Mr. N. Muruganandam (Chairman)	
		Mr. Bhaskar Bhat	
		Dr. Mohanasankar Sivaprakasam	
		Mrs. Kakarla Usha	
		Mr. N N Tata	
		Mrs. Hema Ravichandar (up to 31st July 2020)	
		Mrs. Ireena Vittal (up to 30th September 2020)	
		Mr. Ashwani Puri	
		Mr. B Santhanam	
		Mr. V Arun Roy	
		Mr. Pradyumna Rameshchandra Vyas	
		Ms. Sindhu Gangadharan (from 8th June 2020)	
		Mr. Sandeep Singhal (from 11th November 2020)	
f)	Group entities (Wherever there are transactions)	Tata Capital Financial Services Limited	Tata West Asia FZE
		Tata Capital Housing Finance Limited	Tata Unistore Limited
		Infiniti Retail Limited	Tata Consultancy Services Limited
		Kriday Realty Private Limited	Tata Housing Development Company Limited
		Tata International Limited	Smart Value Homes (Peenya Project) Private Limited
		Tata Limited	Tata Capital Limited
		Tata AIG General Insurance Company Limited	Tata Sky Limited
		Tata Industries Limited	Promont Hilltop Private Limited
		Tata Value Homes Limited	Tata Interactive Systems AG
		Ardent Properties Private Limited	Tata Advanced Material Limited
		Tata AIA Life Insurance Company Limited	Tata Autocomp Systems Limited
		Tata Teleservices (Maharashtra) Limited	Tata Teleservices Limited
		Tata Cleantech Capital Limited	Sector 113 Gatevida Developers Private Limited
		Tata Realty and Infrastructure Limited	Tata Electronics Private Limited
		AirAsia (India) Limited	
g)	Post employee benefit plan entities	Titan Watches Provident Fund	
		Titan Watches Super Annuation Fund	
		Titan Industries Gratuity Fund	

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for the year ended 31st March 2021

ii) Related party transactions during the year :

₹ in crores

	Relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
Purchase of property, plant and equipment			
Infiniti Retail Limited	Group entity	0	0
Purchases of services (other expenses)			
Tata Sons Private Limited	Promoter	0	-
Tata Consultancy Services Limited	Group entity	20	14
Tata AIG General Insurance Company Limited	Group entity	0	0
Tata Unistore Limited	Group entity	-	4
Others	Group entity	2	2
Revenue from operations			
Tata Sons Private Limited	Promoter	0	0
Tata Consultancy Services Limited	Group entity	23	76
Tata Electronics Private Limited	Group entity	8	-
Others	Group entities	3	1
Rent			
Tata Sons Private Limited	Promoter	0	1
Power and fuel			
Green Infra Wind Power Theni Limited	Associate	3	3
Dividend paid			
Tamilnadu Industrial Development Corporation Limited	Promoter	99	124
Tata Sons Private Limited	Promoter	74	93
Key managerial personnel compensation			
Commission and sitting fees	Promoter	1	1
Commission and sitting fees	KMP	6	3
Managerial remuneration	KMP	12	22
Pension paid	Others	1	1
Miscellaneous expense			
Tata Sons Private Limited (Royalty)	Promoter	31	32
Tata Electronics Private Limited	Group entities	0	-

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₹ in crores

	Relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
Reimbursement towards rendering of services / expenses			
Tata Sons Private Limited	Promoter	0	0
Tata Consultancy Services Limited	Group entity	1	-
Others		1	0
Recovery towards rendering of services			
Montblanc India Retail Private Limited	Joint venture	1	1
Tata Electronics Private Limited	Group entity	3	-
Others		0	1
Inter-corporate deposit placed			
Tata Housing Development Company Limited	Group entity	-	50
Tata Realty and Infrastructure Limited	Group entity		50
Tata Value Homes Limited	Group entity	50	-
Inter-corporate deposit redeemed			
Tata Value Homes Limited	Group entity	50	-
Tata Housing Development Company Limited	Group entity	-	100
Tata Capital Financial Services	Group entity	-	50
Tata Realty and Infrastructure Limited	Group entity		50
Interest income			
Tata Housing Development Company Limited	Group entity	-	3
Tata Capital Financial Services	Group entity	-	1
Tata Realty and Infrastructure Limited	Group entity	-	1
Tata Value Homes Limited	Group entity	3	-
Subscription to share capital			
Montblanc India Retail Private Limited	Joint venture	-	8
Contribution to Trust funds			
Titan Watches Provident Fund	Others	91	89
Titan Watches Super Annuation Fund	Others	9	4
Titan Industries Gratuity Fund	Others	71	37

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iii) Related party closing balances as on balance sheet date:

₹ in crores

	Relationship	As at 31st March 2021	As at 31st March 2020
Outstanding - net receivables / (payables)			
Tamilnadu Industrial Development Corporation Limited	Promoter	-	(1)
Tata Sons Private Limited	Promoter	(28)	(24)
Tata Consultancy Services Limited	Group entity	(1)	-
Tata Capital Financial Services	Group entity	0	0
Bhaskar Bhat	Others	-	(3)
C K Venkataraman	KMP	(4)	(2)
Others		(3)	(3)
Tata Electronics Private Limited	Group entities	2	-
Montblanc India Retail Private Limited	Joint venture	-	0
Tata Consultancy Services Limited	Group entity	0	9
Tata Housing Development Company Limited	Group entity	0	0
Others	Group entities	1	1

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.

c) The above figures do not include provisions for encashable leave, gratuity and pension, as separate actuarial valuation are not available.

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36 Financial instruments

36.1 Categories of financial instruments

Financial assets

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Measured at fair value through profit or loss (FVTPL)		
Designated as FVTPL-Equity investments and mutual funds	2,815	130
Total financial assets measured at FVTPL (a)	**2,815**	**130**
Measured at amortised cost		
- Trade receivables	366	312
- Cash and cash equivalents	181	75
- Bank balances other than cash and cash equivalents	379	306
- Inter-corporate deposits	50	-
- Security deposits	148	141
- Investment in non-convertible debentures	5	-
- Employee loans	69	68
- Other financial assets	406	654
Total financial assets measured at amortised cost (b)	**1,604**	**1,556**
Derivative instruments in designated hedge accounting relationships (c)	**-**	**-**
Derivative instruments other than in designated hedge accounting relationships (d)	**3**	**4**
Total financial assets (a + b + c + d)	**4,422**	**1,690**

Financial liabilities

₹ in crores

Particulars	As at 31st March 2021	As at 31st March 2020
Measured at fair value through profit or loss (FVTPL)		
- Derivative instruments other than in designated hedge accounting relationships	1	3
- Gold on loan	4,210	1,585
Total financial liabilities measured at FVTPL (a)	**4,211**	**1,588**
Measured at amortised cost		
- Borrowings	165	723
- Trade payables	789	597
- Lease liability	1,256	1,243
- Other financial liabilities	241	219
Total financial liabilities measured at amortised cost (b)	**2,451**	**2,782**
Derivative instruments in designated hedge accounting relationships (c)	**-**	**-**
Total financial liabilities (a+b+c)	**6,662**	**4,370**

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36.2 (i) Fair value hierarchy

This note explains about basis for determination of fair values of various financial assets and liabilities:

₹ in crores

Particulars	As at 31st March 2021			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Financial assets				
- Quoted investments at FVTPL	0	2,805	-	2,805
- Other unquoted investments	-	-	10	10
- Derivative instruments other than in designated hedge accounting relationships	-	3	-	3
Total financial assets	**-**	**2,808**	**10**	**2,818**
Financial liabilities				
- Gold on loan	4,210	-	-	4,210
- Derivative instruments in designated hedge accounting relationship	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	1	-	1
Total financial liabilities	**4,210**	**1**	**-**	**4,211**

₹ in crores

Particulars	As at 31st March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value				
Financial assets				
- Quoted investments at FVTPL	0	114	-	114
- Other unquoted investments	-	-	16	16
- Derivative instruments other than in designated hedge accounting relationships	-	3	-	3
Total financial assets	**-**	**117**	**16**	**133**
Financial liabilities				
- Gold on loan	1,585	-	-	1,585
- Derivative instruments in designated hedge accounting relationship	-	-	-	-
- Derivative instruments other than in designated hedge accounting relationships	-	3	-	3
Total financial liabilities	**1,585**	**3**	**-**	**1,588**

(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.

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- the fair value of foreign currency option contracts is determined using option prices obtained from banks.
- the fair value of remaining financial instruments is determined using market comparables, discounted cash flow analysis.

(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 11.2 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.

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.

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The tables have been drawn on an undiscounted basis based on the earliest date on which the Company can be required to pay.

₹ in crores

Contractual maturities of financial liabilities	As at 31st March 2021			
	Less than 3 months	3 to 12 months	More than 12 months	Total
Borrowings	98	58	9	165
Gold on loan	1,863	2,347	-	4,210
Trade payables	768	21	-	789
Lease liability	54	143	1,059	1,256
Other financial liabilities	225	14	3	242
Total non-derivative liabilities	**3,008**	**2,583**	**1,071**	**6,662**
Derivatives (net settled)				
Derivative instruments other than in designated hedge accounting relationships	1	-	-	1
Total derivative liabilities	**1**	**-**	**-**	**1**

₹ in crores

Contractual maturities of financial liabilities	As at 31st March 2020			
	Less than 3 months	3 to 12 months	More than 12 months	Total
Borrowings	681	25	17	723
Gold on loan	378	1,207	-	1,585
Trade payables	595	1	-	596
Lease liability	149	38	1,056	1,243
Other financial liabilities	211	4	4	219
Total non-derivative liabilities	**2,014**	**1,275**	**1,077**	**4,366**
Derivatives (net settled)				
Derivative instruments other than in designated hedge accounting relationships	3	-	-	3
Total derivative liabilities	**3**	**-**	**-**	**3**

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 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.

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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 crores

Particulars	Average rate (Per gram)	Quantity of hedge instruments (KGS)	Nominal amount
31st March 2021	4,485	2,386	1,072
31st March 2020	4,296	8,607	3,697

- 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 2021 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 crores

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Balance at beginning of the year (Net of tax)	**(160)**	**27**
Movement in cash flow hedges during the year		
Changes in fair value of effective portion of cash flow hedges	(109)	(536)
Deferred tax on fair value of effective portion of cash flow hedges	29	143
Cumulative gain/(loss) arising on changes in fair value of cash flow hedges reclassified to the consolidated statement of profit and loss	343	281
Deferred tax on gain/(loss) arising on changes in fair value of cash flow hedges reclassified to the consolidated statement of profit and loss	(91)	(75)
Movement in cash flow hedges	**234**	**(255)**
Deferred tax on movement in cash flow hedge	**(62)**	**68**
Balance at end of the year (net of taxes)	**12**	**(160)**

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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%	(0)
Titan Engineering & Automation Limited	0.5%	(0)
Caratlane Trading Private Limited	1.0%	(0)

36.7 The Group's exposure to Forward foreign exchange contracts at the end of the reporting year are as follows:

The Group has 11 forward exchange contracts in USD 0.4 crores equivalent to ₹ 29 crores as at 31st March 2021 (Previous year: no forward exchange contracts).

In addition to the above, the Group has 6 Option contract in USD 2 crores equivalent to ₹ 128 crores (Previous year : 6 Option contracts in USD 2 crores equivalent to ₹ 137 crores).

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37 Details of Inter-corporate deposits given and investments made during the year:

₹ in crores

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2020	Given during the year	Receipt during the year	Provision for impairment	As at 31st March 2021
Inter-corporate deposits										
IL & FS Financial Services Limited	Others	Unsecured	Trade deposits	8.75%	6 months	95	-	-	95	-
Infrastructure Leasing & Financial Services Limited	Others	Unsecured	Trade deposits	8.55%	6 months	50	-	-	50	-
Tata Value Homes Limited	Group entity	Unsecured	Trade deposits	7.50%	9 months	-	50	50	-	-
Tata Projects Limited	Others	Unsecured	Trade deposits	7.30%	8 months	-	50	50	-	-
HDFC Limited	Others	Unsecured	Trade deposits	4.50%	9 months	-	50	-	-	50
						145	**150**	**100**	**145**	**50**

₹ in crores

Particulars	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2020	Loans given during the year	Loans recovered during the year	As at 31st March 2021
Loan to company franchisees and vendors*	Franchisees & Vendors	Unsecured	Business support	4.00%	12 months	-	97	94	3

** During the year the Group has given loans to its franchisees and vendors to support them during the pandemic crisis.*

₹ in crores

Name of the entity	Nature of relationship	Purpose	As at 1st April 2020	Investment made during the year	Share of Profit / (loss) during the year	Investment sold during the year	As at 31st March 2021
Investments							
Investment in equity instruments (unquoted)							
Montblanc India Retail Private Limited	Joint venture	Strategic investment	26	-	(5)	(22)	-
Green Infra Wind Power Theni Limited	Associate	Strategic investment	3	-	0	-	3
			29	**-**	**(5)**	**(22)**	**3**

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₹ in crores

Name of the entity	Nature of relationship	Purpose	As at 1st April 2020	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2021
Investments						
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited*	Others	Wealth creation	0	0	-	0
Tata Steel Limited*	Others	Wealth creation	0	0	-	0
Tata Consumer Products Limited (formerly known as Tata Global Beverages Limited)*	Others	Wealth creation	0	0	-	0
Tata Chemicals Limited*	Others	Wealth creation	0	0	-	0
Trent Limited*	Others	Wealth creation	0	0	-	0
Other investments in equity instruments (unquoted)						
Innoviti Payment Solutions Private Limited	Others	Strategic investment	16	-	5	11
Green Infra Wind Generation Limited	Others	Wealth creation	0	-	-	0
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	0	-	-	0
Investments in non-convertible debentures carried at amortised cost - unquoted						
Investment in non convertible debentures	Others	Wealth creation	-	5	-	5
			16	**5**	**5**	**16**

** The movement is on account of fair valuation as at the year end.*

Details of Inter-corporate deposits given and investments made during the previous year:

₹ in crores

Name of the entity	Nature of relationship	Secured/ unsecured	Purpose	Rate of interest	Term	As at 1st April 2019	Given during the year	Receipt during the year	Provision for impairment	As at 31st March 2020
Inter-corporate deposits										
IL & FS Financial Services Limited	Others	Unsecured	Trade deposits	8.75%	6 months	95	-	-	95	-
Infrastructure Leasing & Financial Services Limited	Others	Unsecured	Trade deposits	8.55%	6 months	50	-	-	50	-
Tata Housing Development Company Limited	Group entity	Unsecured	Trade deposits	8.40%	6 months	50	50	100	-	-
Tata Motors Finance Limited	Others	Unsecured	Trade deposits	8.15%	6 months	50	-	50	-	-
Tata Capital Financial Services	Group entity	Unsecured	Trade deposits	8.45%	6 months	50	-	50	-	-
Bajaj Finance Limited	Others	Unsecured	Trade deposits	8.20%	6 months	50	-	50	-	-
Tata Realty and Infrastructure Limited	Group entity	Unsecured	Trade deposits	8.40%	3 months	-	50	50	-	-
						345	**100**	**300**	**145**	**-**

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

₹ in crores

Name of the entity	Nature of relationship	Purpose	As at 1st April 2019	Investment made during the year	Share of Profit / (loss) during the year	As at 31st March 2020
Investments						
Investment in equity instruments (unquoted)						
Montblanc India Retail Private Limited	Joint venture	Strategic investment	23	8	(5)	**26**
Green Infra Wind Power Theni Limited	Associate	Strategic investment	2	-	1	**3**
			25	**8**	**(4)**	29

₹ in crores

Name of the entity	Nature of relationship	Purpose	As at 1st April 2019	Investment made during the year	Investment sold/ impaired during the year	As at 31st March 2020
Investments						
Investments in equity instruments (quoted)						
National Radio Electronics Company Limited*	Others	Wealth creation	0	0	-	0
Tata Steel Limited*	Others	Wealth creation	0	0	-	0
Tata Consumer Products Limited (formerly known as Tata Global Beverages Limited)*	Others	Wealth creation	0	0	-	0
Tata Chemicals Limited*	Others	Wealth creation	0	0	-	0
Trent Limited*	Others	Wealth creation	0	0	-	0
Other investments in equity instruments (unquoted)						
Innoviti Payment Solutions Private Limited	Others	Strategic investment	14	1	-	16
Green Infra Wind Generation Limited	Others	Wealth creation	0	0	-	**0**
Clean Windpower (Pratapgarh) Private Limited	Others	Wealth creation	0	0	-	0
			14	**1**	**-**	**16**

** The movement is on account of fair valuation as at the year end.*

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

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 crores

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	95.37%	7,554	103.90%	878	98.49%	206	102.83%	1,084
Subsidiaries:								
Indian								
1) Titan Commodity Trading Limited	0.03%	2	0.00%	0	0.00%	-	0.00%	0
2) Titan Engineering & Automation Limited	4.44%	352	3.56%	30	1.09%	2	3.07%	32
3) Caratlane Trading Private Limited	0.23%	18	0.19%	2	0.00%	0	0.15%	2
Foreign								
1) Favre Leuba AG	0.03%	2	-6.94%	(59)	0.43%	1	-5.48%	(58)
2) Titan Watch Company Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
3) Titan Holdings International FZCO	-0.03%	(2)	-0.12%	(1)	0.00%	-	-0.09%	(1)
4) Titan Global Retail L.L.C	-0.06%	(5)	-0.59%	(5)	0.00%	-	-0.47%	(5)
	100.00%	**7,921**	**100.00%**	**845**	**100.00%**	**209**	**100.00%**	**1,054**
Adjustment arising out of consolidation		(420)		133		-		133
		7,502		**978**		**209**		**1,187**
Associate:								
Green Infra Wind Power Theni Limited		1		0		-		0
Jointly controlled entity:								
Montblanc India Retail Private Limited		-		(5)		-		(5)
Sub-total		**7,503**		**973**		**209**		**1,182**
Non controlling interest in subsidiary								
Caratlane Trading Private Limited		(5)		1		-		1
		7,497		**974**		**209**		**1,183**

39 Impact of COVID-19 (Global pandemic):

The Group has considered the possible effects that may result from the global pandemic relating to COVID-19 on the consolidated financial statements of the Group. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these Consolidated financial statements has used internal and external sources of information. The Group has performed an analysis on the assumptions used and based on current estimates expects that the carrying amount of it's assets will be recovered. The impact of COVID-19 on the Group's consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

(i) Revenue from operations

While the Group believes strongly that it has a portfolio of business segments which will encourage healthy growth and gained market share from target customers, the impact on future revenue streams could come majorly from the following –

- customers postponing their discretionary spend due to change in priorities
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility
- postponement of capex by customers and Airline industry demand will have impact on our businesses

The Group has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

(ii) Leases

The Group does not foresee any large-scale contraction in demand which could result in significant downsizing of its boutiques and related employee base rendering the sales and allied function. The leases that the Group has entered with lessors are majorly towards properties used as boutique, offices etc. which are long term in nature and no material changes in terms of those leases are expected due to the COVID-19.

(iii) Credit risk

Financial instruments carried at fair value as at 31st March 2021 is ₹ 2,815 crores and financial instruments carried at amortised cost as at 31st March 2021 is ₹ 1,598 crores. A portion of the financial assets are classified as Level 1 having fair value of ₹ 3 crores as at 31st March, 2021. The fair value of these assets is marked to an active market which factors the uncertainties arising out of COVID-19. The financial assets carried at fair value by the Group are mainly investments in mutual funds and accordingly, any material volatility is not expected.

Financial assets of ₹ 560 crores as at 31st March 2021 carried at amortised cost is in the form of cash and cash equivalents, bank deposits and earmarked balances with banks where the Group has assessed the counterparty credit risk.

Trade receivables of ₹ 366 crores as at 31st March 2021 forms a part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk, if any, and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The same assessment is done in respect of contract assets of ₹ 99 crores as at 31st March 2021 while arriving at the level of provision that is required. Basis this assessment, the allowance for doubtful trade receivables of ₹ 9 crores as at 31st March 2021 is considered adequate.

(iv) Market risk

The Group, basis its assessment, believes that the probability of the occurrence of its forecasted transactions may be impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The impact of ineffectiveness in hedges will be evaluated and taken in the financial statements based on occurrence of the event leading to hedge ineffectiveness.

Notes to the Consolidated Financial Statements

for the year ended 31st March 2021

(v) Goodwill

Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than it's carrying amount. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. The financial projections basis which the future cash flows have been estimated consider the increase in economic uncertainties due to COVID-19, reassessment of the discount rates, revisiting the growth rates factored while arriving at terminal value and subjecting these variables to sensitivity analysis. If the recoverable amount of a CGU 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 on a pro-rata basis of the carrying amount of each asset in the unit.

40 Capital management

The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group 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 Group 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 Group. The Group is not subject to any externally imposed capital requirements.

41 Commercial paper

The following tables set forth, for the period indicated, details of commercial paper issued by Caratlane Trading Private Limited:

Maturities	0-1 Month	2-3 Months	4-6 Months
Face value	-	85	20
Carrying value	-	84	20

The following tables set forth, ratings assigned by credit rating agency for commercial paper instrument

Instrument	ICRA	BRICKWORKS
Caratlane Trading Private Limited (as at 31st March 2021)	A1+	-

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: 29 April 2021

for and on behalf of the Board of Directors

Bhaskar Bhat *Director*

C K Venkataraman *Managing Director*

S.Subramaniam *Chief Financial Officer*

Dinesh Shetty *General Counsel and Company Secretary*

Place: Bengaluru
Date: 29 April 2021