TITAN
COMPANY

32nd ANNUAL REPORT

2015-16


Calligraphy
by
NEBULA
18K SOLID GOLD WATCHES
BY TITAN
Words can be beautiful, even more so when artistically brought alive. Titan presents Calligraphy by NEBULA to you, as an art to be admired on your wrist.
NEBULA
5524DM01
O&M/747/31/16

TITAN
JUXT
SMART IS NOW STUNNING
Titan Juxt is one of those unique innovations of time, where the classic analog dial embraces futuristic smart technology, creating an era of new possibilities. Like they say, time knows no bounds.
Stay in Touch
Real-time call, message and mail alerts, to keep you in sync with all things that matter.
Stay Connected
Receive instant updates from social media and more with Haptic Technology.
Stay on Schedule
Instant calendar notifications so that you never miss a deadline.
Stay Global
Watch the world come alive with World Time for up to 6 cities.
Stay Healthy
In-built Activity Tracker to keep your health on track, step by step.
Stay Advanced
iOS (8+) or Android (4.4+), here's one that's compatible with them all.
Stay Privileged
Keep your personal messages absolutely personal with private viewing option.
Stay Live
Battery life up to 5 days, so that you can go live nonstop.
Stay Cool
One among the few smartwatches to feature 5 ATM water resistance.
TITAN
Incoming Call
SID
O&M/10/401/16
Engineered by HP
AVAILABLE IN STEEL, ROSE GOLD AND TITANIUM.
Visit titan.co.in/juxt, select WORLD of TITAN, HELIOS THE WATCH STORE and leading department stores | Toll-free helpline: 1800-266-0123


OVER EUROPE '80
TITAN
eyeplus

BOARD OF DIRECTORS

C.V. Sankar, IAS *(Chairman)*
K.Gnanadesikan, IAS *(from 27th June 2016)*
T.K. Arun
Bhaskar Bhat, *(Managing Director)*
Harish Bhat
N.N. Tata
T.K. Balaji
C.G. Krishnadas Nair
Vinita Bali
Hema Ravichandar
Das Narayandas
Ireena Vittal
Ashwani Puri *(from 6th May 2016)*

CHIEF FINANCIAL OFFICER

S. Subramaniam

HEAD- LEGAL & COMPANY SECRETARY

A.R. Rajaram

AUDITORS

Deloitte Haskins & Sells

BANKERS

Canara Bank
State Bank of India
Bank of Baroda
The Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank
Oriental Bank of Commerce
Union Bank of India
Indian Bank
Citi Bank N.A

REGISTERED OFFICE

3, SIPCOT Industrial Complex,
Hosur 635 126, Tamil Nadu
(CIN: L74999TZ1984PLC001456)

CORPORATE OFFICE

132/133, Divyashree Technopolis,
Yemalur, off Old Airport Road,
Bangalore - 560 037

REGIONAL OFFICES

East : 22, Camac Street, Block-B, 4th Floor, Kolkata 700 018

West : The Metropolitan, East Wing, 9th Floor, C 26/27, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

North : 213A, Okhla Industrial Estate, Phase-3, New Delhi 110 020

South : 132/133, Divyashree Technopolis, Yemalur, off Old Airport Road, Bangalore - 560 037

REGISTRAR & TRANSFER AGENTS

TSR Darashaw Ltd.
Unit : Titan Company Ltd,
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E Moses Road, Mahalaxmi,
Mumbai 400 011
e-mail: csg-unit@tsrdarashaw.com
website: www.tsrdarashaw.com

CONTENTS

Annual General Meeting
Wednesday, 3rd August 2016 at 3:00 p.m.
at 3, SIPCOT Industrial Complex, Hosur 635 126

BOOK CLOSURE DATES
26th JULY 2016 TO 3rd AUGUST 2016

Titan Company Limited is a TATA Enterprise in association with Tamilnadu Industrial Development Corporation
Visit us at www.titan.co.in

Notice

Notice is hereby given pursuant to Section 96 and 101 of the Companies Act, 2013 (the "Act") that the Thirty Second Annual General Meeting (the "Meeting" or "AGM") of Titan Company Limited (the "Company") will be held at the Registered Office of the Company at No.3, SIPCOT Industrial Complex, Hosur 635 126, Tamilnadu, on Wednesday, 3rd August, 2016 at 03:00 P.M. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a. the Audited Financial Statements for the financial year ended 31st March, 2016 together with the Reports of the Board of Directors and Auditors thereon.

   b. the Audited Consolidated Financial Statements for the financial year ended 31st March, 2016 together with the Report of the Auditors thereon.

2. To confirm the payment of interim dividend declared by the Board of Directors on 16th March 2016 on equity shares as dividend for the financial year ended 31st March 2016.

3. To appoint a Director in place of Mr. C.V. Sankar (DIN: 00703204), who retires by rotation and, being eligible, offers himself for re-appointment.

4. **Ratification of appointment of Auditors:**

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

   "RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty third AGM of the Company to be held in the year 2017 at such remuneration plus service tax, out-of-pocket, traveling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

5. **Appointment of Branch Auditors**

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

   "RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules framed thereunder, as amended from time to time, the Board of Directors of the Company be and is hereby authorized to appoint Branch Auditors for any branch office of the Company, whether existing or which may be opened / acquired hereafter, in or outside India, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditors pursuant the provisions of Section 143(8) of the Act and to fix their remuneration."

6. **Ratification of Cost Auditors' Remuneration**

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

   "RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 (the "Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of remuneration of ₹ 3,00,000/- (Rupees Three lakhs only) plus applicable service tax and reimbursement of out of pocket expenses to M.R. Rajashekar & Co, Cost Accountants, (Firm Registration No. 100325) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on 31st March 2017."

7. **Re-Appointment of Mr. Bhaskar Bhat as Managing Director**

   To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Sections 196,197,203 and other applicable provisions, if any, of the Companies Act, 2013, as re-enacted from time to time, read with Schedule V to the Act, the Company hereby approves the re-appointment and terms of remuneration including minimum remuneration of Mr. Bhaskar Bhat (DIN: 00148778) as Managing Director of the Company from 1st April 2017 till 30th September, 2019, upon the principal terms and conditions set out in the explanatory statement attached hereto and the Agreement submitted to this meeting and initialed by the Chairman of the meeting for identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to increase, alter and vary, without further reference to the Shareholders, the terms and conditions of the said reappointment and/ or Agreement in the event of change in legislation, rules and regulations in this regard, in such a manner as may be acceptable to Mr. Bhaskar Bhat.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

8. Appointment of Mr. Ashwani Puri as an Independent Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ashwani Puri, (DIN: 00160662), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 2nd August, 2021."

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

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

"RESOLVED THAT Mr. K. Gnanadesikan, IAS (DIN: 00111798) who was appointed as a Director by the Board of Directors with effect from 27th June 2016 and who holds office up to the date of this Annual General Meeting under section 161 of the Companies Act, 2013 read with Article 117 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a shareholder proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

Notes:

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 4 to 8 of the Notice, is annexed hereto. The relevant details of the Directors seeking re-appointment/ appointment under Item Nos.3 and 8, pursuant to Regulation 36 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are annexed.

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

3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 26th July, 2016 up to Wednesday, 03rd August, 2016 (both days inclusive).**

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

   Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/ unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/ unpaid for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the IEPF established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2016.

5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.

6. To support the Green Initiative, Members who have not registered their e-mail addresses are requested to register the same with TSRDL/Depositories. This will assist the Company in redressing shareholders' grievances expeditiously.

7. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or TSRDL, for assistance in this regard.

8. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

9. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

10. As per the provisions of Section 72 of the Companies Act, 2013 the facility for making nominations is available to the shareholders in respect of the equity shares held by them.

11. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting. The queries may be addressed to: Head – Legal & Company Secretary, Titan Company Limited, No. 132/133, Divyasree Technopolis, Yemalur, off Old Airport Road, Bangalore 560037. (E-mail: arrajaram@titan.co.in). Members are requested to bring their copies of Annual Report to the Meeting.

12. For the convenience of Members, the Company will provide a coach service from Bangalore on the day of the Meeting.

    The coaches will leave for Hosur at 12.00 noon from the following four locations:

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

    B. Rajajinagar - near ISKCON temple, Opp. Varasidhi Vinayaka Temple, Government School Grounds, Bangalore- 560 010.

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

    D. i. Corporate Office – 132/133, Divyasree Technopolis, Yemalur, off Old Airport Road, Bangalore - 560 037.

       ii. At 12:30 p.m. from Golden Enclave, next to Britannia Gardens, Old Airport Road, Bangalore 560 017.

13. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their dematerialized account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company.

15. Electronic copy of the Notice of the 32nd Annual General Meeting of the Company, *inter alia,* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

16. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2015- 16 will also be available on the Company's website www.titan.co.in to download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hosur for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor E-mail ID: investor@titan.co.in.

17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

18. Mr. Pramod SM of M/s. HBP & Co., Practicing Company Secretaries (Membership No. FCS No: 7834), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

19. The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.

20. The Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail IDs are registered with the Company/Depository Participants(s) :

i. Open the e-mail and open PDF file viz; "TCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password

ii. Launch internet browser by typing the following URL: https://www.evoting.nsdl.com

iii. Click on Shareholder – Login

iv. If you are already registered with NSDL for e-voting, then you can use your existing User ID and password for casting your vote

v. If you are logging in for the first time, please enter the User ID and password provided in the PDF file attached with the e-mail as initial password. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential

vi. Once the e-voting home page opens, click on e-voting> Active Voting Cycles

vii. Select "EVEN" (E-Voting Event Number) of Titan Company Limited which is 104117. Now you are ready for remote e-voting as Cast Vote page opens

viii. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

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

x. Once the vote on a resolution is cast, the Member shall not be allowed to modify it subsequently.

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

xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for shareholders available at the Downloads section of www.evoting.nsdl.com or call on toll free no.: 1800 222 990

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

i. Initial password is provided in the enclosed attendance Slip : EVEN (E-Voting Event Number) + User ID + Password.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of A above, to cast vote.

C. Other Instructions:

i. The e-voting period commences on Sunday, 31st July 2016 (9.00 a.m. IST) and ends on 2nd August 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 27th July 2016, i.e. the cut-off date may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through electronic voting system or poll paper.

iii. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 24th June 2016 may obtain the login ID and password by sending a request at evoting@ nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.

iv. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

v. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of Polling Paper or electronic voting system for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

vi. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

vii. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.titan.co.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board of Directors,

27th June 2016

A R Rajaram
Head-Legal and Company Secretary

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

Annexure to Notice

Pursuant to Section 102 of the Companies Act, 2013, (the "Act") the following explanatory statement sets out all material facts relating to the business mentioned under item Nos. 4 to 8 of the accompanying Notice.

Item No. 4

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), were appointed as the Auditors of the Company for a period of three years at the Annual General Meeting (AGM) of the Company held on 1st August 2014, to hold office from the conclusion of the thirtieth AGM till conclusion of the thirty-third AGM to be held in the year 2017.

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by Members at every AGM.

Accordingly, ratification of the Members is being sought for appointment of statutory auditors as per the proposal contained in the Resolution set out at item no. 4 of the Notice.

The Board commends the Resolution at item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

Item No.5

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

The Board recommends the Resolution at Item No. 5 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No.5 of the Notice.

Item No.6

The Company is required under section 148 of the Act read with Rules thereunder, to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s. M.R. Rajashekar & Co as the Cost Auditors of the Company to conduct cost audit of the Company for the year ending 31st March, 2017, at a remuneration of ₹ three lakhs plus applicable taxes and out-of-pocket expenses.

M/s. M.R. Rajashekar & Co have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company.

In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company.

The Board recommends the remuneration of ₹ three lakhs plus applicable taxes and out-of-pocket expenses to M/s. M.R. Rajashekar & Co as the Cost Auditors and the approval of the Shareholders is sought for the same by way of an Ordinary Resolution.

None of the Directors or KMP of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

Item No.7

Mr. Bhaskar Bhat's tenure as Managing Director expires on 31st March 2017. At the Meeting of the Board of Directors of the Company held on 6th May 2016, the re-appointment of Mr. Bhaskar Bhat as Managing Director from 1st April 2017 till 30th September, 2019 was approved on terms and conditions as set out below based on the recommendations of the Board Nomination and Remuneration Committee and subject to approval by the Shareholders of the Company.

(a) Salary

Salary up to a maximum of ₹ 15,00,000 per month, with authority to the Board of Directors of the Company to fix the salary within the said maximum amount from time to time. The annual increments shall be effective 1st April each year, and shall be decided by the Board and will be merit based and take into account the Company's performance.

(b) Perquisites

(1) In addition to the salary, Mr. Bhaskar Bhat shall be entitled to perquisites such as:

- i. Furnished accommodation, with expenditure on gas, electricity, water and maintenance and repairs thereof or, House Rent Allowance and house maintenance allowance with expenditure on gas, electricity, water and furnishings
- ii. Leave Travel Allowance for self and family
- iii. Medical expenses and Medical Insurance for self and family
- iv. Personal Accident Insurance
- v. Club Fee

and such other perquisites and allowances in accordance with the Rules of the Company and as may be agreed by the Board of Directors and Mr. Bhaskar Bhat; and such perquisites and allowances will be subject to overall ceiling as may be fixed by the Board of Directors from time to time.

(2) Company maintained car with driver for official and personal use

(3) Telecommunication facilities at residence

(4) Contribution to Provident Fund, Superannuation Fund and Annuity Fund and Gratuity as per the rules of the Company.

(5) Leave and encashment of unavailed leave as per the rules of the Company.

(c) Commission

Mr. Bhaskar Bhat will also be entitled for such remuneration by way of Commission, in addition to salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of the each financial year, subject to the overall ceiling stipulated in Sections 196 and 197 of the Companies Act, 2013. The exact amount payable will be decided by the Board of Directors based on certain performance criteria and shall be payable only after the Annual Accounts of the Company have been approved by the Board of Directors and adopted by the Shareholders.

(d) Minimum Remuneration

Notwithstanding anything to the contrary contained herein, where in any financial year during the tenure of Mr. Bhaskar Bhat, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances and Commission subject to further approvals as required under Schedule V of the Companies Act, 2013, or any modification(s) thereto.

The draft Agreement between the Company and Mr. Bhaskar Bhat is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. Bhaskar Bhat may be deemed to be concerned or interested in this resolution as it relates to his re-appointment and variation of the terms of his appointment as mentioned above.

None of the Directors and KMP of the Company or their respective relatives other than Mr. Bhaskar Bhat is concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

Item No.8

Mr. Ashwani Puri was appointed as an Additional Director on 6th May 2016 and is now proposed to be appointed as an Independent Director. Mr. Puri meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. Mr. Puri is a Chartered Accountant by qualification and has extensive experience in investment/acquisition advisory services, valuations and decision analysis, business and financial restructuring, dispute analysis and forensics. Mr. Puri has served on various Committees of the Banking Division/Ministry of Finance, Ministry of Corporate Affairs and INSOL International and also served as a member of PWC's Global Advisory Leadership Team. Mr. Puri is currently the Managing Partner of Veritas Advisors LLP, which provides strategy, governance and financial advisory services. He is on the Board of Aditya Birla Finance Limited and NIIT Technologies Limited.

None of the Directors and KMP of the Company or their respective relatives other than Mr. Ashwani Puri is concerned or interested in the Resolution mentioned at Item No.8 of the Notice.

Item No.9

Tamilnadu Industrial Development Corporation Limited (TIDCO), the co-promoter of the Company has nominated Mr. K. Gnanadesikan, IAS, Additional Chief Secretary/Chairman and Managing Director, TIDCO as a Nominee Director of TIDCO on the Board of the Company in place of Mr. Hans Raj Verma and was appointed as an Additional Director of the Company by the Board of Directors on 27th June 2016. As such, Mr. Gnanadesikan holds office as Director up to the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director. Notice under Section 160 of the Act has been received from a Member indicating his intention to propose Mr. K. Gnandesikan for the office of Director at the forthcoming Annual General Meeting.

None of the Directors or Key Managerial Personnel or their respective relatives other than Mr. K. Gnanadesikan is concerned or interested in the Resolution at Item No. 9 of the Notice.

By Order of the Board of Directors,

27th June 2016

A R Rajaram
Head-Legal and Company Secretary

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

ROUTE MAP to the Venue of the 32nd Annual General Meeting

NOTE: The route provided originates from the Sub-collector office, Hosur.

Details of Directors seeking appointment / re-appointment in forthcoming Annual General Meeting
(In pursuance of Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015)
(Directorship & Committee membership other than Titan Company Limited)

Particulars	Mr. Ashwani Puri	Mr. C.V. Sankar, IAS	Mr. K. Gnanadesikan, IAS
Date of Birth	16th November 1956	2nd July 1956	16th April 1959
Date of Appointment	6th May 2016	31st October 2013	27th June 2016
Qualifications	Fellow member of the Institute of Chartered Accountants of India and a Management Accountant from the Chartered Institute of Management Accountants, UK	Post Graduation in Commerce ; M.B.A	B.E. (Hons) (E&CE) ; M. Soc.Sc (UK)
Expertise in specific functional areas	Mr. Ashwani Puri has extensive experience in investment/acquisition advisory services, valuations and decision analysis, business and financial restructuring, dispute analysis and forensics. Mr. Puri has served on various committees of the Banking Division/Ministry of Finance, Ministry of Corporate Affairs and INSOL International and also served as a member of PWC's Global Advisory Leadership Team. Mr. Puri is currently the Managing Partner of Veritas Advisors LLP, which provides strategy, governance and financial advisory services.	Mr. C.V Sankar, belongs to the 1982 batch of the Indian Administrative Service. He is at present Additional Chief Secretary to Government, Industries Department, Government of Tamil Nadu. He has held various responsibilities in the Tamil Nadu Government including District Collector, Coimbatore, Secretary in the office of the Chief Minister, Department of School Education and Principal Secretary in the Department of Environment & Forests and Department of Rural Development & Panchayat Raj. He was involved in the Tsunami Rehabilitation Programme of Government of Tamil Nadu between 2005 and 2008 and was working in the National Disaster Management Authority, New Delhi for implementing the National Cyclone Risk Mitigation Project, a World Bank Funded project. Mr. Sankar played a pivotal role for Tamil Nadu Government's successful conduct of the two-day Global Investors Meet on 9th and 10th September 2015 which attracted several investors as part of its largest-ever investment promotion exercise undertaken by the Government of Tamil Nadu. Mr. Sankar also holds the post of Additional Chief Secretary (Full Additional Charge), Transport Department, Government of Tamil Nadu .	Mr. K. Gnanadesikan is a 1982 batch IAS officer who has held many key positions in various departments in the Government of Tamil Nadu. Presently, Mr. K. Gnanadesikan is the Additional Chief Secretary / Chairman and Managing Director (CMD) of Tamilnadu Industrial Development Corporation Limited (TIDCO). During his career spanning over three decades, he has held key positions in Departments of Finance, Home, Electricity, Revenue Administration, Industries, School Education, etc. Earlier, Mr. K. Gnanadesikan served as the CMD of Tamil Nadu Electricity Board and CMD of Tamil Nadu Generation and Distribution Corporation Limited and as Chairman of Tamil Nadu Transmission Corporation Limited. Mr. K. Gnanadesikan has also held charge as Vigilance Commissioner, Commissioner for Administrative Reforms. and as Chief Secretary to Government of Tamil Nadu.
Directorships held in other companies (excluding foreign companies)	i) Aditya Birla Finance Limited ii) NIIT Technologies Limited iii) Bonfiglioli Transmissions Private Limited	i) State Industries Promotion Corporation of Tamil Nadu Ltd. ii) Electronics Corporation of Tamil Nadu Ltd. iii) Tamil Nadu Trade Promotion Organisation iv) Tamil Nadu Petroproducts Ltd. v) Tamil Nadu Minerals Ltd. vi) Tamil Nadu Newsprint & Papers Ltd. vii) Tamil Nadu Industrial Development Corpn.Ltd. viii) IIT Madras Research Park ix) Tamilnadu Electricity Board x) Tamil Nadu Generation and Distribution Corporation Ltd. xi) TIDEL Park Limited xii) Tamilnadu Cements Corpn.Ltd.	i) Mandakini-B Coal Corporation Limited ii) Adyar Poonga iii) Tamilnadu Industrial Development Corporation Limited iv) TIDEL Park Limited v) TICEL Biopark Limited vi) TIDEL Park Coimbatore Limited vii) Tamilnadu Trade Promotion Organization viii) State Industries Promotion Corporation of Tamilnadu Limited
Membership / Chairmanships of committees of other companies (includes only Audit Committee and Shareholders / Investors Grievance Committee)	Audit Committee: i) Aditya Birla Finance Limited - Chairman ii) NIIT Technologies Limited - Chairman	NIL	NIL
Number of shares held in the company	NIL	NIL	NIL

BOARD'S REPORT

To the Members of Titan Company Limited

The Directors are pleased to present the **Thirty Second Annual Report** and the Audited Statement of Accounts for the year ended 31st March 2016:

FINANCIAL RESULTS

₹ in crores

	Standalone		Consolidated	
	2015-2016	**2014-2015**	**2015-2016**	**2014-2015**
Sales Income	11,295.74	11,936.71	11,312.07	11,949.33
Other Income	64.36	70.58	64.95	70.75
Total Income	11,360.10	12,007.29	11,377.02	12,020.08
Less: Excise Duty	31.21	33.50	34.13	35.92
Net Income	11,328.89	11,973.79	11,342.89	11,984.16
Expenditure	10,319.04	10,749.85	10,346.58	10,765.01
Gross profit	1,009.85	1,223.94	996.31	1,219.15
Finance Costs	42.28	80.66	42.29	80.69
Cash operating profit	967.57	1,143.28	954.02	1,138.46
Depreciation / Amortisation	96.91	87.39	99.56	89.57
Profit before taxes	870.66	1,055.89	854.46	1,048.89
Income taxes - Current	169.07	241.00	169.07	241.00
- Deferred	(4.26)	(8.18)	(4.17)	(8.36)
Profit after taxes for the year	705.85	823.07	689.56	816.25
Share of profit/(Loss) of associate	-	-	(0.17)	0.01
Net Profit	705.85	823.07	689.39	816.26
Profit brought forward	1,042.52	934.56	1,033.91	932.76
Appropriations				
Interim dividend	195.31	-	195.31	-
Proposed dividend on equity shares	-	204.19	-	204.19
Tax on dividends	39.76	41.57	39.76	41.57
Transfer to general reserve	521.26	469.35	521.26	469.35
Balance carried forward	992.04	1,042.52	966.97	1,033.91

During the year under review, the Company's sales income declined by 5.4 % to ₹ 11,295.74 crores compared with ₹ 11,936.71 crores in the previous year. Profit before tax declined by 17.5 % to ₹ 870.66 crores and the net profit declined by 14.2% to ₹ 705.85 crores. This performance came in the backdrop of an environment where the consumer sentiment did not pick up as expected and regulatory measures adversely affected the jewellery business.

The Watches business of the Company recorded an income of ₹ 1,953.55 crores, a growth of 1.7%, which was achieved through meticulous planning and execution of key initiatives. The income from Jewellery segment declined by 7.6% touching ₹ 8,717.40 crores. The income from Eyewear segment grew by 11.8% touching ₹ 371.58 crores. The income from other segments comprising Precision Engineering, a B2B Business, and accessories recorded a sale of ₹ 235.17 crores, a growth of 1.3%.

The year witnessed aggressive expansion of the Company's retail network with a net addition of 82 stores. As on 31st March 2016, the Company had 1,283 stores, with over 1.7 million square feet of retail space delivering a retail turnover of ₹ 11,295 crores.

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

International Operations

The Watches exports registered a handsome growth of 17% to clock a turnover of ₹ 161 crores despite several challenges in Middle East, which remained volatile and South East, which had economic and currency fluctuations. The business sustained its targeted investments in retail and brand building in key, large markets. Vietnam, UAE and Malaysia have seen brand scores enhanced along with business growth. There was visible shift to digital, new age media, e-commerce along with greater thrust on Fastrack and Sonata. Indonesia, Nigeria, Philippines and SAARC markets have shown promising results.

Dividend

The Directors at the meeting held on March 16, 2016 declared an interim dividend of ₹ 2.20 per share (220%) involving a total payment of ₹ 235.07 crores (including dividend distribution tax) for the year ended March 31, 2016. The said interim dividend was paid to the shareholders on March 29, 2016. The Directors do not recommend any further dividend for the year 2015-16.

Transfer to General Reserve

An amount of ₹ 521.26 crores is proposed to be transferred to the general reserve.

Finance

At the projected rate of 7% GDP growth, below earlier projections, the current fiscal has been a challenge. After two consecutive years of drought, with the expectation of a good monsoon this year, rural demand is expected to pick up in the second half. The PAN card rule has caused considerable dampening of sentiment in consumers and uncertainty in retailers. The Company plans to invest disproportionately in the digital space and contain its employee cost.

Public Deposits

The Jewellery Division of the Company was successfully operating customer schemes for jewellery purchases for many years. When the Companies Act, 2013 became substantially effective from 1st April 2014, the Company had around seven lakhs subscribers contributing to these schemes. However, these schemes were exempt under the Companies Act, 1956 relating to acceptance of public deposits as such schemes were not covered in the definition of deposits. Under the Companies Act, 2013 (the "Act") and Regulations made there under ('Deposit Regulations') the scope of the term "deposit" was enlarged and therefore a view was taken that the jewellery purchase schemes offered by the Company to its customers would be treated as public deposits. Thereupon, the Company discontinued fresh enrolment of subscribers and initiated steps to close the erstwhile customer schemes, which were wound down by 31st August 2014.

Under the Deposit Regulations, a company is permitted to accept deposits subject to applicable provisions, to the extent of 25% of the aggregate paid-up share capital and free reserves from public and 10% of the aggregate paid-up share capital and free reserves from Members of the company, after prior approval by way of a special resolution passed by the Members in this behalf. In pursuance thereof, a Postal Ballot was conducted during August/September 2014 and requisite approval was obtained from the Members of the Company and a new customer scheme for jewellery purchase was launched in November 2014 in compliance with the Deposit Regulations.

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

(a) accepted during the year: ₹ 775.82 crores

(b) remained unpaid or unclaimed as at the end of the year: ₹ 20.10 crores

(c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-

  (i) at the beginning of the year: Nil

  (ii) maximum during the year: Nil

  (iii) at the end of the year: Nil

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

Material changes and commitments affecting financial position between end of the financial year and date of report

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

Significant and material orders

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

Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements. There have been no investments made or guarantees given under Section 186 of the Companies Act, 2013 during the year under review. The particulars of loans given as part of treasury operations of the Company bearing interest ranging from 10.4% to 11.3% p.a. are furnished below:

₹

Information under Section 186(4) of the Companies Act, 2013				
	Opening balance as on 1st April 2015	**Additional ICD during the year**	**Amount Matured and paid**	**Closing balance as on 31st March 2016**
Loans given in the form of unsecured short term Inter-Corporate Deposits	2,380,000,000	-	380,000,000	2,000,000,000

Contribution to Exchequer

During the year under review, the Company made payments aggregating ₹ 931.20 crores by way of taxes (central, state and local) and duties as against ₹ 939.03 crores in the previous year.

Adequacy of internal controls and compliance with laws

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

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

Based on the assessment carried out by the Management and the evaluation of the results of the assessment, the Board of Directors are of the opinion that the Company has adequate Internal Financial Controls system that is operating effectively as at March 31, 2016.

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

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

Risk Management

Pursuant to the requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Company has constituted a Risk Management Committee.

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

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

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

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

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

Related Party Transactions

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

Subsidiaries / Joint Venture / Associate Company

As on 31st March 2016, the Company had the following subsidiaries:

1) Titan TimeProducts Limited, Goa (TTPL)
2) Favre Leuba AG, Switzerland
3) Titan Watch Company Limited, Hong Kong and
4) Titan Engineering and Automation Limited

During the year 2015-2016, TTPL sold a total of 59,68,000 nos. of ECBs and micro assemblies (previous year: 59,81,400 nos.). Net sales income during the year was ₹ 25.60 crores against the previous year's figure of ₹ 24.46 crores. The quality, delivery and competitive price of the products continue to be well-received by the Holding Company and external customers.

As at 31st March 2016, Favre Leuba AG had registered a loss of CHF 1.88 million, i.e. ₹ 13.00 crores (2014-15: CHF 0.92 million i.e. ₹ 5.89 crores) which apart from amortization of trademarks design and development expenses, includes operating expenses incurred in preparation of product launches scheduled to commence from October 2016.

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

Titan Engineering and Automation Limited (TEAL) was incorporated on 24th March 2015 to acquire the Precision Engineering Business of the Company through a court approved scheme of arrangement.

The annual accounts of these subsidiary companies were consolidated with the accounts of Titan Company Limited for 2015-16. None of these companies declared a dividend in 2015-16.

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

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

The statement containing salient features of the financial statement of subsidiaries/associate company/joint venture forms part of the Annual Report.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared as per Accounting Standard AS 21, Accounting Standard AS 23 and Accounting Standard AS 27 consolidating the Company's accounts with its subsidiaries, a joint venture and an associate have also been included as part of this Annual Report.

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

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

Corporate Social Responsibility

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

Extract of Annual Return

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

Vigil Mechanism

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

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

During the financial year 2015-16, the Company had received eight complaints on sexual harassment, which were disposed-off with appropriate action taken and nil complaints remain pending as of 31st March 2016.

Details in respect of Frauds reported by Auditors under sub-section (12) of Section 143 other than those which are reportable to the Central Government

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

Corporate Governance

Pursuant to Regulation 34 of the Listing Regulations executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

Business Responsibility Reporting

As per Regulation 34 of the Listing Regulations with the Stock Exchanges, a Business Responsibility Report is attached and forms part of this Annual Report.

Directors and Key Managerial Personnel

Mr. T.K. Balaji, Dr. C.G. Krishnadas Nair, Ms. Vinita Bali, Mrs. Hema Ravichandar, Prof. Das Narayandas and Mrs. Ireena Vittal are the Independent directors and all have given declarations that they continue to meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. In accordance with his appointment resolution, term of directorship of Dr. C.G. Krishnadas Nair ends on 16th August 2016. The Board places on record its appreciation to Dr. Nair for the valuable contribution and wise counsel rendered by him during his tenure as a Director of the Company.

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

Mr. Ashwani Puri, Independent Director was appointed as an Additional Director on the Board of the Company on 6th May 2016. Member's attention is drawn to Item No. 8 of the Notice for the appointment of Mr. Ashwani Puri as a Director of the Company.

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

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

Details of Directors and Key Managerial Personnel who were appointed or have resigned during the year

Pursuant to Section 134 of Companies Act, 2013 read with Rule 8(5) (iii) of Companies (Accounts) Rules, 2014, no Directors or Key Managerial Personnel were appointed or resigned. Pursuant to the provisions of Section 203 of the Act, Mr. Bhaskar Bhat-Managing Director, Mr. S. Subramaniam-Chief Financial Officer and Mr. A.R. Rajaram-Head Legal & Company Secretary continue to be the Key Managerial Personnel of the Company.

Directors' Responsibility Statement

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

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

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

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

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

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

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

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

Board Evaluation

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

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

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

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

Performance evaluation of Directors:

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

Performance evaluation of Board and Committees:

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

Independent Directors

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

Remuneration Policy

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

Policy on Directors' appointment and remuneration and other details

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

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

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

Process for selection

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

Attributes

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

ii) The candidate must be willing to regularly attend the meetings of the Board and develop a strong understanding of the Company, it's businesses and it's needs, to contribute his/her time and knowledge to the Company and to be prepared to exercise his/her duties with skill and care. Besides these, the candidate should have an understanding of governance concepts and legal duties of a Director.

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

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

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

vi) Forthrightness and ability to possess foresight abilities in the Governance of a Corporate.

Board Composition

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

Procedure

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

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

Other Disclosures

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

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

Sl. No.	Name of the Director	Commission (₹)	Sitting fee (₹)	Total (₹)	Ratio (times)
A]	Median Employee remuneration			5,50,000	
B]	Directors remuneration				
1	Mr. C.V. Sankar	47,13,500	2,80,000	49,93,500	9.07
2	Mr. T. K. Arun	29,99,500	3,02,500	33,02,000	6.00
3	Mr. Harish Bhat	-	2,45,000	2,45,000	0.45
4	Mr. N. N. Tata	22,71,050	1,45,000	24,16,050	4.39
5	Mr. T. K. Balaji	35,13,700	3,15,000	38,28,700	6.96
6	Dr. C. G. Krishnadas Nair	41,13,600	3,97,500	45,11,100	8.20
7	Ms. Vinita Bali	31,70,900	2,50,000	34,20,900	6.22
8	Mrs. Ireena Vittal	31,70,900	3,10,000	34,80,900	6.32
9	Mrs. Hema Ravichandar	34,28,000	3,17,500	37,45,500	6.81
10	Prof. Das Narayandas	12,85,500	30,000	13,15,500	2.39
11	Mr. Bhaskar Bhat	2,50,00,000	-	4,75,89,556*	86.53

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

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

Name	% Change
Mr. C. V. Sankar	50.32
Mr. T. K. Arun	-46.15
Mr. Harish Bhat	NA
Mr. N. N. Tata	158.51
Mr. T. K. Balaji	84.15
Dr. C. G. Krishnadas Nair	-17.04
Ms. Vinita Bali	-11.45
Mrs. Hema Ravichandar	-4.04
Prof. Das Narayandas	-29.43
Mrs. Ireena Vittal	-25.43
Mr. Bhaskar Bhat	-3.12
Mr. S. Subramaniam	13.54
Mr. A. R. Rajaram	11.31

iii) The percentage increase in the median remuneration of employees in the financial year - 6.6%

iv) The number of regular employees on the rolls of company - 7859.

v) The explanation on the relationship between average increase in remuneration and company performance –

The average increase in the remuneration of the employees of the organisation takes into account the Company performance, inflation rate, market salary increase and trends as projected by consulting firms.

vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

(₹ in crores)

Particulars	Mr. Bhaskar Bhat, Managing Director	Mr. S. Subramaniam, Chief Financial Officer	Mr. A. R. Rajaram, Head – Legal & Company Secretary
Remuneration in FY 2016	4.76	2.25	1.08
Revenue	11,264.53	11,264.53	11,264.53
Remuneration as a % of revenue	0.042%	0.019%	0.009%
Profit before Tax (PBT)	870.66	870.66	870.66
Remuneration (as % of PBT)	0.55%	0.26%	0.12%

vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year.

Particulars	2015-16	2014-15	% Change
Market Capitalisation (₹ crores)	30,104.83	34,765.71	-13.41
Price Earnings Ratio	42.61	42.24	0.88

viii) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.

Particulars	31st March 2016	1987-88 IPO	% Change*
Market Price (NSE) in ₹	339.10	10.00	67720
Market Price (BSE) in ₹	338.80	10.00	67660

*Adjusted for Bonus and Split in 2011

ix) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

No such differentiation was followed in giving the increment during the last financial year. The average increment in salary was basis individual performance.

x) The key parameters for any variable component of remuneration availed by the directors

The Members had, at the AGM of the Company held on 31st July 2015 approved payment of Commission to the non-executive directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act. The said Commission is decided each year by the Board of Directors and distributed amongst the non-executive directors based on performance evaluation, attendance and contribution at the meetings of the Board and its Committees, as well as the time spent on operational matters other than at meetings.

xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

The highest paid Director is the Managing Director. No employee has received remuneration in excess of the Managing Director during the year.

xii) Affirmation that the remuneration is as per the Remuneration Policy of the Company.

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

Information as per Rule 5(2) of the Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be available at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining such particulars may write to the Company Secretary or through mail addressed to arrajaram@titan.co.in.

AUDITORS

Statutory Auditors

The Members are requested to ratify the appointment of its Statutory Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No. 008072S), from the conclusion of this Thirty Second Annual General Meeting upto the conclusion of the Thirty Third Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for re-appointment as Auditors of the Company. As required under Regulation 33 of the Listing Regulations, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its PED activity may require to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. M.R. Rajashekar & Co. to audit the cost accounts of the Company for the financial year 2015-

16. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. M.R. Rajashekar & Co., Cost Auditors is included at Item No. 6 of the Notice convening the Annual General Meeting.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs HBP & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as **(Annexure-IV).**

Auditor's Report and Secretarial Auditor's Report

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

Acknowledgements

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

On behalf of the Board of Directors,

C.V. Sankar

6th May 2016 Chairman

ANNEXURE - I

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

WATCHES AND ACCESSORIES

Titan has collaborated with a leading Swiss Movement Manufacturer to develop a Mechanical movement for Swiss industry. The movement was successfully launched during the Basel fair 2016. Titan will supply the movement components kit for the movement.

Titan in-house R&D has developed a Women safety watch with mobile app. The new movement is under final testing phase, This new collection will be available in the market during early 2016-17. In collaboration with Intel, India, Titan is working on smart watch with touch screen technology pairing with mobile. The watch is under final testing and will be launched soon.

JEWELLERY

The Jewellery Division continuously tracks technological developments in the industry and adapts them as relevant to their operations. They also monitor and upgrade machineries used for manufacturing to build on capabilities and enhance efficiency. The Division has partnered with many experts and consultants to monitor, evaluate and upgrade technology and processes used in manufacturing.

The machine made jewellery facility established during 2014-15 has yielded production to the tune of ₹ 40 crores during the year. The Division has further expanded its machine made manufacturing facility with auto-lathe, diamond cutting and laser technologies for new product features through the manufacturing route. The Division has also invested into a chain manufacturing facility for manufacturing of machine made chains during the year. These capabilities provide for flexibility and capability for innovative light weight products.

Following the R&D recognition by DSIR in the previous year, investments of up to ₹ 4 crores was made during the year in in-house research. R&D efforts are focused on specific technical challenges and are pursued with the assistance of universities and research institutions in India and abroad.

Investments of over ₹ 10 crores were made in the upgradation of existing machineries and technologies in casting, finishing and component making areas of jewellery manufacturing. Automation projects like stone play detector, kitting machines and component making machines have been integrated at manufacturing locations. These investments enable improved efficiencies and thus result in better performance in manufacturing operations.

EYEWEAR

The Division introduced a new alloy free blocking, fast curing oven, spin coating and sputter coating machine in lens manufacturing to reduce manufacturing lead time and ensure faster supply to the end customers. The new curing time is 20 minutes compared to 3 hours earlier. Total coating time has also reduced to 40 minutes from 9 hours. New alloy free blocking not only reduces damage to the environment by replacing lead based alloy with organic material, but also helps in producing more accurate lenses in terms of refraction power resulting in reduction of rejection on this account to almost zero.

Apart from technology upgradation in the production process, the Integrated Supply Chain Management has also leveraged technology for improvement in other areas of operation. A new mobile app EPIK (eye plus info kart) was introduced to help stores track customer order status and get other information instantly and anytime. Another initiative was to introduce a web portal called NANDI to capture complaints with the core objective of taking preventive actions.

Cost savings due to new initiatives:

Last year there was a savings of ₹ 1.30 crores which was achieved in lens manufacturing after taking several cost effective initiatives. The most significant was ₹ 1 crore saving by re-sharpening diamond tools in curve generation machine.

PRECISION ENGINEERING DIVISION (PED)

Innovation and adoption of new technology are main component of PED's every day task. The Division has successfully implemented or designed the following projects and they are significant for the business.

- A high speed apple inspection and sorting machine (2.5 tonnes per hour) has been conceived and completed the design including FMEA and ready for manufacturing
- A proto machine for packing box forming machine "Tucker system" has been developed at the speed of 320 parts per minute. The Company has received an order from a global FMCG leader for packing shaving blades
- Designed and developed 3D delta robot including kinematic software. This has proved the Division's in-house capability to develop motion related software
- A control software is developed for traceability and events login to meet the compliance of medical machines standard 24CFR Part11
- A 32 points height measurement system with accuracy of less than 20 micron through single stroke of scanning deploying laser sensor has been established

CONSERVATION OF ENERGY & FUEL

WATCHES AND ACCESSORIES

The Company has successfully implemented various energy and fuel conservation projects with internal expertise and association with external agencies with state-of-the-art equipment and technology in the areas of lighting, vacuum system, air-conditioning and process water cooling / evaporation systems at its watch manufacturing facility. During 2015-16, these conservation initiatives has resulted in power & fuel cost saving of 6% on our annual energy bill. The key initiatives are:

- In line with the vision of becoming "Carbon Neutral", the Company is continually sourcing part of its energy consumption at watch manufacturing facility through renewable energy resources – Wind Mills. During 2015-16, 6.73 million units of energy have been sourced from our joint venture wind farms. Green Infra Wind Power Theni Limited (formerly known as TVS Energy Limited – 3.48 million units) and Green Infra Wind Power Projects Limited (3.25 million units) which is 49% of the annual energy consumption and has resulted in reducing the carbon emission to an extent of 4980 tonnes
- The Company has invested in LED lighting projects at the Hosur watch manufacturing facility to meet general lighting requirements, considering the phenomenal energy conservation potential to the extent of 60%. As on date, 100% of the shop floor lightings have been converted to LED lighting
- To harvest solar power, the Company has installed the rooftop solar system with a capacity of 216 KW during May 2014 and an investment of ₹ 125 lakhs for an annual generation capacity of 3.0 lakhs units which is 3.0% of our annual energy consumption. During 2015-16, 2.92 lakhs units of energy have been generated from this project
- Dedicated Power Feeder System - The Company has installed a "Dedicated Power Feeder System" to its watch manufacturing plant in Hosur to ensure 100% uninterrupted power supply to the manufacturing operations. This initiative has supported for the higher availability of EB grid (close to 99%) and thereby 100% utilization of wind power generated during 2015-16 and significant reduction of diesel used for captive power generation
- The Company has invested in the installation of Mechanical Vapor Recompressor (MVR) System in the ETP system to enhance the operating performance, reduce the diesel consumption used for the evaporation system and carbon emission, an investment of ₹120 lakhs has been made on this project. This initiative has supported to increase operating performance of the plant (in terms of final water recovery) from 85% to 95% and reduction of diesel consumption to an extent of 15% of annual diesel consumption and the reduction of carbon emission to an extent of 180 tonnes

JEWELLERY

The Jewellery Division had taken a number of steps to reduce energy conservation in the manufacturing processes. Investments to the tune of ₹ 0.45 crores have been made during the year to adopt energy efficient systems in the facilities.

LED lighting facilities have been installed in street lights and also inside manufacturing facility for better energy efficiency.

Old Air Handling Units (AHUs) have been upgraded with new and more efficient models contributing to savings of about ₹ 0.05 crores on a recurring basis. Exhaust scrubbers have been upgraded with an investment of ₹ 0.18 crores during the year. These have yielded a savings of ₹ 0.04 crores owing to improved efficiency.

By harnessing alternate energy sources, dependency on power generator had reduced resulting in 1.2kL reduction in diesel consumption during the year.

EYEWEAR

There have been many initiatives taken in lens manufacturing towards conserving energy like replace and retrofit with CFLs and LEDs, turning off unused computers and equipment, water re-cycle and re-use etc.

EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in crores)

		Year ended 31.3.2016	Year ended 31.3.2015
(a)	Capital	3.13	1.68
(b)	Recurring	15.18	15.72
(c)	Total	18.31	17.40
(d)	Total R & D expenditure as percentage of turnover	0.16%	0.15%

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned ₹ 337.35 crores in foreign exchange and spent ₹ 568.76 crores (including ₹ 36.67 crores in capital imports).

On behalf of the Board of Directors,

C. V. Sankar

6th May 2016

Chairman

Annexure - II

ANNUAL REPORT ON CSR – 2015-16

As a corporate entity, Titan has successfully re–written the rules of the game in Watches, Jewellery, Eyewear industries in India – the ways in which these products are manufactured, sold and serviced and in the ways in which its workers and customers have been treated.

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

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

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

The initial CSR focus at Titan will be driven by four broad themes, i.e. upliftment of the underprivileged girl child, skill development (for underprivileged youth), support for Indian Arts, Crafts and Indian Heritage and responsible citizenship. Besides this, Titan would seek to address specific local needs and support various causes from time to time that are expected of a Responsible Corporate Citizen.

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

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

The CSR committee of the Board of Directors of the Company consists of 5 members, viz.,

1. Chairperson: Ms. Ireena Vittal – Chairperson & Independent Director
2. Member: Ms. Vinita Bali – Independent Director
3. Member: Prof. Das Narayandas – Independent Director
4. Member: Mr. C V Sankar – Chairman of the Board
5. Member: Mr. Bhaskar Bhat – Managing Director

The Board CSR committee met twice in the year and deliberated on the various choices as part of Company CSR initiatives.

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

We have defined the primary metrics for CSR in terms of lives reached through our programs. During the year 2015-16, our programs have reached about 1.9 lakh individuals. In the coming years, we will work on measuring the social impact of our CSR investments.

The Company's volunteering program has been successfully operating in our locations over the years. During the year 2015-16, the Company clocked in 6,548 man-hours of volunteering involving 622 employees in either CSR projects or local causes.

During the year 2016-17, Titan will spend considerable time and resources on three large areas:

a) Life-cycle approach to the girl child program;

b) Creation of the Titan Centre of Excellence for skilling the underprivileged youth;

c) Titan Design Award for Social Transformation (It would recognize individuals and institutions who seek to exemplify the usage of Design principles and ideas in products benefitting society especially the less fortunate/disadvantaged)

Besides this, design being central and integral to its operations and success, Titan will leverage these competencies to support craftsmen and artisans practicing heritage crafts of India as part of the Arts, Crafts and Heritage intervention. A small step in this direction has been made.

As we go forward, we will be ensuring maximum governance in identification and selection of appropriate partners and in ensuring their processes are of high order through constant feedback from audits.

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

Sl. No	Particulars	₹ lakhs	₹ lakhs
A.	Profits of the Company as per Companies (Corporate Social Responsibility) Rules,2014		
	F.Y. 2012-13	102,094.08	
	F.Y. 2013-14	103,179.50	
	F.Y. 2014-15	107,974.06	
			313,247.64
B.	Average profits of last three years		104,415.88
C.	Prescribed amount to be spent on CSR during 2015-16 @ 2% (Sec 135(5)) -(2% on B)		2,088.32

Two percent of the average net profits of the Company made in three preceding financial years amount to ₹ 20.88 crores. The Company's spends towards CSR activities during the FY 2015-16 amount to ₹ 17.42 crores and unspent balance is ₹ 3.46 crores. The spend during the year 2015-16 has been 84% of the budgets earmarked and represents a 41% increase over the previous year's spend of ₹ 12.32 crores.

Manner in which the amount spent during the financial year is detailed in Annexure 1 highlighting the key areas of spends during the year 2015-16.

The reasons for not spending the amount prescribed under Section 135(5) of the Companies Act 2013 is as under:

The Company is in the early stages with several initiatives aligned to the four chosen strategic areas and has conserved expenditure with the objective of scaling up these initiatives in future. Hence the full amount was not spent during the year.

The CSR Committee of Titan Company hereby declares that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company.

	Managing Director	Chairperson
6th May 2016		Board CSR Committee

Annex A : Key areas of CSR spends for the year 2015-16

Annexure - A

Sl No	CSR project or activity identified		Sector in which the Project is covered (Schedule VII - Ref:)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (Total budget in ₹ Cr)	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overheads - (Total general overheads captured in last row for Titan)	Cumulative expenditure upto the reporting period (₹ Cr)	Amount spent : Direct or through implementing agency		
	2a Programs	2b Key projects (Figures in brackets indicate beneficiaries direct & indirect) *						Direct (₹ Cr)	Partners (₹ Cr)	Names of Implementing partner(s)
1	Girl Child / Education related projects	Titan Kanya Program - covering girl children for education support (10,762)	ii	Dehradun, Krishnagiri, Delhi, Mumbai, Hyderabad, Chennai and Murshidabad/24 Paraganas	-	3.03	3.03	_	3.03	K C Mahindra Education Trust and IIMPACT
		Sanitation support for girls school - Swachh vidyalaya (40,79) - 57 schools nearing completion	i	Krishnagiri	-	1.11	1.11	_	1.11	Nadathur trust
		Titan Scholarship program for meritorious and needy (600)	ii	Hosur and Dehradun	-	1.11	1.11	1.11		Direct
		Educating the tribal child including skilling and teacher capacity building (188)	i, ii	Mysore	-	0.66	0.66	_	0.66	Swami Vivekananda Youth Movement (SVYM)
		Prevention of Drug abuse among school children (Initiated)	ii	Sikkim - covering 100 Govt schools	-	0.46	0.46	_	0.46	Govt of Sikkim/ SAATHI
			ii	Dehradun , Pantnagar, Hosur, krishnagiri and RO's - CMCA, Career counselling etc	-	1.21	1.21	0.75	0.46	Own through volunteering and NGO's like CMCA, Agasthya, and SMK trust (girls school)
		Sub total (44%)				**7.58**	**7.58**	**1.86**	**5.72**	**44%**

Sl No	CSR project or activity identified		Sector in which the Project is covered (Schedule VII - Ref:)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (Total budget in ₹ Cr)	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overheads - (Total general overheads captured in last row for Titan)	Cumulative expenditure upto the reporting period (₹ Cr)	Amount spent : Direct or through implementing agency		
	2a Programs	2b Key projects (Figures in brackets indicate beneficiaries direct & indirect) *						Direct (₹ Cr)	Partners (₹ Cr)	Names of Implementing partner (s)
2	Skill Development	Pilot skilling for underprivileged wiith partners - Retail, Hospitality, Animation etc (874)	ii, iii	Chennai, Bangalore, Sikkim	-	0.99	0.99		0.99	Ants Consulting, DB Tech , Unnati
		Skilling differently abled (153)	ii	Bangalore	-	0.11	0.11		0.11	Association of Persons with Disabilities - APD
		Capacity building through train the trainers (40) plus 95 teachers in ITI	ii	Bangalore	-	0.60	0.60		0.60	DB Tech
		Sub total (10%)				**1.70**	**1.70**	**0.00**	**1.70**	**10%**
3	Arts , Crafts culture and Heritage	Restoration of Finial of Humayun tomb	v	Delhi	-	1.03	1.03		1.03	Supported by Aga Khan trusts
		IFA grant led programs continue	v	Bangalore	-	0	0			2014-15 grants
		Titan Design award for Social transformation	v	All India	-	0	0			Concept paper finalised
		Revival of crafts and skilling (Embroidery) - Porgai in Dharmapuri (62)	v	Sittlingi - Dharmapuri	-	0	0			Completed with grants given in 2014-15. (Porgai)
		Piloting and promoting Theatre and art forms (35)	v	Bangalore , Chennai	-	0.30	0.30		0.30	Bhoomija trust & Rangashankara
		Sub Total (8%)				**1.33**	**1.33**	**0**	**1.33**	**8%**

Sl No	CSR project or activity identified		Sector in which the Project is covered (Schedule VII - Ref:)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken (Broad areas given for Titan)	Amount outlay (Total budget in ₹ Cr)	Amount spent on the projects or programs (1) Direct expenditure on projects or programs (2) Overheads - (Total general overheads captured in last row for Titan)	Cumulative expenditure upto the reporting period (₹ Cr)	Amount spent : Direct or through implementing agency		
	2a Programs	2b Key projects (Figures in brackets indicate beneficiaries direct & indirect) *						Direct (₹ Cr)	Partners (₹ Cr)	Names of Implementing partner(s)
4		Happy Eyes - Eye care program for needy & underprivileged with focus on children (1,42,286 children + 25,400 adults)	i	Bangalore, Mandya, Tumkur, Chennai, Chikkaballapur, Dehradun, Krishnagiri	-	1.40	1.40		1.40	Shankara, Drishti, Nirmal, Narayana
		Support to Tata Medical centre for constructiion of childrens ward - Cancer affected patients	i	Kolkata	-	1.10	1.10		1.10	Tata Medical Centre
		Relief and rehabilitation efforts for natural calamities - 732 in Uttarakhand direct	i, ii, iv	TN Relief & Rehabilitation (0.71) Uttarakhand Rehabilitation (2.44)	-	3.15	3.15	0.71	2.44	Himmottan society
		Local support and needs of regions	i,ii,iii,iv	All regional offices and factories	-	0.39	0.39	0.39		Volunteereing plus local NGO's
		Sub Total (35%)				6.04	6.04	1.10	4.94	35%
5	**Overheads (3%)**			All sectors covered above	-	0.77	0.77		0.77	Pertaining to CSR personnel , Volunteering training etc (3%)
	Grand Total				**20.88**	**17.42**	**17.42**	**2.96**	**14.46**	

* Total 1.9 Lakhs lives reached through CSR programs during 2015-16

Annexure - III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L74999TZ1984PLC001456
ii)	Registration Date	26.07.1984
iii)	Name of the Company	TITAN COMPANY LIMITED
iv)	Category / Sub Category of the Company	Public Company /Limited by shares
v)	Address of the Registered office and contact details	3, SIPCOT Industrial Complex, Hosur- 635 126, Tamil Nadu, India. Tel- 4344-664199 Fax-4344-276037 ; e-mail: corpcomm@titan.co.in
vi)	Whether listed company (Yes / No)	Yes. Listed on BSE and National Stock Exchange of India Limited
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	T S R Darashaw Ltd, 6-10, Haji Moosa Patrawala Industrial Estate,20, Dr. E Moses Road, Mahalaxmi, Mumbai- 400 011, Maharashtra, India. Tel- 22 6656 8484 Fax-22 6656 8494 Email id: csg-unit@tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY -

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
i)	Watches	2652	17.31
ii)	Jewellery	3211	77.30
iii)	Others		5.39
	TOTAL		**100.00**

III. PARTICULARS OF HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i)	Titan TimeProducts Limited L-15, Verna Electronic City, Verna, Salcettee, Goa - 403 722	U33301GA1991PLC001148	Subsidiary	100%	2(87)
ii)	Favre Leuba AG, Zug, Switzerland C/O TATA AG, Gotthardstrasse, 3, CH – 6300	Foreign Company	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
iii)	Titan Engineering and Automation Limited 3, SIPCOT Industrial Complex, Hosur- 635 126, Tamil Nadu, India.	U33111TZ2015PLC021232	Subsidiary	100%	2(87)
iv)	Green Infra Wind Power Theni Limited No. 29, Haddows Road, Chennai – Tamil Nadu, India.	U40105DL2011PLC274929	Associate Company	26.79%	2(6)
v)	Snowcap Retail (India) Private Limited No. 152, 2/3, First Floor, 9th Cross, 80 Feet Main Road, JP Nagar First Phase, Bangalore – 560078, Karnataka, India.	U52390KA2014PTC074786	Joint Venture Company	49%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt or State Govt(s)	247,476,720	-	247,476,720	27.88	247,476,720	-	247,476,720	27.88	-
c) Bodies Corp.	223,531,200	-	223,531,200	25.18	223,531,200	-	223,531,200	25.18	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**471,007,920**	**-**	**471,007,920**	**53.06**	**471,007,920**	**-**	**471,007,920**	**53.06**	**-**
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**471,007,920**	**-**	**471,007,920**	**53.06**	**471,007,920**	**-**	**471,007,920**	**53.06**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	18,544,407	45,200	18,589,607	2.09	30,185,193	45,200	30,230,393	3.41	1.32
b) Banks/FI	317,081	29,180	346,261	0.04	426,595	19,180	445,775	0.05	0.01
c) Central Govt. / State Govt(s)	-	-	-	-	1,968,219	-	1,968,219	0.22	0.22
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	9,188,139	-	9,188,139	1.03	17,000,549	-	17,000,549	1.91	0.88

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) FIIs	180,107,461	30,000	180,137,461	20.29	109,920,419	30,000	109,950,419	12.38	-7.91
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
h)) Others (specify) Foreign Portfolio Investors (Corporate)	11,169,812	-	11,169,812	1.26	65,147,619	-	65,147,619	7.34	6.08
Sub-total (B)(1)	**219,326,900**	**104,380**	**219,431,280**	**24.71**	**224,648,594**	**94,380**	**224,742,974**	**25.31**	**0.60**
2. Non-Institutions									
a) Bodies Corp.	9,748,821	86,620	9,835,441	1.11	11,649,522	2,831,660	14,481,182	1.63	0.52
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	72,061,902	21,342,737	93,404,639	10.52	68,914,648	17,302,637	86,217,285	9.71	-0.81
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	92,713,944	1,027,200	93,741,144	10.56	89,640,457	1,159,400	90,799,857	10.23	-0.33
c) Others (specify)									
i) Trust	356,736	-	356,736	0.04	527,942	-	527,942	0.06	0.02
ii) OCB	9,000	-	9,000	0.00	9,000	-	9,000	0.00	0.00
Sub-Total(B)(2)	**174,890,403**	**22,456,557**	**197,346,960**	**22.23**	**170,741,569**	**21,293,697**	**192,035,266**	**21.63**	**-0.60**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**394,217,303**	**22,560,937**	**416,778,240**	**46.94**	**395,390,163**	**21,388,077**	**416,778,240**	**46.94**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**865,225,223**	**22,560,937**	**887,786,160**	**100.00**	**866,398,083**	**21,388,077**	**887,786,160**	**100.00**	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Tamilnadu Industrial Development Corporation Limited	247,476,720	27.88	0.00	247,476,720	27.88	0.00	0.00
2	Tata Sons Limited	135,125,411	15.22	0.00	185,058,900	20.85	0.00	5.63
3	Tata Steel Limited	38,775,840	4.37	0.00	-	-	0.00	-4.37
4	Tata Investment Corporation Limited	17,225,640	1.94	0.00	17,875,640	2.01	0.00	0.07
5	Tata Chemicals Limited	13,826,180	1.56	0.00	13,826,180	1.56	0.00	0.00
6	Tata Global Beverages Limited	9,248,060	1.04	0.00	-	-	0.00	-1.04
7	Ewart Investments Limited	4,964,480	0.56	0.00	4,964,480	0.56	0.00	0.00
8	Tata International Limited	2,559,589	0.29	0.00	-	-	0.00	-0.29
9	Piem Hotels Limited	1,806,000	0.20	0.00	1,806,000	0.20	0.00	0.00
		471,007,920	**53.06**	**0.00**	**471,007,920**	**53.06**	**0.00**	**0.00**

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

Sl. No		Date	Reason	Shareholding at the beginning of the year 01.04.2015		Cumulative Shareholding during the Year 31.03.2016	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**TATA SONS LIMITED**						
	At the beginning of the year	1-Apr-2015		135,125,411	15.22	135,125,411	15.22
	Date wise Increase / Decrease in Promoters Share-holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc):	26-Jun-2015	Increase	19,387,920	2.18	154,513,331	17.40
		14-Aug-2015	Increase	19,387,920	2.18	173,901,251	19.59
		18-Dec-2015	Increase	1,909,589	0.22	175,810,840	19.80
		24-Mar-2016	Increase	9,248,060	1.04	185,058,900	20.84
	At the End of the year	31-Mar-2016		-	-	185,058,900	20.84
2	**TATA INVESTMENT CORPORATION LIMITED**						
	At the beginning of the year	1-Apr-2015		17,225,640	1.94	17,225,640	1.94
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc):	18-Sep-2015	Increase	650,000	0.07	17,875,640	2.01
	At the End of the year	31-Mar-2016		-	-	17,875,640	2.01
3	**TATA STEEL LIMITED**						
	At the beginning of the year	1-Apr-2015		38,775,840	4.37	38,775,840	4.37
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc):	26-Jun-2015	Decrease	-19,387,920	-2.18	19,387,920	2.18
		14-Aug-2015	Decrease	-19,387,920	-2.18	0	0.00
	At the End of the year	31-Mar-2016		-	-	0	0.00
4	**TATA INTERNATIONAL LIMITED**						
	At the beginning of the year	1-Apr-2015		2,559,589	0.29	2,559,589	0.29
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc):	11-Sep-2015	Decrease	-650,000	-0.07	1,909,589	0.22
		11-Dec-2015	Decrease	-1,909,589	-0.22	0	0.00
	At the End of the year	31-Mar-2016		-	-	0	0.00
5	**TATA GLOBAL BEVERAGES LIMITED**						
	At the beginning of the year	1-Apr-2015		9,248,060	1.04	9,248,060	1.04
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity, etc):	24-Mar-2016	Decrease	-9,248,060	-1.04	0	0.00
	At the End of the year	31-Mar-2016		-	-	0	0.00

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

Sl. No	Name	No of shares as on 31.03.2015	No of shares as on 31.03.2016	Net Changes	% to Capital
1	Mr. Jhunjhunwala Rakesh Radheshyam	62,075,645	60,915,645	-1,160,000	-0.13
2	Matthews Pacific Tiger Fund	27,457,503	24,797,915	-2,659,588	-0.30
3	Dendana Investments (Mauritius) Limited	19,526,000	19,526,000	0	0.00
4	Ms. Rekha Jhunjhunwala	17,291,575	16,741,575	-550,000	-0.06
5	LIC Of India Child Fortune Plus Growth Fund	2,052,074	13,561,677	11,509,603	1.30
6	Copthall Mauritius Investment Limited	13,601,390	11,157,031	-2,444,359	-0.28
7	Franklin Templeton Investment Funds	5,719,626	10,682,752	4,963,126	0.56
8	ICICI Prudential Mip 25	890,861	10,017,907	9,127,046	1.03
9	UTI-Mahila Unit Scheme	5,932,983	9,600,254	3,667,271	0.41
10	Matthews India Fund	8,435,467	5,890,467	-2,545,000	-0.29

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr. N N Tata (Director)**				
	At the beginning of the year	46,900	0.0052	46,900	0.0052
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	46,900	0.0052	46,900	0.0052
2	**Mr. Harish Bhat (Director)**				
	At the beginning of the year	80,000	0.0090	80,000	0.0090
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	80,000	0.0090	80,000	0.0090
3	**Mr. T K Balaji (Director)**				
	At the beginning of the year	561,000	0.0631	561,000	0.0631
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	561,000	0.0631	561,000	0.0631

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	**Mr. Bhaskar Bhat (Managing Director)**				
	At the beginning of the year	80,960	0.0091	80,960	0.0091
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	80,960	0.0091	80,960	0.0091
5	**Mr. A R Rajaram (Company Secretary)**				
	At the beginning of the year	400	0.0000	400	0.0000
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity, etc):	0	0	0	0
	At the End of the year	400	0.0000	400	0.0000

V. INDEBTEDNESS

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

(₹ in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	99.79	-	71.92	171.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**99.79**	**-**	**71.92**	**171.71**
Change in Indebtedness during the financial year	-	-	-	-
· Addition	13.26	-	776.38	789.64
· Reduction	-	-	331.62	331.62
Net Change	13.26	-	444.76	458.02
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	113.05	-	511.68	629.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**113.05**	**-**	**511.68**	**629.73**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(₹ in crores)

Sl. No.	Particulars of Remuneration	Mr. Bhaskar Bhat
1	Gross salary	
	(a) Salary as per provisions of contained in Section 17(1) of the Income-tax Act, 1961	2.40
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.12
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	2.50
5	Others, please specify	
	Total (A)	5.02
	Ceiling as per the Act	44.43

B. Remuneration to other Directors:

(₹)

Sl. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Total Amount
1	**Independent Directors**			
	Mr. T. K. Balaji	3,15,000	35,13,700	38,28,700
	Dr. C. G. Krishnadas Nair	3,97,500	41,13,600	45,11,100
	Ms. Vinita Bali	2,50,000	31,70,900	34,20,900
	Mrs. Hema Ravichandar	3,17,500	34,28,000	37,45,500
	Prof. Das Narayandas	30,000	12,85,500	13,15,500
	Mrs. Ireena Vittal	3,10,000	31,70,900	34,80,900
	Total (1)	**16,20,000**	**1,86,82,600**	**2,03,02,600**
2	**Other Non-Executive Directors**			
	Mr. C. V. Sankar	2,80,000	47,13,500	49,93,500
	Mr. T. K. Arun	3,02,500	29,99,500	33,02,000
	Mr. N. N. Tata	1,45,000	22,71,050	24,16,050
	Mr. Harish Bhat	2,45,000	-	2,45,000
	Total (2)	**9,72,500**	99,84,050	**1,09,56,550**
	Total Managerial Remuneration(B)=(1+2)	**25,92,500**	**2,88,66,650**	**3,12,59,150**
	Overall Ceiling as per the Act (₹ Crores)			**8.89**

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

(₹ in crores)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.60	1.07	1.67
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.05	0.08	0.13
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit			
	- others, specify…			
5	Others, Allowances	0.26	0.86	1.12
	Total	**0.91**	**2.01**	**2.92**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2016.

Annexure IV

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

To,

The Members,

Titan Company Limited

CIN: L74999TZ1984PLC001456

3 SIPCOT Industrial Complex Hosur, 635126, Tamil Nadu

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

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

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

iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

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

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

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

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

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

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

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

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

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

1. Factories Act, 1948 & the Central Rules or concerned State Rules, made thereunder
2. Boilers Act, 1923 & Rules made thereunder
3. Electricity Act, 2003
4. Indian Explosives Act, 1884
5. Gas Cylinder Rules, 1981 (under Indian Explosives Act)
6. Static and Mobile Pressure Vessels (Unfired) Rules, 1981 (under Indian Explosives Act)
7. Environment (Protection) Act, 1986
8. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/ concerned State Rules
9. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/ concerned State Rules
10. Hazardous Wastes (Management and Handling) Rules, 1989
11. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
12. The Contract Labour (Regulation and Abolition) Act, 1970 & its Central Rules/ concerned State Rules
13. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & EPF, FPF Schemes
14. The Employees' State Insurance Act, 1948 & its Central Rules/ concerned State Rules
15. The Minimum Wages Act, 1948 & its Central Rules/ concerned State Rules/ Notification of Minimum Wages applicable to various class of industries/ Trade
16. The Payment of Wages Act, 1936 & its Central Rules/ concerned State Rules if any
17. The Payment of Bonus Act, 1965 & its Central Rules/ concerned State Rules if any
18. The Payment of Gratuity Act & its Central Rules/ concerned State Rules if any
19. The Maternity Benefit Act, 1961 & its Rules
20. The Equal Remuneration Act, 1976
21. The Industrial Employment (Standing Orders) Act, 1946 & its Rules
22. The Apprentices Act, 1961 & its Rules
23. Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
24. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
25. The Legal Metrology Act, 2009 & Legal Metrology (Packed Commodities) Rules, 2011
26. The Workmen's Compensation Act, 1923
27. The Industrial Dispute Act, 1947
28. The Tamil Nadu Industrial Establishments (National & Festival Holidays) Act, 1958
29. The Tamil Nadu Labour Welfare Fund Act, 1972
30. The Tamil Nadu Payment of Subsistence Allowance Act, 1981
31. The Trade Marks Act, 1999

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

(iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; - w.e.f 1st December 2015.

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

We further report that:-

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

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

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

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

We further report that during the audit period the Company has approved the Scheme of Arrangement for transfer and vesting of Precision Engineering Business of the Company to Titan Engineering & Automation Ltd its wholly owned subsidiary and that the Company has got the consent from the Stock Exchanges and is in the process of getting approvals from Hon'ble High Court in accordance with law. The Company has entered into a Joint Venture with Montblanc Services B.V. for establishing operations in India for carrying of single brand retail trade. There is no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company's Affairs.

For HBP & Co
Company Secretaries

Place: Bangalore
Date: 6th May, 2016

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

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

Annexure A

To,

The Members,

Titan Company Limited

CIN: L74999TZ1984PLC001456

3 SIPCOT Industrial Complex Hosur, 635126, Tamil Nadu

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads/Company Secretary/Managing Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. We further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For HBP & Co
Company Secretaries

Place: Bangalore
Date: 6th May, 2016

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

Management Discussion and Analysis

ENVIRONMENT

Macro-economic overview:

2015-16 has been a challenging year

Despite an estimated 7.6% GDP growth, the fiscal 2015-16 was a challenge. The economy has been sluggish from a consumer sentiment point of view. Industrial growth showed a slow and steady recovery during the year with the Corporate India (non-Financial sector comprising 2518 Companies) registering a double digit profit growth though the top line declined.

With respect to the consumer goods, the retail industry in the lifestyle space grew in double digits, while the automobile industry registered a single digit growth. The steady growth in passenger car sales shows the turnaround of the sentiments of the consumer and augers well for the year ahead. The improvement in sales growth in commercial vehicles and tractors during the course of the year indicates the positive sentiment in rural India, which in turn would result in growth of consumer goods in the coming year.

Gold prices have been volatile over the last 15 months. The rate remained depressed in the calendar year 2015, and for the first time in several years, it declined over the first 7-8 months and that kept many consumers away, presumably waiting for it to bottom out. Post December, the rate has seen a smart recovery and has started to come close to ₹ 3,000/ gm in the month of May 2016. On the brighter side, consumer price inflation has been largely controlled at 5-6%, which augurs well for the future.

The US Dollar has risen about 10% from ₹ 63 (Jan 1, 2015) peaked at a ₹ 68/69 level before settling down to ₹ 67 levels. Most emerging market currencies have depreciated significantly more than the rupee with respect to the dollar, putting pressure on India's exports, impacting trade deficit. However, the Indian government's desire to significantly increase infrastructure spend and the Pay Commission payouts to government employees are expected to have a positive impact. Volatility in global economy and stress in the Indian banking sector may continue to have an adverse impact on economic recovery.

KEY CONSUMER TRENDS

MIXED CONSUMER SENTIMENT

Consumer sentiment measured as consumer confidence in the future remains at a global high of 130 points as measured by a consumer research firm. However, this has not translated into a demand surge. As per another source, the consumer sentiment index has been on a downward trend, perhaps more reflective of the consumer spending habit in India.

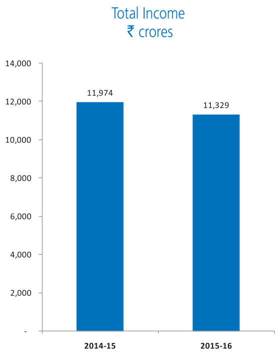
Our product categories have seen differential demand trends across town classes. Metros, mini metros and tier I towns have seen better demand growths. Rural demand has been weak, mirrored by double digit declines for fertilizers, tractors etc., due to two consecutive weak monsoons, impacting sales across smaller towns and upcountry markets. Post Diwali, some improvement in demand from upcountry markets was seen, on the back of festive and wedding season spends.

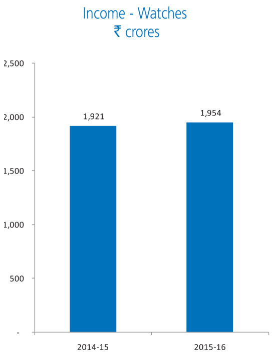
Disruptive discounting and high decibel advertising by e-commerce marketplaces has attracted consumers to buy products online. Simultaneously, the increasing penetration of smart phones combined with poor infrastructure in semi-urban and rural areas has encouraged consumers to go online for information, experience and purchase. This influences consumers to wait for deals and encourages continuous on-line 'snacking behaviour', the buying of many smaller items by consumers driven by year long online stimulus. Our hypothesis is that this eats into share of wallet and consequently they defer higher value purchases (like Jewellery).

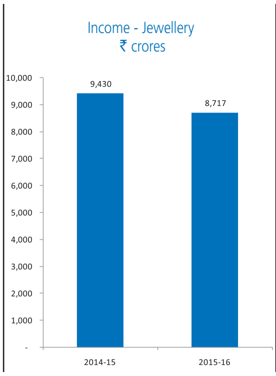
Luxury brands continue to allure Indians and growth of luxury watch retailers is healthy. However the PAN card rule has caused considerable dampening of sentiment in consumers and uncertainty in retailers effective January 2016.

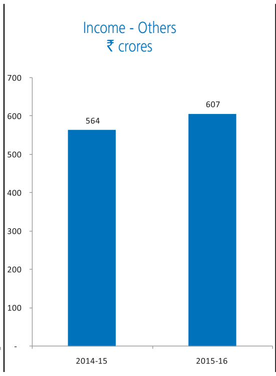
Premiumization trends continue to be seen across all our categories and more so in watches, with much larger growth rates seen in higher price bands and in premium retail formats.

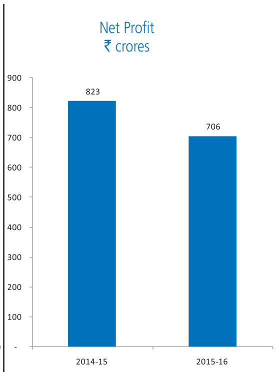
There is continued growing digital influence on consumers, online – offline behaviour is increasingly visible. Tier 3/4 cities are expected to be big contributors to on-line through e/m-commerce driven by penetration.











WATCHES & ACCESSORIES DIVISION

Overview

It was an eventful year for the Watches and Accessories business with the environment remaining challenging for a third consecutive year. The demand in the category was sluggish as consumer sentiment remained weak for most part of the year. A poor monsoon season also aggravated the situation with demand slowing down even in the tier II towns. Demand in other consumer categories like mobile phones remained better than watches. In such a scenario, the watches business registered almost a flat growth of 1.7% over the year 2014-15. All retail channels remained flat barring Helios, our premium multi-brand chain, which registered a double digit growth.

The Year 2015-16

One of the highlights in this challenging year was the introduction of Titan's first Smart Watch. We entered this category with the launch of Titan JUXT. This was created in collaboration with HP Inc., USA. Titan JUXT helped create both internal and external buzz for the brand across the country and also outside India with leading technology blogs like Engadget and Wearable featuring the product in their reviews. The initial response has been very encouraging and this launch presents a new growth opportunity in the years to come. It was not only Titan JUXT that created excitement in the category but a wide range of differentiated products that were launched during the year like Raga Moonlight Collection, Titan Regal Crest, Sonata Shagun watch, Sonata Rahu Kaal Watch, Fastrack Tribe and Animal Instinct collections. All these helped the Division in generating spurts of demand in an otherwise slow market. During the year we also launched SF, the next big Sports watch brand from the house of Titan. This was done with the help of a new range of feature rich products and a full-fledged advertising campaign reflecting the core values of the brand. During the year SF launched a number of watches rich with features like 200 meters water resistance, pedometer and slide touch screen to name a few.

In terms of advertising and communication, the business made significant investments in its brands and product launches throughout the year.

The watch industry this year witnessed emergence of new players like Apple, Samsung and Motorola to name a few with the launch of their respective smart watches. Many international watch brands also launched their smart watches giving a new dimension to the watch category. This has also helped create fresh interest in the category of watches and we look forward to making a significant impact in the years to come with our range of smart products.

Swiss watch brands at the luxury end have been struggling to grow sales in India thanks to revaluation resulting in appreciation of the Swiss Franc and the introduction of the PAN card rule in India.

The e-commerce channel continued its path of fast growth and strengthened its presence through disruptive offers and 'tempting discounts'. Many brands have adopted this channel for launching new products especially in mobile phones and wearables. Exclusive tie-ups and significant advertising have given many new brands instant awareness and sales. But their large turnover is still driven by discounting, disrupting the marketplace.

While on expansion it was a year of consolidation for all our retail formats, a facelift for World of Titan stores has led to disproportionate retail growth. The network was expanded by 17 new World of Titan stores, 6 Fastrack stores and 2 Helios stores across the country. Over 500 new multi-brand outlets were added across all brands. In addition, investments were made in upgradation of multi-brand outlets. The focus on expansion and upgradation will continue in the coming year.

The in-house watches Design Studio added technology innovation as an extension of the studio, to enable greater integration between our core strength of product design and new age technology. The Titan JUXT was the first outcome of this merger. In the days to come many more innovative products will be launched apart from the other differentiated products that are created there.

In manufacturing, we have made focused effort to work differently on "Make in India". Our focus was to reduce imports both by enhancing in-house capability and development of Indian vendors. This will help us to attain total cost reduction, in-house capacity absorption and hedge against currency fluctuations. We commenced commercial production in the Stainless Steel Case Plant at Coimbatore with high end cases being produced thereby resulting in a significant savings in forex and variable costs.

The watch manufacturing facility at Hosur has taken on the objective of becoming 'Green' in all its manufacturing operations. This initiative of Green Manufacturing has predominantly focused on key areas like, a) Energy Conservation b) Fuel Conservation c) Substitution of energy requirements in manufacturing through renewable energy sources like wind power and solar power. This has resulted in reduction of specific energy consumption by almost 50% in terms of units consumed per watch.

Our International Business for Watches registered a double digit growth despite several challenges in Middle East, which remained volatile and South East Asia, which had economic and currency fluctuations. The business sustained its targeted investments in retail and brand building in key, large markets. Vietnam, UAE and Malaysia have seen brand scores enhanced along with business growth. As per market intelligence, while several International brands witnessed retail decline, Titan brands managed to grow and gain market share. There was a visible shift to digital, new age media and e-commerce along with greater thrust on Fastrack and Sonata introduction. Indonesia, Nigeria, Philippines and SAARC markets have shown promising results as future markets with potential.

Opportunities, threats and risks

While Titan continues to maintain a high market share in the organized watch market in India, competition in the form of international watch and Fashion brands, smart watches and new and interesting wearables and devices is getting stronger and the need to make larger investments in new designs, wearable technology, partnerships and newer avenues of distribution have become more relevant. There is an opportunity for all our brands to introduce technology watches to garner a significant share in one of the fastest growing segments today. This segment is going to see exponential growth in the years to come and we plan to make significant investments in product technology aimed at making watches more interesting than they are today.

Favre Leuba, the heritage Swiss brand that the company acquired is being actively worked on for a launch towards the end of FY 2017. The product, marketing and distribution strategy is being worked upon by a newly constituted team largely from the Swiss watch industry.

It is increasingly apparent that the watch category has significantly transformed over the past two decades from being a "must have" time keeping device to a "nice to have" accessory and smart wrist device. Consequently, with greater opportunity in higher price points and technology products, our manufacturing base that is geared for high volume, needs transformation and this is being undertaken through cost compression and contract manufacturing.

JEWELLERY DIVISION

Demand

The performance of the Jewellery Division in the last 3 years needs to be seen in the context of several market and regulatory events that have impacted the Jewellery industry in India. Multiple structural factors have played out inside and around the industry, having a lasting impact on supply and demand. These are:

Regulatory

1. The introduction of the 80/20 rule for the gold imports, the abolition of the Gold-On-Lease scheme and the subsequent reversal of both
2. The increasing of customs duty to 10%
3. The circumscribing of the jewellery purchase schemes to 25% of company net worth and the capping of interest rate to 12%
4. The lowering of the PAN card limit for purchases to ₹ 2 lakhs, as opposed the ₹ 5 lakhs limit that had prevailed since 2011
5. The introduction of excise duty

Global Economic

1. The secular fall in the price of gold, thus eliminating the significant beneficial tail wind effect on sales and margin growth

Jewellery Consumption

1. Pressures on discretionary incomes de-prioritizing jewellery, especially diamond jewellery
2. Increasing competition for share of wallet from other hi-ticket personal products like smart phones, luxury bags and footwear

Competitive

1. Regional chains becoming national in their ambition, state-level chains becoming regional. Significant investments in stores, inventory and brand building
2. Pressures on growth forcing prices downward, exacerbating the margin situation in the industry

   In response to the slow-down in jewellery consumption triggered by these factors, we chose for our flagship brand Tanishq to pursue growth in preference to margin and return on capital and embark on 5 long-term initiatives:

   i. Corrections in the making charges of gold jewellery, virtually across the board, increasing the Value-For-Money equation of Tanishq and supported by a very effective marketing communications campaign in FY16

      a. Brand consideration metrics surge, new customer share increases, price as a reason for non-purchase virtually disappears

   ii. Increasing the relevance of the wedding range for multiple communities, correcting trousseau pricing and very effectively communicating these 2 aspects, starting in the second half of the year

   iii. Increasing the product development and inventory in the high value (> ₹ 2 lakhs) diamond jewellery category and betting on the affluence of the customer segment and our very low share of category

   iv. Introduction and impactful launches of multiple jewellery collections, both market-following ("gaps and refreshers") and customer-leading ("innovations") to increase desire for Tanishq jewellery and give the women compelling reasons to visit the stores

   v. An ambitious network expansion programme, particularly targeting middle India

The results of all these on sales growth (customer, grammage, value) were very visible in Q3 of FY16 and were dampened in Q4 on account of the inevitable early consequences of the PAN card rule effective 1st January 2016 and the crippling industry strike in much of March 2016.

However, the strategic import of these 5 pillars is relevant for at least another 5 years and the Division plans to stay with these accordingly. The Division also believes that the worst has been played out on the regulatory and competitive fronts and the growth trajectory for Tanishq will come back in FY17, aided also substantially by the Golden Harvest jewellery purchase scheme that is now fully back in place. In addition, our sub-brand Mia and the imminent acquisition of online jewellery brand Caratlane will add new customer segment such as working women and youth.

The second big brand of the Division, Gold Plus, has been affected more significantly on account of a higher dependence on the small-town middle class customer and the much more aggressive South Indian jewellery chains. Work is under way to bring the brand on track for acceptable levels of EBIT and ROCE in the next 4 years.

The share of Gold Plus to the Division is under 10% (and will be maintained like that) and thus its dilution of the Division's EBIT and ROCE is minimal.

Integrated Supply Chain

The Division is far and away the leader among all jewellery retailers in India when it comes to manufacturing and out-sourcing. The Division continues to invest significantly in this competitive advantage. The highlights of the last few years in that area are:

1. A significant investment in the Pant Nagar diamond jewellery plant, in resources and capability building, to make it a world-class operation. It is well on the way to becoming that and has also helped the Company substantially in getting IT benefits
2. Investment in chain manufacturing and CNC machining centres to offer high-quality products that very few in the industry can compete with
3. An overall upgradation of the Hosur plant covering refining and alloying and general modernization
4. Significant upgradations of gold jewellery vendor units in technology, systems, processes and karigar amenities
5. Implementation of the TOC (Theory of Constraints) principles in own plants and vendor units for maximizing delivery and minimizing inventory

With all these key improvements in customer acquisition and supply chain processes, the Division's team is quite confident of getting back to attractive sales growth and financial performance levels in FY17 and staying with them for the next 5 years.

EYEWEAR DIVISION

Industry Structure And Developments

The market size is estimated at around ₹ 5,000 crores, of which ₹1,500 crores is estimated to be sunglasses. The market is estimated to be growing at 12-15% CAGR by value, largely driven by new entrants. The large national players have not expanded aggressively while some of the regional players have expanded. At the local level, neighbourhood stores have witnessed a mushrooming of many new players and it is estimated that more than 5,000 stores have been added across the country over the last 5 years. This is a clear indication of the potential that exists in the industry.

Over the last eight years, Titan Eyeplus has rapidly scaled up its operations and at the end of FY 16 had 2.6 lakh sq. feet of retail space, a CAGR growth in excess of 25%, a customer base of 5 million and a state-of-the-art lens manufacturing facility in Bangalore.

Key developments during 2015-16 were as follows:

- Over 70 new stores were opened during the year taking the total store count to 402. The brand is now present across 161 towns across the country
- Despite a slowdown in retail, the overall business grew at 12% over the previous year
- A new retail identity was introduced during the year and many existing stores were renovated to take on the new identity. Progressively, all stores will be converted to carry the new retail identity
- A number of new products (over 300) were introduced during the year and have been very well received in the market. The Titan Eyeplus stores carry the newest styles seen across the world both under its house brands as well as the many international brands available in-store
- Optometry continued to be a key focus area and training and re-training of Optometrists to deliver error free eye testing was imparted during the year
- In sunglasses, Fastrack and Titan Glares continued to do well with Fastrack sunglasses selling over 1.10 million pieces during the year
- The first of the satellite lens labs for manufacture of lenses was established in the East region to ensure better delivery time-lines to customers. During the current year, two more of such satellite lens labs will be established, one in the North and one in the West

- The "Make Hearts Beat" programme, an initiative to make customer delight a way of life, received accolades at the national level
- The lens manufacturing facility at Chikballapur near Bangalore continued to set new benchmarks in quality and first time acceptance

Opportunities and Threats

While the business has developed a number of strengths over its short lifespan, notably, the Titan/Tata name, trust and transparency in the category, high brand awareness, in-house manufacture of high quality lenses, high quality eye testing, differentiated customer experience, wide range of styles, market leader etc., there are a number of opportunities that exist to grow the business further.

The notable opportunities to address in the immediate future will be e-commerce/omni channel play, expansion in middle India, entering International markets, addressing senior citizens, frame manufacturing, crafting a brand personality, digital marketing, design being a differentiator and satellite lens laboratories for quicker delivery.

Threats to the business come from its high dependence currently on outsourcing, disruptive pricing on e-commerce, fake frames and lenses and large amounts being spent in recent times by competitors on advertising.

Risks and Concerns

In the recent past, the entry of e-commerce players with their disruptive pricing and large spends on advertising will be a threat in the near term. With many optical outlets, both at the national and at the regional level having upgraded and premiumised their stores, consumer expectations in the category will only increase further.

PRECISION ENGINEERING DIVISION

Industry Structure and Developments

The precision engineering business comprised the following businesses:

Precision Engineering Component and Sub-Assemblies (PECSA): PECSA caters to the specialised requirements of the aerospace, defence, oil and gas and engineering sectors. It supplies parts to leading tier-I aerospace & defence companies through long-term contracts. PECSA is becoming a default choice of large multi-national companies in the aerospace and defence sector for precision components & assemblies. The business enjoys nearly 750 customer qualified parts that strengthens the future prospects. Moreover a number of companies, global market leaders in the aerospace industry have grown their business with the Division and are looking at strengthening the relationship. UTC group, a US $ 56 billion conglomerate is the largest customer for PECSA in the aerospace segment.

Machine Building and Automation (MBA): MBA caters to the assembly line automation needs of automotive, electrical and medical industries. Ten more new customers were acquired during the year totalling around 85 customers. Global installations foot print keeps increasing for its ability to meet international standards. The year is challenging in terms of growth and profits and declined due to delayed order receipts from customers. The automotive industry is yet to recover in terms of capital investments due to under-utilised capacities.

Opportunities and Threats

Automation Business

The order position in the last quarter is encouraging. The carry forward order position is 50% higher than the last year for the same period. Export enquiries are picking up and we would be able to compete with global competitors due to declined rupee value. The global competitor's activities are significantly higher than last two years. A new direction is being set for the business to identify a niche area or an innovative product (a standard machine platform) for a sustainable business in the coming years. The operating cost reduction will be another focus area for maintaining the healthiness of the business.

Aerospace

Aerospace industry is growing well and there are plenty of opportunities to grow the business from existing customers itself, especially UTAS. We have made a deeper engagement with UTAS senior management team and exploring an opportunity for supplying a complete product rather delivering only machined parts. Global opportunities and enquiries are in increasing trend. The domestic requirement especially from HAL has significantly gone up.

RISKS AND CONCERNS

The automation business is largely dependent on some of the major projects by customers. Though the order position to start the year 2016-17 is encouraging, any delay by customers in the first three months may cause revenue loss for the year.

The automation business having established a reputation for delivering high quality solutions is an attractive hunting ground for talent amongst competitors. The aerospace domain is highly dependent on a few customers and any change in their global fortunes affects the domain directly.

SUBSIDIARISATION

Over the last 10 years, Precision Engineering Division has built substantial design and engineering capability while growing the business profitably. The Precision Engineering Division expects to grow significantly as this is a global business with large B2B opportunity. However, this business is capital intensive and strategic associations which can facilitate technology development may be necessary for business development. With this objective in mind, the Company has now created a 100% subsidiary company called Titan Engineering and Automation Limited (TEAL). After capitalising this subsidiary adequately, the Precision Engineering Division's assets and business are proposed to be transferred to this wholly owned subsidiary. Additional capital for this company will be raised when needed through appropriate funding.

INTEGRATED RETAIL SERVICES GROUP

The year witnessed aggressive expansion of the Company's retail network with a net addition of 82 stores. As on 31st March 2016, the Company had 1283 stores, with over 1.7 million square feet of retail space delivering a retail turnover of ₹ 11,295 crores.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal audit department for reviewing the internal control systems. The department is headed by a Chartered Accountant who oversees a team comprising currently of 5 members. The Head - Internal Audit reports to the Audit Committee and issues reports on monthly and/or quarterly basis on audit plans and audit findings. Besides the internal team, the Company is also utilizing the services of an external team from a globally reputed audit firm to conduct internal audits in various areas throughout the year. The Board Audit Committee reviews the effectiveness of the internal audit function periodically at its Committee meetings.

The composition of the Board Audit Committee is disclosed in the Corporate Governance Report which forms a part of the Annual Report. The internal audit function also reviews the Corporate Risk Assessment exercises and the Risk Register on a yearly basis. The Company intends to appoint a Head of Risk Management who will oversee and coordinate the Company's risk management function.

A compliance team in the Legal & Secretarial department ensures, amongst others, that there are adequate systems and processes in the Company commensurate with the size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Human Resources department carries out a similar exercise for ensuring compliance with all relevant labour legislations.

Based on the foregoing, the Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of the Board Audit Committee, is of the opinion that the internal controls of the Company are adequate to address the financial, operational and compliance risks of the Company.

DIGITAL

Digital means many things and is applicable to many elements across the entire value chain of an organisation. In our case we have chosen to start by transforming the Customer Experience (Cx). The initial objective of our digital strategy therefore is to provide a consistent, high quality Cx leveraging technology in the following three areas: Online Presence, Analytics & Customer Relationship Management.

1] Online Presence: Information available from developed market as well as recent research from several agencies indicates that by 2020, e-commerce will account for 20%-35% sales & 50% of consumers will be digitally influenced. Anticipating this, we have defined our online presence to include both e-commerce and 'Digital Influence'. While the share of e-tailing will continue to increase around the world and in India too, offline sales is expected to retain the lion's share (around 60-75%) of overall commerce. Here it is vital to recognize that even in offline sales, discovery of products by consumers is increasingly (60-70%) being made online.

Our strategy is to have brand websites showcasing the brands, tightly integrated to an e-commerce website and platform. The brand sites build 'Digital Influence' giving brands freedom of expression while allowing them to leverage the benefits and scale of shared infrastructure and a common e-commerce platform. The online presence described above will also be integrated into our 1,200 offline stores using large and small touchscreen devices placed in stores.

2] Analytics: The strategy for analytics is to make data driven insights an integral way of life in Titan. The objective is to build a culture of agile data driven decision making with analytics expected to be the thread that brings the overall digital strategy to life.

3] Customer Relationship Management (CRM): CRM aims to sell multiple products to customers acquired via any one brand or product. Focused building of customers profiles combined with analytics can develop sophisticated ways of targeting customers with personalized marketing. One objective is better conversion of the approximately 1 million visitors per month to our websites. The second objective is to farm better, using the CRM to increase the Average Products per Customer and to deepen Wallet Share amongst the loyalty programme base.

To summarize, the digital strategy may simply be expressed as follows:

1. To create an "Online" customer experience that complements and enhances the superlative "offline" experience offered by Titan.
2. To be able to "personalize" the customer experience and relationship management to the highest degree possible.

INFORMATION TECHNOLOGY (IT)

Titan continues to leverage IT for enhancing its Decision Support System and the efficiency of its business processes. Business Analytics and Automation of Business workflows have been given a major thrust by investing in people and state-of-the-art technologies. Titan has been on the forefront when it comes to adopting emerging technologies for its captive data centres. We have been early adopters in the area of virtualisation and high performance storage that have ensured reliability, high availability and enhanced system response for its users.

Mobility and Cloud technologies are increasingly gaining ground. We have embraced emerging technologies from Microsoft and Google (for office automation, collaboration and knowledge management), Success Factors for Human Resource Management, Sales Force.com for Customer Relationship Managment (B2B) and Amazon Web Services for hosting our e-commerce and brand websites. Investments in Content Delivery Network (CDN) for our e-commerce website has enhanced the user experience. The Golden Harvest Scheme that is now on the cloud has received a very positive response from the customers for its reach and convenience. In order to address Gen Y trends and expectations we have developed multiple mobile based applications for billing and capturing customer feedback and employee facing processes.

In order to give impetus to Information Security (IS), a dedicated Information Security team continues to review Information Security Policies, deploy tools and processes for enhancing information security levels.

Titan has been conferred with "Most Admired Knowledge Enterprise" award for the second consecutive year in Asia.

Exploring emerging technologies for enhancing customer experience will take priority in the near term.

HUMAN RESOURCES

The Company had 7,859 employees on rolls of which 2,012 were women as on 31st March 2016. In addition, we had about 6,161 on contractual rolls at the end of the year 2015-16. We recruited 866 new employees, with a net addition of 285 employees during the year. Of the total head-count of 7,859, 3,613 employees were engaged in factories, 3,614 in retail, sales and marketing and 632 in support functions. The Company also had an attrition of 581 employees which resulted in an attrition rate of 7.4%.

The Human Resources Department facilitated and led interventions that reinforce the Company's longstanding commitment towards developing people. We sustained and refined organizational interventions and processes in the areas of talent management, performance and potential appraisals, learning and development initiatives for employees at every level.

This year we have brought in special focus on the aspects of succession planning and leadership development. We have launched programmes for developing leadership at junior and mid-management levels.

By leveraging technology platforms and making processes more transparent, we attempted to improve the manner in which employees experience the organization. New and/or improved online platforms were introduced for rewards and recognition, performance management and recruitment among others. In addition, we continued to recognize our employees through mechanisms such as Moment of Fame and Impressions (for retail employees and associates). The Outstanding Titanian and Dream Team (OTDT) awards as always were the high point of the year.

Our approach towards remuneration continued to ensure that our employees and their families enjoy a respectable standard of living, while also serving to enhance and reward productivity. We derive inputs for employee remuneration from individual, team and Company performance as well as internal and external parity. The Management continued to enjoy cordial industrial relations with the Titan Employees Union, resulting in motivation, efficiency and productivity. Our employees have continued to participate enthusiastically in various programmes such as small group activities, cross functional teams, safety forums and volunteering efforts.

SEGMENT-WISE PERFORMANCE

(₹ in lakhs)

Segment Results	Year Ended 31-03-2016 (Audited)	Year Ended 31-03-2015 (Audited)
Net sales / Income from segments		
Watches	195,039	191,881
Jewellery	870,798	942,059
Eyewear	37,120	33,196
Others	23,496	23,185
Corporate (Unallocated)	-	-
Total	1,126,453	1,190,321
Profit / (Loss) from segments before finance costs and taxes and after share of profit/ (losses) of associate		
Watches	16,883	20,648
Jewellery	79,414	94,419
Eyewear	1,947	2,493
Others	(3,532)	(2,492)
Total	94,712	1,15,068
Less : Finance Costs	4,228	8,066
Unallocable expenditure net of unallocable income	3,418	1,413
Profit before taxes	87,066	105,589
Capital Employed		
Watches	76,626	67,093
Jewellery	199,503	192,107
Eyewear	9,293	8,551
Others	21,511	18,408
Corporate (Unallocated)	35,791	20,907
Total	342,724	307,066

HOW THE COMPANY FARED

The Company's sales declined by 5.4%; profit before tax declined by 17.5% while profit after tax declined by 14.2% over the previous year. Some of the key financial indicators are as below:

	2015-16	2014-15	2013-14	2012-13	2011-12
Sales to Net fixed assets (No. of times)	12.91	16.17	17.41	20.82	22.79
Sales to Debtors (No. of times)	57.89	63.71	72.06	62.31	55.00
Sales to Inventory (No. of times)	2.54	2.95	2.83	2.78	3.12
Retained Earnings (Rupees in crores)	422.59	568.06	559.09	514.97	380.13
% of Net profit for the year	59.9%	69.0%	75.4%	71.0%	63.3%
Return on Capital Employed (EBIT)	25.2%	33.1%	37.9%	55.9%	62.0%
Return on Net worth	21.4%	29.3%	33.0%	42.5%	48.5%

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement and Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (the "Listing Regulations"). The Company has complied with the applicable requirements of the Listing Regulations.

1. CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

Titan Company Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on 31st March 2016, the Company had 11 Directors, comprising 10 Non-Executive Directors and 1 Executive Director.

The composition and category of Directors as at 31st March 2016 is as follows:

Category	Name of the Director	No. of Directors
Nominee Directors of TIDCO (Non-Executive, Non-Independent)	Mr. C. V. Sankar Mr. T. K. Arun	2
Nominee Directors of Tata Group (Non-Executive, Non-Independent)	Mr. N.N. Tata Mr. Harish Bhat[1]	2
(Executive, Non-Independent)	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T. K. Balaji Dr. C. G. Krishnadas Nair Ms. Vinita Bali Mrs. Hema Ravichandar Prof. Das Narayandas Mrs. Ireena Vittal	6
Total		11

[1]Mr. Harish Bhat, nominee of Tata Group, was nominated as Director of the Company on 20th April, 2015.

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

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

The Board of Directors met five times during the Financial Year 2015-2016. Board meetings were held on 7th May, 31st July and 30th October in 2015 and on 28th January and 16th, 17th March upto 31st March 2016.

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

Attendance of each Director at the Board of Directors meetings during the year and at the last Annual General Meeting, the number of Directorships and Committee memberships held by them in domestic public companies as at 31st March 2016 are as indicated below:

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

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

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

Details of shares of the Company held by Non-Executive Directors as on 31st March 2016 are as below:

Name of Director	Number of Shares
Mr. C. V. Sankar	NIL
Mr. N. N. Tata	46,900
Mr. T. K. Balaji	5,61,000
Dr. C. G. Krishnadas Nair	NIL
Ms. Vinita Bali	NIL
Mrs. Hema Ravichandar	NIL
Prof. Das Narayandas	NIL
Mr. T. K. Arun	NIL
Mrs. Ireena Vittal	NIL
Mr. Harish Bhat	80,000

Web link where familiarization programmes imparted to Independent Directors is disclosed:

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

CODE OF CONDUCT

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors and by definition to the Managing Director and employees of the Company, the Board has also adopted a Code of Conduct for Non-Executive Directors, both of which are available on the Company's website. All the Board members and Senior Management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended 31st March 2016. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

3. AUDIT COMMITTEE

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

Powers of the Audit Committee

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

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

b) to seek information from any employee;

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

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

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

- As per the Companies Act, 2013 ("the Act"):
  - O "The Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—
    - the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
    - review and monitor the auditor's independence and performance, and effectiveness of audit process;
    - examination of the financial statement and the auditors' report thereon;
    - approval or any subsequent modification of transactions of the company with related parties;
    - scrutiny of inter-corporate loans and investments;
    - valuation of undertakings or assets of the company, wherever it is necessary;
    - evaluation of internal financial controls and risk management systems;
    - monitoring the end use of funds raised through public offers and related matter.
  - O The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
  - O Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed."
- As per Part C Schedule II of the Listing Regulations
  - O "The role of the Audit Committee shall include the following:
    - oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
    - recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
    - approval of payment to statutory auditors for any other services rendered by the statutory auditors;
    - reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
      - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
      - changes, if any, in accounting policies and practices and reasons for the same;
      - major accounting entries involving estimates based on the exercise of judgment by management;
      - significant adjustments made in the financial statements arising out of audit findings;
      - compliance with listing and other legal requirements relating to financial statements;
      - disclosure of any related party transactions;
      - modified opinion(s) in the draft audit report;
    - reviewing, with the management, the quarterly financial statements before submission to the board for approval;
    - reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice

and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Oversee the statement of half yearly dealings by Directors/ Officers/Designated Employees and their dependents".

O The Audit Committee shall mandatory review the following information:

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

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

Dr. C.G. Krishnadas Nair, Chairman of the Board Audit Committee was present at the last Annual General Meeting of the Company held on 31st July 2015.

As at the year-end, the Audit Committee of the Board comprised of six members, four of them being Independent Directors. All members are financially literate and have relevant finance and / or audit exposure. Mr. T.K. Arun is Senior General Manager (Finance) and Company Secretary of Tamilnadu Industrial Development Corporation Limited and has accounting and financial management expertise.

The Audit Committee met four times during the Financial Year 2015-16 on 6th May, 30th July and 30th October in 2015 and on 28th January up to 31st March 2016.

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

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

Name of Director & Category	No. of Meetings attended out of four meetings
Dr. C. G. Krishnadas Nair, Chairman (Non-Executive) (Independent)	4
Mr. T. K. Balaji (Non-Executive) (Independent)	3
Ms. Vinita Bali (Non-Executive) (Independent)	3
Mr. T. K. Arun (Non-Executive) (Non-Independent)	4
Mrs. Ireena Vittal (Non-Executive) (Independent)	4
Mr. Harish Bhat[1] (Non-Executive) (Non-Independent)	3

[1]Mr. Harish Bhat, nominee of Tata Group, was nominated as Director of the Company on 20th April, 2015.

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

4. NOMINATION AND REMUNERATION COMMITTEE

The broad terms of reference of the Nomination and Remuneration Committee are to recommend to the Board of Directors of Titan Company Limited (the "Company") the selection and appointment or reappointment of Independent Directors ("IDs") in the Board and its committees which shall include "Formulation of the criteria for determining qualifications, positive attributes and independence of a director", devise a policy on Board diversity, recommend to the Board appointment of Key Managerial Personnel ("KMP" as defined by the Companies Act, 2013) and executive team members of the Company as defined by the Committee, support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors which shall include "Formulation of criteria for evaluation of Independent Directors and the Board." Additionally, the Committee may also oversee the performance review process of the KMP and the executive team of the Company. Recommend to the Board the remuneration policy for directors, executive team/ KMP as well as the rest of the employees, recommend to the Board the remuneration payable to directors and executive team/ KMP of the Company on an annual basis, oversee familiarization programmes for directors, oversee the HR philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team), provide guidelines for remuneration of directors on material subsidiaries, the Committee shall recommend to its Board how the Company will vote on resolutions for appointment and remuneration of directors on the Boards of its material subsidiary companies, endeavour to play a larger role to help the Company navigate the future to guide the management in the areas of capability building, leadership development, succession planning and in general "future proofing" the Company from a leadership perspective, be the sounding board for the HR strategy of the Company and perform such other duties and responsibilities as may be consistent with the provisions of its charter. The Committee, pursuant to the Listing Regulations, shall also review whether to extend or continue the term of appointment of the IDs on the basis of the report of performance evaluation of the IDs.

The performance evaluation is based on financial performance, market performance etc., of the Company. The Nomination and Remuneration Committee also recommends the total remuneration payable to Non-Executive Directors and the criteria for payment amongst the Directors. The criteria for payment of Non-Executive Directors Commission for Financial Year 2015-16 is attendance at the meetings of the Board and the Committees thereof. The Remuneration Policy is annexed as **Annexure-A.**

The Committee met four times during the Financial Year 2015-16 on 7th May and 30th July in 2015 and on 22nd January and 16th March in 2016 upto 31st March 2016.

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

Name of Director & Category	No. of Meetings attended out of four meetings
Mrs. Hema Ravichandar (Chairman) (Non-Executive) (Independent)	4
Mr. T. K. Balaji (Non-Executive) (Independent)	3
Mr. C. V. Sankar (Non-Executive) (Non-Independent)	3
Dr. C. G. Krishnadas Nair (Non-Executive) (Independent)	4
Mr. N. N. Tata (Non-Executive) (Non-Independent)	2

5. REMUNERATION OF DIRECTORS

MANAGING DIRECTOR

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

Details of the remuneration to the Managing Director during 2015-16 are as under:

(in ₹)

Name	Salary	Perquisites & Allowances*	Commission**
Mr. Bhaskar Bhat, Managing Director	84,00,000	1,41,89,556	2,50,00,000

* includes leave encashment of ₹ 536,667 paid during the financial year.

** based on the recommendations of the Nomination and Remuneration Committee of the Board and after taking into consideration the performance during the Financial Year 2015-16 which is payable in Financial Year 2016-17.

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

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

Period of Agreement	:	5 years from 1st April 2012.
Salary	:	up to a maximum of ₹ 10,00,000/- per month with authority to the Board to fix the salary within the maximum amount from time to time.
Perquisites	:	As agreed to in the Appointment Agreement within the overall ceiling under the Act.
Commission	:	As evaluated by the Board or the Board Nomination and Remuneration Committee subject to the overall ceiling under the Act.
Notice period	:	The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
Severance Fees	:	Nil

There are no stock options issued to the Managing Director.

NON-EXECUTIVE DIRECTORS

The remuneration paid to Non-Executive Directors for the year 2015-16 had been computed pursuant to Sections 197 & 198 of the Companies Act, 2013.

The Commission payable to Non-Executive Directors is as per the approval obtained from the shareholders at the Annual General Meeting held on 31st July, 2015 and is within the limits specified under the Companies Act, 2013. The remuneration by way of Commission to the Non-Executive Directors is decided by the Board of Directors primarily based on attendance at the meetings of the Board and the Committees thereof.

During the Financial Year 2015-16, the Company has paid Sitting Fees to Non-Executive Directors detailed below and proposes to pay commission as shown below:

Sl. No.	Name of the Director	Commission* (₹)	Sitting fee** (₹)
1	Mr. C.V. Sankar	47,13,500	2,80,000
2	Mr. T. K. Arun	29,99,500	3,02,500
3	Mr. Harish Bhat	-	2,45,000
4	Mr. N. N. Tata	22,71,050	1,45,000
5	Mr. T. K. Balaji	35,13,700	3,15,000
6	Dr. C. G. Krishnadas Nair	41,13,600	3,97,500
7	Ms. Vinita Bali	31,70,900	2,50,000
8	Mrs. Ireena Vittal	31,70,900	3,10,000
9	Mrs. Hema Ravichandar	34,28,000	3,17,500
10	Prof. Das Narayandas	12,85,500	30,000

* Gross amount, subject to tax and payable in Financial Year 2016-17

** Gross amount, excluding service tax, paid during Financial Year 2015-16

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

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

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Section 178(5) of the Companies Act, 2013 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders' Relationship Committee. The Company has complied with this provision and the Stakeholders' Relationship Committee carries the mandate as was decided upon in the erstwhile Shareholders' Grievance Committee. Further, the Company has merged the erstwhile Share Transfer Committee with the Stakeholders' Relationship Committee.

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

During the Financial Year 2015-16, a meeting of the Stakeholders' Relationship Committee was held on 17th March 2016. The members of the Stakeholders Relationship Committee are as follows:

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

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

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

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

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

Number of complaints from shareholders during the year ended March 31, 2016

Complaints outstanding as on 1st April 2015	0
Complaints received during the year ended 31st March 2016	94
Complaints resolved during the year ended 31st March 2016	92
Complaints not solved to the satisfaction of shareholders during the year ended 31st March, 2016	0
Complaints pending as on 31st March 2016	2

7. GENERAL BODY MEETINGS

Particulars of the past three Annual General Meetings

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

Year	Location	Date	Time
2012-2013	At the Registered Office of the Company located at 3, SIPCOT Industrial Complex, Hosur 635 126	1st August 2013	3:00 p.m.
2013-2014	-do-	1st August 2014	3:00 p.m.
2014-2015	-do-	31st July 2015	3:00 p.m.

b) No Extra-Ordinary General Meeting of the shareholders was held during the financial year 2015- 16.

c) No Postal Ballot was conducted during the financial year 2015-16.

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

Procedure for Postal Ballot:

In compliance with Schedule V Part C of the Listing Regulations and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

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

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

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

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

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

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

At the Annual General Meeting held on 1st August 2013, a Special Resolution was passed: for the re-appointment of Statutory Auditors, Deloitte Haskins & Sells for financial year 2013-14, which was passed unanimously.

8. MEANS OF COMMUNICATION

Whether half-yearly reports are sent to each household of shareholders?	No, the financial results are published in the Newspapers, as required under the Listing Regulations.
Quarterly Results	-do-
Website, where results are displayed	The results are displayed on www.titan.co.in
Whether it also displays official news releases	Yes
Website for investor complaints	The Company has created an exclusive ID investor@titan.co.in for this purpose. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
Presentations to institutional investors or analysts	Presentations made during the year to institutional investors are displayed on www.titan.co.in
Newspapers in which results are normally published	The quarterly results were published in The Business Standard and Dina Thanthi. The audited financial results for the year ended 31-March-2016 were published in Business Standard and Dina Thanthi.

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	Wednesday, 3rd August 2016, 3:00 P.M. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	1st April 2015 to 31st March 2016
Book Closure Date	26th July 2016 to 3rd August 2016 (both days inclusive)
Dividend payment date:	The Directors at the meeting held on March 16, 2016 declared an interim dividend of ₹ 2.20 per share (220%) involving a total payment of ₹ 23,507 lakhs (including dividend distribution tax) for the year ended March 31, 2016. The said interim dividend was paid to the shareholders on March 29, 2016. The Directors do not recommend any further dividend for the year 2015-16.
Registered Office	No. 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Listing of Equity Shares on Stock Exchanges	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-01; and National Stock Exchange of India Limited, Exchange Plaza,C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-51
Listing fees	Listing fees as prescribed have been paid to the above stock exchanges up to 31st March 2017.
Share Registrar and Transfer Agents	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr E Moses Road, Mahalaxmi, Mumbai - 400 011 E-mail: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com No: 022-66568484 Fax No: 022-66568494
Company Secretary & Contact Address	Mr. A.R. Rajaram, Head- Legal & Company Secretary E-mail: arrajaram@titan.co.in Tel No: 080-66609610

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

TSR Darashaw Limited 503, Barton Centre, 5th Floor 84, M.G. Road, Bangalore – 560 001 Tel: 080-25320321 Fax: 080 – 25580019 Email: tsrdlbang@tsrdarashaw.com Contact Person : Mr. Jaymohan K	**TSR Darashaw Limited** Tata Centre, 1st Floor 43, Jawaharlal Nehru Road Kolkata – 700 071 Tel: 033 - 22883087 Fax: 033 - 22883062 Email: tsrdlcal@tsrdarashaw.com Contact Person : Mr. Rijit Mukherjee	**TSR Darashaw Limited** Plot No.2/42, Sant Vihar Ansari Road, Daryaganj New Delhi – 110 002 Tel: 011 – 23271805 Fax: 011 – 23271802 Email: tsrdldel@tsrdarashaw.com Contact Person : Mr. Shyamalendu Shome
TSR Darashaw Limited Bungalow No.1, 'E' Road Northern Town, Bistupur Jamshedpur – 831 001 Tel: 0657 – 2426616 Fax: 0657 – 2426937 Email: tsrdljsr@tsrdarashaw.com Contact Person : Mr. Subrato Das	**Shah Consultancy Services Limited** **c/o. TSR Darashaw Limited** 3-Sumatinath Complex, Pritam Nagar, Akhada Road, Opp. Kothawala Flats, Ellisbridge, Ashram Road, Ahmedabad - 380 006, Telefax: 079 - 2657 6038, Email: shahconsultancy8154@gmail.com Contact Person : Mr. Suresh Shah	

SHARE TRANSFER SYSTEM

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

STOCK CODE

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

The Aggregate Non-promoter / Public Shareholding of the Company as at 31st March 2016 is as shown below:

Number of Shares	:	41,67,78,240
Percentage to total holding	:	46.95%

STOCK PERFORMANCE

Month	Titan (BSE)		Titan (NSE)		Index Close Price	
	High	Low	High	Low	Sensex	Nifty
Apr-15	422.45	379.00	422.60	379.95	27011.31	8181.50
May-15	394.00	335.00	394.25	334.35	27828.44	8433.65
Jun-15	379.65	337.00	379.60	337.50	27780.83	8368.50
Jul-15	367.40	320.80	366.95	320.35	28114.56	8532.85
Aug-15	351.75	314.50	353.10	314.50	26283.09	7971.30
Sep-15	339.00	311.50	339.30	311.20	26154.83	7948.90
Oct-15	357.85	303.00	357.95	302.75	26656.83	8065.80
Nov-15	392.00	330.00	392.40	329.35	26145.67	7935.25
Dec-15	383.70	340.00	383.95	339.80	26117.54	7946.35
Jan-16	366.50	327.60	366.70	326.95	24870.69	7563.55
Feb-16	375.70	303.00	376.00	301.70	23002.00	6987.05
Mar-16	359.80	311.00	361.00	310.00	25341.86	7738.40

DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH 2016

No. of Equity Shares Held	No. of Shareholders	Percentage	No. of Shares	Percentage
1-5000	1,08,459	96.70	5,19,87,606	5.86
5001-20000	2,989	2.67	2,64,36,249	2.98
20001-30000	174	0.16	42,74,063	0.48
30001-40000	82	0.07	28,61,514	0.32
40001-50000	53	0.05	24,77,527	0.28
50001-100000	120	0.11	86,98,928	0.98
100001- 1000000	207	0.18	7,15,89,822	8.06
1000001 and above	67	0.06	71,94,60,451	81.04
TOTAL	**1,12,151**	**100.00**	**88,77,86,160**	**100.00**

CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH 2016

Category	No. of Share holders	No. of Shares Held	% of Shareholding
Tamilnadu Industrial Development Corporation Ltd.	1	24,74,76,720	27.88
Tata Group Companies	11	22,35,31,200	25.18
FFI / FIIs / OCBs	228	17,51,07,038	19.72
Bodies Corporate	1,368	1,73,72,118	1.96
Institutional Investors	22	1,70,49,669	1.92
Mutual Funds	150	3,01,81,273	3.40
Nationalized Banks	5	51,000	0.01
Others	1,10,366	17,70,17,142	19.93
Total	**1,12,151**	**88,77,86,160**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on 31st March 2016, 97.59 % of the Company's Equity Capital was held in dematerialised form with NSDL and CDSL. Trading in equity shares of the Company is permitted only in dematerialised form with effect from 15.02.1999 as per the notification issued by the Securities and Exchange Board of India (SEBI).

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

Stock option scheme: None

PLANT LOCATIONS

The Company's plants are located at:

Watches : Hosur, Dehradun, Roorkee, Pant Nagar and Coimbatore.

Jewellery : Hosur, Dehradun and Pant Nagar.

Precision Engineering : Bangalore and Hosur.

Prescription Eyewear : Chikkaballapur, Kolkata.

ADDRESSES FOR CORRESPONDENCE

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

Corporate Office : No. 132/133, Divyasree Technopolis, Yamalur, off Old Airport Road, Bangalore 560037.

10. DISCLOSURES

(a) Related Party Transactions: During the year under review, besides the transactions reported in Note 39 forming part of the financial statements for the year ended 31st March 2016 in the Annual Report, there were no other material related party transactions of the Company with its Promoters, Directors or the management or their relatives and subsidiaries, associate company and joint venture. These transactions do not have any potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information if required. Further there are no material individual transactions that are not in normal course of business or not on an arm's length basis.

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

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

(d) CEO/CFO Certification: The Managing Director (MD) and Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2016, which is annexed here to.

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

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

(g) Share Transfer Compliance and Share Capital Reconciliation: Pursuant to Regulation 40 (9) of the Listing Regulations, certificates on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialisation of the shares of the Company and for conducting a share capital audit on a quarterly basis for reconciliation of the share capital of the Company.

(h) Compliance of non-mandatory requirements: The information pertaining to compliance of non-mandatory requirements made, may be referred to Item No.12 below.

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

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

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

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

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

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

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

(j) **Disclosure on website:** The Policy on Related Party Transactions is posted on the website of the Company and can be accessed at http://titan.co.in/hot-corp-governanace.

(k) **Disclosure of commodity price risks and commodity hedging activities:** In order to protect our gold price risk on our inventories, the Company uses derivative financial instruments to manage risk associated with gold price fluctuation. The Hedging transaction is mainly done against exposure gold like spot procurement and exchange gold. All such derivative financial instruments are supported by an underlying stock and are not for speculation/trading.

Compliance with Regulation 39(4) of the Listing Regulations

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

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

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

The details of the number of shareholders and outstanding unclaimed shares for the period 1st April 2015 to 31st March 2016 is as provided below:

Particulars	No of shareholders	No of equity shares (₹ 1 each)
Aggregate number of shareholders and the outstanding unclaimed shares in the suspense account lying at the beginning of the year	1,646	29,49,500
Number of shareholders who approached listed entity for transfer of shares from suspense account during the year	84	1,92,160
Number of shareholders to whom shares were transferred from suspense account during the year	84	1,92,160
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	1,562	27,57,340
That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	1,562	27,57,340

11. NON-COMPIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT

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

12. COMPLIANCE OF DISCRETIONARY REQUIREMENTS:

The Company has fulfilled the following discretionary requirements

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

13. DISCLOSURE OF COMPLIANCE WITH THE LISTING REGULATIONS:

The Company has complied with the following Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations

- The Company has complied with the Corporate Governance requirements specified Regulation 17 (Board of Directors) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 18 (Audit Committee) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 19 (Nomination and Remuneration Committee) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 20 (Stakeholder's Relationship Committee) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 21 (Risk Management Committee) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 22 (Vigil Mechanism) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 23 (Related Party Transactions) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 24 (Corporate Governance requirements with respect to subsidiary of listed entity) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 25 (Obligations with respect to Independent Directors) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 26 (Obligations with respect to Directors and Senior Management) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified Regulation 27 (Other Corporate Governance requirements) of the Listing Regulations;
- The Company has complied with the Corporate Governance requirements specified clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 (Dissemination of information on Company's website) of the Listing Regulations

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification as per Regulation 17 (8) of the Listing Regulations

The Board of Directors,

Titan Company Limited

3, SIPCOT Industrial Complex,

Hosur 635 126

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

We, Bhaskar Bhat, Managing Director and S. Subramaniam, Chief Financial Officer, hereby certify that in respect of the Financial Year ended on March 31, 2016

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

BHASKAR BHAT
Managing Director

S SUBRAMANIAM
Chief Financial Officer

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

In accordance with Regulation 17 (5) of the Listing Regulations, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2016.

for **TITAN COMPANY LIMITED**

Date : 6th May 2016

BHASKAR BHAT

Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF TITAN COMPANY LIMITED

1. We have examined the compliance of conditions of Corporate Governance by TITAN COMPANY LIMITED ("the Company"), for the year ended on March 31, 2016, as stipulated in:
   - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
   - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
   - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016; and
   - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C , D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

Annexure A

REMUNERATION POLICY

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

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

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

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

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

Key principles governing this remuneration policy are as follows:

- **Remuneration for independent directors and non-independent non-executive directors**
  - Independent directors ("ID") and non-independent non-executive directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission within regulatory limits.
  - Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
  - Overall remuneration (sitting fees and commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the company (taking into consideration the challenges faced by the company and its future growth imperatives).
  - Overall remuneration should be reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay the remuneration.
  - Overall remuneration practices should be consistent with recognized best practices.
  - Quantum of sitting fees may be subject to review on a periodic basis, as required.
  - The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
  - The NRC will recommend to the Board the quantum of commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and committee meetings, individual contributions at the meetings and contributions made by directors other than in meetings.
  - In addition to the sitting fees and commission, the company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his/ her role as a director of the company. This could include reasonable expenditure incurred by the director for attending Board / Board committee meetings, general meetings, court convened meetings, meetings with shareholders/ creditors/ management, site visits, induction and training (organized by the company for directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a director.

- **Remuneration for managing director ("MD")/ executive directors ("ED")/ KMP/ rest of the employees**
  - The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:

- o Market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent)
  - Driven by the role played by the individual,
  - Reflective of size of the company, complexity of the sector/ industry/ company's operations and the company's capacity to pay,
  - Consistent with recognized best practices and
  - Aligned to any regulatory requirements.
- **In terms of remuneration mix or composition**
  - The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders. In case of any change, the same would require the approval of the shareholders.
  - Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
  - In addition to the basic/ fixed salary, the company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
  - The company provides retirement benefits as applicable.
  - [In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.]
  - [In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
    - Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
    - Industry benchmarks of remuneration,
    - Performance of the individual.]
- **The company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the company.**
- **Remuneration payable to Director for services rendered in other capacity**

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

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

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

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

BUSINESS RESPONSIBILITY REPORT

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the company : L74999TZ1984PLC001456
2. Name of the Company : Titan Company Limited
3. Registered address : 3, SIPCOT Industrial Complex, Hosur – 635126
4. Website : www.titan.co.in
5. E mail id : sridharne@titan.co.in
6. Financial Year reported : 2015-16
7. Sector(s) that the company is engaged in : Retail
8. List key three products / services that the Company manufactures / provides (as in balance sheet)
    a. Watches and accessories
    b. Jewellery
    c. Prescription eyewear
9. Total Number of locations where business activity is undertaken by the company
    a. International locations : Distributed in 32 countries
    b. Number of national locations : Pan India retail presence. 12 mfg and assembly facilities, 1283 exclusive stores across 247 towns
10. Markets served by the company – covered in point 9

SECTION B : FINANCIAL DETAILS OF THE COMPANY

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

SECTION C : OTHER DETAILS

1. Does the company have any subsidiary Company / companies? Yes
2. Do the Subsidiary Company / companies participate In the BR initiatives of the parent company : No
3. Does any other entity/entities (eg suppliers , distributors etc) that the company does business with, participate in the BR initiatives of the company? If yes then indicate the percentage of such entity/entities? Yes indirectly to a limited extent

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
    a) Details of the Director / Director responsible for implementation of the BR policy/policies
        1. DIN Number : 00148778
        2. Name : Mr Bhaskar Bhat
        3. Designation : Managing Director
    b) Details of BR head
        1. DIN Number : Not Applicable
        2. Name : N E Sridhar
        3. Designation : Head, Corporate sustainability
        4. Telephone Number : 08066609021
        5. E-mail id : sridharne@titan.co.in

MD's message

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

The Titan Story

The Titan story began in the year 1984 with a joint venture between the Tata Group and the Tamil Nadu Industrial Development Corporation. Thus was created one of India's most recognizable brands which in turn gave birth to an array of spectacular sub brands.

Titan Company brought about a paradigm shift in the Indian watch market in 1984, offering quartz technology with international styling, manufactured in a state-of-the-art factory at Hosur, Tamil Nadu. In 1995, Titan Company diversified into Jewellery under the brand Tanishq to capitalize on a fragmented market operating with no brands in urban cities. The company has also entered the eyewear industry offering Indian customers prescription eyewear, as well as sun glasses. In 2013 Titan also launched its own brand of Fragrances. The company leverages its precision manufacturing and automation expertise in an independent division (Precision Engineering Division)

Innovation — in products , processes, and business models — has become an important success factor for Titan Company Limited.

The company has organically grown over 30 years from one business to 5 businessess creating over a dozen product brands and half a dozen retail formats.

JEWELLERY

Plain and studded gold jewellery Brands: Tanishq, GoldPlus, Zoya, Mia

Retailed through Tanishq, GoldPlus, Zoya & Mia Stores

WATCHES

Watches and accessories like bags, sunglasses et Brands: Titan, Sonata, Fastrack and sub brands like Raga, Xylys, Edge, etc

Retailed through World of Titan, Helios, Fastrack Stores besides a host of MBOs and dealers

EYEWEAR

Stores with frames and contact lenses & Sunglasses

Brands: Eye+

Retailed through Titan Eye Plus Stores

PRECISION ENGINEERING

Precision Engineering Component and Sub- assemblies (PECSA) and Machine Building and Automation (MBA).

The Titan Vision:

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

The Titan Mission:

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

Titan Values and Standards:

Customer orientation

- We pursue customer centricity in all that we do.

Employee appreciation

- We value and respect Titanians and endeavor to fulfill their needs and aspirations.

Performance culture and teamwork

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

Creativity and Innovation

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

Passion for excellence

- In all our pursuits, we ceaselessly strive for excellence.

Corporate Citizenship

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

Awards & Recognitions

The following table outlines a few of the recent and noteworthy awards and recognitions received by the company and various divisions during the reporting year 2015-16. Apart from these several executives have distinguished themselves by bagging individual recognition in various external for a through their contribution to Industry.

Category	Details
Organization	Titan Company's e-commerce website (Titan.co.in) won Gold at IDMA 2015 in the category of 'Best use of e-commerce' - Brand.
	Dun & Bradstreet in association with AirTel business presented India's Top 500 Companies & Corporate Awards 2015
	Titan wins the Greentech Gold Award (highest in the category) in recognition of excellence in safety management in the Watches and Accessories Division
	Best Company for Excellence in Communication 2014-15 at the Annual Group Leadership Conference (AGLC)
	Titan Company has won 8 awards for excellence in communications at the Brand & Corporate Communicators Meet 2014
	The winner at the 5th ACEF (Asian CEF Awards for Excellence in Marketing, Branding and CSR) awards in the category of Excellence in Brand Management for the Titan Company Paradox Panel Campaign.
	Titan Company Limited was awarded for Excellence in Community Impact on 24th September 2015 at the JW Marriott in New Delhi given by SHRM
	Titan Company Limited won the 'Spirit of Participation Award 'in the recently concluded Corporate Talent Championship
	Titan Automation Solutions has been selected as the Platinum winner at the 1st LAPP INNOVATION AWARD
	Titan has won the coveted SAP ACE 2015 award in Customer Excellence - Sales & Marketing for the IT solution "Aim for World Class transformation in Titan Trade Distribution".
	Titan Company recognized as Indian Most Admired Knowledge Enterprise (MAKE) Winner – 2015
	Titan awarded with ASIAN MAKE Award for 2015
	Titan encircle won the Direct Marketing Campaign Award at 9th Loyalty Summit
	Titan Automation wins the Best Industrialization support Award
Watches & Accessories	Hosur Manufacturing of Titan Watches & Accessories division, has won the Award for "Excellent Energy Efficient Unit" at the "National Award for Excellence in Energy Management – 2015" programme organized by CII.
	FASTRACK has won the YOUTH FASHION BRAND of the year award at the 5th Asian CEF Awards for Excellence in Branding, Marketing and CSR.
	Team from Movement assembly – Watch division have won the Qualtech Innovation award conducted by Qimpro convention
	Engineering Services - Watch Manufacturing, Hosur has won the "Greentech Environment Award - 2015" under Gold Category in Engineering Sector for sustained environmental performance.
	Titan watches recognized at the 29th National Convention on Quality Concepts (NCQC)
	Titan Watches and Accessories Division Wins National Quality Excellence Awards
	Hosur Watch Manufacturing facility been Certified with ISO 50001:2011 - EnMS (Energy Management System)

Category	Details
Eyewear	Titan Eyeplus has been awarded as the Retailer Of The Year in Fashion and Lifestyle category at the 6th CMO Asia Awards Titan Eyeplus honoured at TRRAIN Awards 2015 for Excellence in Customer Service
Jewellery	Tanishq has won "Quality Excellence Awards for Best in After Sales Service" and in the Individual Category Best Customer Service Profess- held by World Quality Congress and Asian confederation for business professional of the year Titan's Diamond Sourcing team (BSO, Mumbai) has been declared winners of "Procurement Excellence Award" in Jewellery Industry by Kamikaze B2B Media Group

Various certifications have been obtained across the company. The specific certifications are as mentioned below.

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

About the Report:

The Business Responsibility Report (BRR) 2015-16 is the fourth such report showcasing responsible business practices across the nine principles of National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business released by Ministry of Corporate Affairs, Government of India, in July 2011.

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

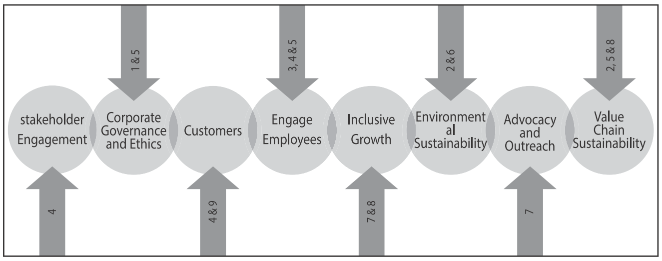
All the product lines and divisions including Watches and Accessories, Jewellery, Eyewear, Precision Components and Automation Solutions;

All offices: The Corporate Office at Bangalore, Regional offices in Bangalore, Delhi, Kolkata, Mumbai and all the Branch and Area offices across the country;

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

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

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



Circles indicate Business Responsibility Topics. Arrows indicate NVG principles

Stakeholder Engagement: The table below gives examples of 'Who are the stakeholders' and "How we engage with them".

The key sustainability stakeholders are Primary Customers, Consumers, Government and Regulatory Bodies, Employees, Supply Chain Partners, Community and Investors & Shareholders. The Primary Customers include franchisees, distributors and C&F agents. Through its well thought out Business principles Titan aims to balance the needs of all its stakeholder needs in an equitable manner.

Stakeholder	Modes of Engagement	Being a responsible business
Primary Customers – Franchisees	✓ Franchisee Satisfaction Surveys ✓ Business Associates Meet ✓ Association with multiple businesses of Titan ✓ Annual Planning meets ✓ Dealer Meets	✓ Preference for Franchisees who share the Tata value system. They are an integral part of the Tata code of conduct that enables it to conduct business in a fair and transparent manner. ✓ Franchisee retail staff is provided the same training opportunities as Titan staff apart from many reward and recognition programs.
End Consumers	✓ Customer Feedback and grievance redressal: help lines, email ids ✓ Customer satisfaction surveys ✓ Mystery Shopping Audits ✓ Encircle- Unified Loyalty program: Continuous relationship building and engaging with the customer on products and promotions	✓ Empowering the Frontline retail staff to delight our customers, go beyond norms. ✓ Customer Experience – Building trust through greater transparency, quality products, inventive retail layouts, service centres, optometrists, etc.
Government and Regulatory Bodies	✓ Timely statutory reporting and returns filed with all the regulators ✓ Senior management 'engagement' with of industry bodies ✓ Timely disclosure of information to the Stock Exchanges and other regulators ✓ Prompt disclosure and reporting on sustainability and Corporate Social Responsibility.	✓ Participation in CSR and Sustainability initiatives through CII and other forums ✓ Participation in seminars, webinars, etc. organized by various regulators ✓ Policies like the Tata Code of Conduct, Whistleblower, Prevention of Sexual Harassment, Gifting policies.
Employees	✓ Employee engagement surveys ✓ Tell Me survey ✓ In-house Communication newsletter News box ✓ Robust training, development and capability building program ✓ Rewards & Recognition	✓ Grievance redressal also through a concept of Unit Personnel Officer and Business HR ✓ Positive discrimination at the recruitment stage for diversity in Affirmative Action, employment of differently-abled ✓ A host of employee friendly policies that include education support, scholarships etc. ✓ Leadership development
Supply Chain Partners	✓ Capacity building programs local vendors – both technical and non-technical ✓ Regular engagement through Annual vendor meetings, vendor satisfaction surveys ✓ Vendor Portal / Feedback mechanism / MIS	✓ Self-sustained livelihood program through MEADOWS ✓ Improving the working conditions of karigars through Karigar Park and karigar centres ✓ Strategic partnerships with key vendors

Stakeholder	Modes of Engagement	Being a responsible business
Community and NGOs	✓ Periodic meetings with partners and NGO's ✓ Meeting with beneficiaries as part of project monitoring ✓ Agreement Based approach / MoU / Long Term Partnerships / Co-creatione of Program ✓ Sustainability / CSR Associate Meet	✓ MEADOWs initiative that empowers women from disadvantaged backgrounds ✓ Initiatives like Titan Scholarships, Titan Kanya Project, Employability skill development, Preventive Eye care programs and support to differently-abled ✓ Focused perusal of Affirmative action through scholarship schemes, supporting Tribal school children, employability related training ✓ CSR policy defined in line with the requirement of Companies Act.
Investors & Shareholders	✓ Annual General Meeting ✓ Annual Report ✓ Investor meets ✓ Investor complaints ✓ Business Responsibility Reporting	✓ A separate page for investor relations on the website ✓ Providing timely and transparent information to investors through AGM, Annual result reporting, detailed annual report with MD's message and disclosures on management approach Shareholder's grievance committee and redressal process
Environment	✓ Environment Management System certification (EMS, IMS) ✓ Environment audits ✓ Carbon Footprint and CDP reporting on annual basis	✓ Two of the largest divisions have a clear strategy on climate control initiatives ✓ EMS system at all divisions ✓ Large thrust on renewable energy usage including wind and solar energy, piloting large scale solar applications

One Company, Many Responsibilities

Sustainable development has been the backbone of Titan Company. To make this possible Titan Company has taken several steps to change the way business is conducted in Corporate India. The company has set into place various programs under the one Titan Company roof.

A couple of years back, Titan Company formally announced their intention to embrace Sustainability as a corporate objective. Sustainability has taken root in the company and blossomed into a full-fledged function and is in line with the Tata Group's sustainable values and the Government of India efforts in urging Corporate India to embrace Corporate Social Responsibility and inclusive growth in a structured manner.

A key outcome over the past 12 months has been the crafting of CSR policy in line with the requirements of the Companies Act that has been facilitated by the Board committee on CSR. This has since been uploaded on the Titan website. (www. titanworld.com)

The CSR policy defines the areas of emphasis and support for Titan while at the same time ensuring it plays its role as a responsible corporate citizen in all the areas where it operates. Details of these are covered under the section on social responsibility.

Advocacy and Outreach

Titan Company engages with policy making and regulatory bodies through multiple business forums. Most of the advocacy is business driven and focused on improving transparency for unorganized sectors.

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

SMT from Watches and Accessories Division are part of the Horological Federation of India. We make representations to the government on excise duties, support raids that expose fake and smuggled watch dealers, and send a communication across this fraternity to minimize such approaches.

The Company works closely with the Gems and Jewellery Skills Development Corporation and the National Skills Development Corporation to develop professionally skilled artisans. The CEO of Jewellery division is also on the board Gem and Jewellery sector skill council. We diligently follow compliance for the Know Your Customer (KYC) and compulsory PAN card requirement for Jewellery above ₹ 2 lakhs besides strictly adhering to norms on gold procurement and sale. Further the Company's Jewellery division was the first to respond to the requirements of its own scheme (Golden Harvest Scheme) modified to be in line with regulations, while at the same time keeping the business impact in mind apart from consumer engagement.

Titan Company is a part of the Indian Optometric Association. In most places where Titan plants are located, plant heads either chair or are active members in the local Industry bodies that help create strategies and make representations about the local communities where they are present.

The company's senior executives also participate as members or even Chair in Industry bodies such as CII, FICCI, ASSOCHAM and many Tata Group initiatives that enable it to contribute to policies and opinions concerning Industries wherever it's present. Some of the other forums represented include RASCI, CII Committees on Skilling, CSR, AA, etc. They are also encouraged to share best practices to many B-Schools for the benefit of students.

Economic Sustainability – Engaging Growth

Titan Company believes in generating economic value to all the stakeholders – be it the employees, franchisees, suppliers, shareholders, investors, customers and community through inclusive growth that goes beyond mere financial profits.

With a market cap of ₹ 30104.83 crores as on 31st March 2016 and ₹ 339.10 / share, Titan Company Limited is largely focused on the Indian market while continuing to strengthen the International presence. **The net income for 2015-16 was ₹ 11,329 crores. Other financials are detailed as part of the annual report published every Year.**

Going forward – Deploying our Imagination

Having crafted out our five year strategy the company embarked on its journey of deployment of the same towards the five year plan inspite of the challenging market conditions during the initial years of its Imagine strategy. It's in the process of re-inventing its strategy in the coming years keeping in mind the market challenges and its current performance. The renewed vigor which Titan approached during the year has helped further synchronize all its competencies in a harmonized manner. One of the key initiatives that have helped fuel thoughts for growth has been the Ignitor program, which had elicited an overwhelming set of ideas that the company can look into. The ignitor program outcomes are now being taken forward by the NBD group.

Key Risks

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

- The Company's high dependence on Jewellery
- Government Control on Gold import, introduction of new amendments to Prevention of Money Laundering Act, Restrictions on Gold on Lease
- Unauthorised sharing of Intellectual property and other digital confidential information (viz, product, design, Pricing strategy, discounts, costing, etc) IT systems in Retail / CFA, Network infrastructure, E-commerce and other websites being Vulnerable to phishing and hacking threats.
- Data scrutiny and integrity, inadequate threat and risk assessment and system maintenance framework
- Inadequate process and policy for business continuity and disaster management
- Statutory Compliances by Company / Indirect Agencies to : - Shops & Establishment Act, - Various Labour Legislations, etc
- Increased levels of legal activism
- Engagement of contract / casual labour – in manufacturing, offices, retail (incl. CFA / L1, L2 & L3 STORES) including Compliances by Contractors
- Rising expectation in terms of job enrichment, increased Learning & development, and better empowerment within the company, of relatively younger population / New joinees.
- E-tailing as a threat to Brick 'n' Mortar retailing; Emergence of E-commerce players – taking away market share in various divisions

- Inadequate processes and systems to manage investor related issues.

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

Governance

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

As on 31st March 2016, the company had 11 Directors, comprising of 10 Non-Executive Directors and 1 Executive Director, of which six are Independent Directors.

Stringent accounting standards such as GAAP and Indian Accounting Standards are followed and the financial statements are externally audited by a leading audit firm. The Audit Committee comprises of 6 members, 4 of them being Independent Directors. The Committee oversees the Company's financial reporting process and the disclosures of the financial information to ensure that the financial statements are correct, sufficient and credible. The committee also recommends on risk mitigation initiatives to the management and other personnel. The internal audit program focuses primarily on checks and controls on systems and processes, monitoring compliances, continuous upgrade of controls, the business risk mitigation and reports directly to the audit committee of the board.

The Board Nomination and the Remuneration Committee recommends appointment / re-appointment of Managing Director and Whole-Time Directors and recommends remuneration to Directors.

It also recommends to the Board most eligible nominations for appointment as Independent Directors, appropriate to the company's structure, size and complexity and special expertise and experience of the Directors in the related domains / field.

The Shareholders' Grievance Committee specifically looks into the redressal of Investors' complaints relating to the transfer of shares, non-receipt of Annual Reports and dividends declared by the Company etc. The Ethics Committee reviews the compliance with TCoC and SEBI (Prohibition of Insider Trading) Regulations and the implementation of Code of Conduct of Ethics at Titan Company.

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

In line with the requirement of the new Companies Act and also a good practice, Titan's Board has also embarked upon a board effectiveness measurement system and feedback given to members of the Board.

Advancing Human Rights and Ethics

The fountainhead of the corporate governance of Titan Company is the Tata Code of Conduct. The Company is committed to abide by it, in its letter and spirit. The Company has earned the Tata Brand name by virtue of this commitment and draws its strength from the Tata group values.

The comprehensive Tata Code of Conduct (TCoC) is applicable to all whole-time directors, MD and the employees of Titan Company.

The Tata Code of Conduct is signed by every employee at the time of joining. TCoC contains 25 clauses that make up a governing framework for responsible corporate citizenship and ethical behaviour. In addition, Titan Company has also specific policies on Whistle Blower, Prevention of Sexual Harassment, Gifting and a unique policy on honorarium.

Apart from the TCoC guidelines, the Company, for all its unionized employees also has in place a set of Standing Orders, which detail each of the activities that need to be followed and implemented, as part of governing day to day working.

As an organization that spans the value chain from manufacturing to retail, Titan Company is largely dependent on a complex supply chain, and therefore recognizes the impact on the larger ecosystem covering every supplier, vendors, business partners and contractors, who are expected to adhere to the TCoC. A clause of TCoC is communicated to them be it Franchisees or vendor partners.

The Board Ethics Committee oversees the Ethics Management Process which is driven by a task force comprising of the Managing Director as the Principal Ethics Officer, headed by a Senior Executive, who is the Chief Ethics Counsellor (CEC) and also the CEO of the Jewellery Division supported by about 81 ethics counsellors across the Company.

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

The team led by the CEC and HR ensures that all employees, new hires and temporary workforce abide by the TCoC through adequate communication and awareness initiatives. Breaches of ethical conduct in the organization are dealt with appropriately. The company has put in place robust mechanisms to deal with breaches in ethical conduct as well as prevention of sexual harassment. Wide varieties of proactive communication are in place.

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

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

Table 1: Type and number of concerns in 2015-16

Type of Concern	No. of Concerns		
	Total	Resolved	Pending
Ethics related – Fraud / Misappropriation / Non-disclosure	30	29	1
Sexual Harassment related	8	8	0

With robust processes and awareness program in place, the no. of TCOC and Sexual Harassment cases have declined. This is a positive sign of the impact of the awareness workshops. The table below captures the no. of workshops conducted and no. of employees covered in 2015-16. The company has over the past 12-18 months reinforced ethical behavior through conduct of multiple awareness sessions, plays and other means for both existing and new joinees. The CEC and local Ethics Counsellors take active part in the same.

Table 2: All India POSH & TCOC Awareness Workshops in 2015-16

No. of workshops	No. of Employees/ Contract Employees covered	No. of Vendors	No. of ICC & Internal Trainers Trained
42	3510 / 126	2034	72

Ethical behaviour is tracked through internal process and its effectiveness is validated through external surveys. “Tell Me” survey conducted by the Managing Director himself captures the responses from employees on awareness and communication of ethical practices.

Globalization has significantly changed the world. One of the most urgent dilemmas for responsible business is how to respect and support human rights in complex social, political and economic contexts – particularly where these human rights are being violated. Being a part of the Tata Group, respect for human rights is integral to Titan Company’s value system, and this is ingrained in Titan’s culture, policies and practices. There are mechanisms to ensure that the elements of human rights are instilled in employees through formal communication mechanisms and through the TCoC, to which each employee is expected to adhere.

There is no separate formal Human Rights policy. The Company has a formal policy against employing Child, Forced, and Compulsory Labour and ensures that all employees, including Contract and Franchisees’ employees are above the age of 18 years.

Grievance Redressal

Employees are provided with the opportunity not only to voice their opinions, but also to have the appropriate channels to raise concerns and grievances.

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

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

The highest standard of professionalism, honesty, integrity and ethical behaviour has been adopted to conduct the affairs of the constituents in a fair and transparent manner. There is a provision under the TCoC requiring employees to report violations, which states: “Every employee of a Tata Company shall promptly report to the management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of his or any other Tata Company.”

In order to address workplace related issues, the Senior Management Team has periodic interactions, including open houses with employees at all locations. The MD regularly receives feedback from employees across the country through specially instituted mechanisms that include weekly ‘Open hours’ on Saturdays when he is available for any employee to meet or call him, as well as through the annual ‘Tell Me’ survey and feedback sent in response to his Quarterly Communication address.

HR team members at each location, including factories are specifically tasked with the responsibility of ensuring that all grievances of employees are addressed within a specific time period, failing which there is an escalation matrix to ensure the grievance is addressed appropriately.

The Regional structures at Titan Company with a Regional Business Head, has strengthened local connect with employees. As the company grew in size, it was imperative that the employee and Franchisee connect is not lost in the hierarchy of the organization right through corporate. Both for franchisee and vendor partners, there are multiple mechanisms to address the grievances. Annual Partner Meet is one of that.

Shareholder Grievance Committee

There is a separate Shareholder Grievance Committee for shareholders. The shareholder complaints are posted by SEBI on its website and the company is pro-active in resolving the complaints by uploading the Action Taken Report in a time bound manner. The average time taken for resolving shareholder grievances is 7 days. Pursuant to the amended listing regulations 6 with the Stock Exchanges, Titan Company has an exclusive e-mail ID for redressal of investor grievances investor@titan.co.in for Investors to lodge their complaints. Out of 94 Shareholder complaints received during the reporting year, 92 have been resolved successfully as on March, 2016. There were no complaints regarding copyright issues in respect of products that involve the use of traditional knowledge and geographical indicators. No cases were filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

Customer Satisfaction

Under the Titan Company, all the brands operate with a single point agenda of complete customer satisfaction.

As a lifestyle company with many brands to satisfy and cater to different categories of customers, customer relationship is paramount to the success of the Titan Company. To provide continued patronage to customers with products and services that excel in every area, including quality, price and service trustworthy business partners are very essential.

Customers are classified into two levels:

- The Franchisee
- The End Consumer

Primary Customers - Franchisees

Co-creating with Our Business Partners

About 80% of all the stores across the Watches and Accessories, Jewellery, and Eyewear divisions are run by franchisees. It is crucial to partner with the right people who share a similar value system and can provide fruitful partnerships, as new benchmarks are set in the sectors that Titan Company operates in. Many of our franchisee have stayed with the company since inception , and also run multiple retail outlets of Titan.

Choosing the Right Partner: Selection Process

There is a robust franchisee selection process where franchisees are - evaluated and selected, profiled at various levels and on several parameters including financial capability and experience in businesses with a comparable background like retail or services sector. Each Franchisee is expected to abide by the TCoC guidelines, a copy of which is given and reinforced through all contractual agreements and documents.

Training the Customer Facing Employees:

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

Rewards and Recognition program 'Impressions', for frontline retail staff at regional and national levels has seen huge success. It is open to technicians, department store staff, and receptionists across the network of Franchisees'. The program touched approximately 10,000 frontline staff and seen that their sense of belongings to Titan Company ecosystem. This has helped to intensify the connection with them.

A separate team under HR is involved in training of frontline staff on customer engagement, grooming, Product knowledge and selling. This has been successfully implemented both at company and franchisee stores.

Engagement

Apart from regular store visits by the sales, regional managers and business heads, there are open sessions for discussions on RoI, Break-even point, IRR and they are engaged for a year to year basis, exemplifying the Titan Company's commitment. Business Associate Meet (BAM) is held biennially where a various engagement activities such as one-on-one business planning sessions for each store, Franchisee workshops, recognition programs etc. are conducted. A testament of partner commitment is that many of the franchisees have stood through thick and thin and many of those who started as watch franchisees are now dealing with the Company across Jewellery, accessory and eyewear.

Franchisees are also involved in some of the Corporate Social Responsibility Activities. Many of the Franchisees have contributed in the form of individual efforts to some of the Titan Company's CSR initiatives, such as the Titan Kanya.

Titan Company makes significant efforts to reduce the carbon emissions per square foot of the stores and ensure safety considerations by getting involved in designing of the stores. All the company owned stores and most of the Franchisee stores have switched to LED lighting.

The Customer Connect: Encircle

Titan Company's newest loyalty program is called Encircle which encompasses all the three consumer facing businesses and unifies the customer on a single platform that keeps them loyal and engaged. The customers are engaged on a regular basis and provided with information on new products and services besides rewarding them for loyalty.

Customer Complaints

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

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

Titan

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

Tanishq

- The staff of our boutiques

Titan Eye +

- Toll free helpline Store staff
- Policy on beyond warranty complaints & empowering store staff.

Precision Engineering

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

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

There is also a toll-free helpline number to which the customers can call and an email id to which they can write a complaint. Every query is acknowledged within 12 hours and is resolved as per the turnaround time based on the type of request. Customer satisfaction is tracked as soon as a product is purchased through email and SMS.

Table 3: Customer Complaints in 2015-16

Customer Complaint (Products and Services)	Number of Complaints		
	Received	Resolved	Pending
Watch Division: - % of warranty complaints to sales	1. 37	1. 36	0. 01
PED-PECSA - Nos	16	15	01
PED-MBA - Nos	312	299	13
Eyewear Division - % of warranty complaints on sales	1.23	1.23	0
Jewellery Division - % of warranty complaints on sales	1430	1428	2

Titan Company takes pride of work in after sales service. The table above outlines the number of product and service related queries that have occurred in the warranty period for the year.

Responsible Advertising and Consumer Education

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

The Jewellery division has rolled out two alternate schemes in place of Golden Harvest scheme that had to be stopped on the basis governments modified rules.

In an attempt to take innovation to the consumers, Titan Eye+ has aggressively communicated an online testing tool through digital media and PR to raise awareness and get people to detect the need for correction or change in power at the appropriate time from the comfort of their home/office. All the claims on product performance are tested extensively and are backed by product warranties relevant for each category.

Our Titanians, Our Strength

Path to Employee Wellness

We are keenly aware that our employees are critical to our continuing business success. Hence, the development and well-being of our employees is a focus area for the organization. We support this through a three pronged approach:

a) Enabling professional development of our employees (and in some cases, employees of business associates) through learning opportunities.

b) Designing fair remuneration structures and reward and recognition mechanisms that promote high performance and reinforce positive behaviour, while shielding employees from short term market variations.

c) Providing transparent people policies and benefits that go beyond statutory requirements are guided by our values, and which enable our employees and their families to enjoy a respectable standard of living

We recognize and respect employee rights to collective bargaining. Workmen are represented by employee unions or by employee forums at our manufacturing locations. The company engages with these Unions to arrive at Long Term Settlements and productivity improvement measures. Table 3 depicts the membership of our employees in unions and other employee forums.

An equal opportunity employer, Titan Company has an Affirmative Action policy in place that encourages positive discrimination towards disadvantaged sections of society.

Titan Company also ensures adequate and fair representation of differently-abled in the recruitment process. The Company engages physically challenged employees wherever possible on merit. Titan Company has 121 differently-abled employees, whose salaries & other benefits are on par with other employees. Titan has tie-ups with NGO's such as Enable India to give employment opportunities for differently-abled people in roles such as retail sales officer, cashier, MIS officer, brand executives etc. Appropriate physical support such as providing ramps for movement, handrails etc. are provided wherever possible. Titan Company has received several recognitions, including the Best Employer of differently-abled people by the President of India.

Workforce profile:

Table 4: Workforce structure – organization level and gender wise employees in 2015-16

Categorization	Male	Female	Total
Non-Executives	960	939	1899
Executives	3698	912	4610
Junior Management	953	150	1103
Middle Management	177	14	191
Senior Management	58	6	64
Contract labour			6161

Table 5: Permanent employees under various unions during 2015-16

Name of union/labours worker association/ employee association	Number of permanent employees
Titan Employee's Union (Hosur)	1146/1146 (100%)
Watch Assembly Unit, Dehradun Employee Forum	155/155 (100%)
Jewellery Unit, Dehradun Employee Forum	36/36 (100%)
Watch Assembly Unit, Roorkee Works Committee	155/155 (100%)
Watch Assembly Unit, Pantnagar Works Committee	234/234 (100%)
Jewellery Division, Pantnagar Works Committee	173/173 (100%)

Table 6: Employees with Disability

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

At its diverse locations, Titan has consistently attempted to build relationships with the local community and hiring talent from the surrounding areas. Skill building through intensive training helps to make them capable of delivering high quality products and services, while enhancing their employability as well.

Developing our people

Through focused programs, Titan provides opportunities that enable every employee to develop their skills and progress professionally.

In each function, training requirements of employees are identified based on their role, domain skills needed and individual needs. Annual training calendars are developed in line with the above and are tracked throughout the year. The nature of developmental inputs, mode of training delivery and output measures vary according to the organizational level and function of the employee. Some of the major areas of training and development are :

- Retail training
- Manufacturing Capability building
- Managerial and behavioural training
- Leadership development

Remuneration Structures and Reward Mechanisms

Individual remuneration at Titan is derived from a variety of factors that include internal and external parity, size of the role and individual, team and company performance. The structure encourages employees and managers to take a long term view of performance, while also shielding employees from significant variations in income due to factors beyond their control.

Reward and recognition schemes also encourage positive behaviours through a variety of schemes for every organization level and division, culminating in the Outstanding Titanian and Dream Team awards and nomination to the Titan Hall of Fame at the Apex level. Long service awards celebrate the loyalty and contribution of long-time employees. Suggestion schemes and small group activities encourage individual and team ideation and are rewarded suitably. Retail employees are recognised through an event called Impressions.

Policies and Benefits

While we comply with every aspect of statutory requirements with respect to people policies, the policies and benefits applicable to Titan employees often exceed the statutory minimum required – a reflection of our value system. For instance, the Gratuity benefit for retiring employees is much above the rate specified under the Gratuity Act. Medical Insurance for retirees and their spouses is extended up to 80 years of age. We also encourage our partners and vendors to comply with statutory requirements such as minimum wages. In some instances, our policies and benefits cover the employees of our associates as well such as compensation increases and incentives for franchisee employees, medical and accident insurance coverage for employees of business partners etc. Instances of some such policies and benefits include:

Earned Leave:

Employees receive 30 days of earned leave for every year of service completed, which may be accumulated upto 180 days. Leave can also be encashed subject to guidelines. This is in addition to casual and sick leave which each employee receives.

Assistance to employees for children's education:

Employees may avail of a highly subsidised education loan for the higher education of their children.

Recognizing the achievements of our employees' children:

Titan provides scholarships in recognition of the academic achievements of employees' children. Cash awards are also given to employees' children who win sports events at the district, state or national level.

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

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

Maternity Leave: The maternity leave policy of the company provides flexibility for the women employee to avail maternity leave for up to 90 days, excluding the Weekly Holidays and Intervening National & Festival Holidays. Leave may also be extended beyond this period on case-to-case basis.

Occupational Health and Safety

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

Proactive adherence to hazard identification and risk analysis (HIRA), designing of suitable systems for risk elimination and control by the use of physical engineering controls and safeguards encourage reporting of unsafe conditions, unsafe acts and near misses through safety alert card system, safety inspections to identify and control workplace hazards helped the system in addressing accident prevention. Emergency preparedness and response procedures are established and rehearsals are carried out through drills to ensure quick recovery. These are constantly reviewed and updated

Titan Company has a robust OHS policy and is also registered under OHSAS 18001:2007 Certification. The scope of the OHSAS implementation and certification covers the entire organization, including all manufacturing units and regional locations, the Company owned stores and CFA's apart from the corporate office at Bangalore. It believes in a prevention oriented approach towards safety and hence a large emphasis is given to training and awareness building across all employee categories including focus on ensuring customer safety in our premises.

During the year we have covered over 13950 employees (all categories) under safety training and invested in about 31779 man-hours of training. The focus on training includes Ergonomics, Lifesaving skills, Emergency preparedness, electrical and behavioral based safety.

Besides ensuring statutory compliance other safety engagement programs include Safety audits, Safety committee reviews, Safety walk through, employee engagement on safety , Safety inspection with focus on electrical safety, Work permit system, Lifesaving squad, CFA and Retail store safety management , office safety etc

Ergonomics:

Ergonomics has been identified as one of the major occupational health concerns; a risk assessment is conducted for all manufacturing site, Offices and few retail outlets. To prevent adverse impacts from day to day activities, Illumination levels, noise levels and ambient air quality & Work zone monitoring are monitored at all the workplaces.

During the year, the company hired the services of expert, to carry out the Ergonomics Training for the Titan Executives and Ergonomics assessment at Manufacturing plants, corporate office and some retail stores at Bangalore and Mumbai. Corrective and Preventive action will be drawn to address the issues.

We have also created and launched a new online ergonomic pop up message for employees on desktops, a constant reminder for ensuring they are conscious on their body postures at work.

Creating elevating experience – The community

Titan Company has always believed in serving the Community and improving the quality of lives of the people it touches. Titan has successfully re – written the rules of the game in these industries in India – the manner in which these products are manufactured, sold and serviced and in the ways in which its employees and customers have been treated.

Titan will leverage the skills and competencies, financial and people resources as well as the infrastructure and relationships of the Company in order to excel and maximize societal impact. This will ensure that Corporate Social Responsibility (CSR) will benefit from the business activity of the Company even as it serves the communities that interface with such business activity.

Accordingly the CSR focus at Titan will be driven by broad themes such as upliftment of the underprivileged girl child, skill development (for the underprivileged) and support for Indian Arts, Crafts and Indian Heritage.

The company shall work towards responsible citizenship by continuing present initiatives, supporting local and national causes and taking up others as and when required even as it works towards scaling up on the larger chosen themes.

In all its efforts, Titan will seek to actively engage and integrate wherever appropriate the requirements of Affirmative action and other state and central government initiatives from time to time.

Geographical focus

Apart from having a significant geographical focus in the states of Tamil Nadu, Uttarakhand and Karnataka, Titan would also dispassionately look into other geographies as and when such a need arises keeping in mind its CSR policy framework for reach and support.

The Company's CSR policy has been uploaded on the website www.titanworld.com. The company's policies and strategies on CSR are being guided by the Board CSR committee that has been constituted in accordance of the Company's bill under CSR. The company has published its CSR annual report for the second year in succession in line with the requirements of company's Act.

CSR Spends during 2015-16

During the Financial Year 2015-16, ₹ 17.42 crores has been spent on the CSR activities in the areas of Girl child Education, Employability & Skill Building, and support for Indian Arts, Crafts and Indian Heritage and other Programs supporting local and national causes. This reflects a 40% increase over the previous year. The impact of these programs is monitored on a case-to-case basis as they seek to maximize social return. We have reached out to 1.9 L people through our CSR programs. There is also a large emphasis on Employee Volunteering. Over 6550 hours of employee volunteering was recorded during the year. We also have a formal policy on employee volunteering.

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

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

- Karigar Park/karigar centre: A social entrepreneurship project with six parks, benefiting over 400 artisans,
- Meadow Project: women empowerment initiative- preferred vendor to which nearly 26 activities including Jewellery manufacturing, polishing and also a couple of operations for Precision Engineering are outsourced. Currently it employs over 400 women in Hosur.

Towards the focus of our CSR policy, below paras highlight a few of our interventions over the past 12 -15 months.

Upliftment of the Underprivileged Girl child through education and other education led initiatives:

Education is the catalyst of socio-economic development that can bring changes that will sustain in the long term. There is a need to create a strong foundation for future India through various CSR interventions focusing on education. Titan Company has various initiatives from the flagship programmes Titan Kanya, Titan

Scholarship Scheme, Support for Education for tribal children, building capacity through teacher education and will be looking at the life-cycle approach for the girl child addressing related areas like health and hygiene, adolescent related awareness , skilling for livelihood etc.

I. Titan Kanya

A girl is the knot that ties the family, nay the nation together. With this belief Titan Company has launched the Titan Kanya Programme in 2013.

Emerging as a flagship Pan-India CSR initiative, involving the Company, employees and their Business Associates, Titan Company seeks to empower the underprivileged girl child through education. Working with two NGOs of all India reach and repute – the K C Mahindra Education Trust (Nanhi Kali program) and IIMPACT, the programme, has on date about 11056 girl children who are being provided with a window of opportunity, supported by Titan CSR, Employees and Business Associates. This also includes almost all the tribal girl children numbering around 4000 in the predominantly dominant tribal blocks of Thally and Kelamangalam in Krishnagiri District of TN. Progressing further to children who come out of class 10, we have initiated a new concept called Kanya Centre – that enables children out of class 10 to come together and learn new skills and knowledge and also socialize.

II. The Titan Scholarship Scheme

Introduced in 1992, with an objective to identify and encourage meritorious but economically underprivileged students of Dharmapuri and Krishnagiri, designated backward districts of Tamil Nadu to pursue higher education. Over 1600 students of ITI, Diploma, Engineering, Medicine and Arts and Science Graduates have till date benefited from this scheme.

During the reporting period, fresh scholarships amounting to ₹ 74.96 Lakh was availed by 554 students, that includes scholarships for the previous year's students and 24% are from AA community. During the year 2014-15 the Titan Scholarship scheme was been extended to Uttarakhand as well.

III. Education and capacity building for the tribal children:

SVYM (Swami Vivekananda Youth Movement), an established NGO running a school for tribal children in the fringes of the forest provides contextually relevant and contemporary education in a joyful infrastructure through experimental learning. The medium of instruction being Kannada, allowing students to interact in their native dialects, emphasis is also given to English speaking and writing skills through a special educator. From class 8^{th} to 10^{th} students are introduced to basic technology through Pre-Vocational Training in electrical, mechanical- plumbing, carpentry and Organic farming as a part of curriculum. As part of Affirmative Action initiatives, Titan Company supports entire education expenses of class 8^{th}, 9^{th} and 10^{th} standard children in the reporting period. Realizing the importance of creating multiplier effects the company during the year, has also entered into an agreement to support teacher education for about 94 teachers (over a four year period), predominantly from the Tribal community and girl children in SVYM. Two batches of D Ed students have already graduated and are placed. During the year we have initiated job oriented programs / skilling for the students after class ten to enhance their livelihood opportunities.

IV. Career and Educational Counselling Programme:

The objective of Career counselling is to create awareness about the benefits and concessions offered by governments and educational opportunities available. Professional Counsellors are appointed for training in the districts of Pudukkotai, Sivagangai, Madurai, Cuddalore, Villupuram, Kancheepuram and Krishnagiri. This program has helped build self-confidence, self-esteem and reduce dropouts.

Over a three year period concluding this year we have supported close to 6000 students through this program, more than 90% belonging to SC/ST category.

V. Children's Movement for Civic Awareness (CMCA):

Titan extends its supports towards this cause to create civic awareness amongst children and become responsible citizens and reached out to 775 children.

VI. There have been multiple engagements at a local level in many or our plant operations that include adoption and working with Govt schools for education, minor infrastructure support etc. A prominent example includes support for building 3 class rooms with infrastructure for a school near Valliyoor (TN) that works with underprivileged girl children.

VII. Substance (drug) abuse is a major issue in the state of Sikkim, particularly among school going children. Based on the request of Govt of Sikkim, Titan has agreed to partner with them and lock NGO's to enable programs that would prevent drug abuse among children. This program over a three year period is expected to impact over 1 Lakh children/youth in 100 schools. This intervention is being done as a responsible corporate citizen.

VIII. As part of Swachh Bharat / Swachh Vidyalaya project for constructing 2 unit / 3 unit toilets in girls' schools, Titan has undertaken construction in 57 Government schools in Krishnagiri district. This program is comprehensive enough to include proper water availability as well and is likely to close by the first quarter of 16-17.

Empowerment Enabler - Employability & Skill Building:

Titan Company started intervention in this area way back in 1996 through MEADOWs and then Karigar Park / Karigar Centre for jewelers.

Other Employability skill development interventions that emanate from our CSR policy are as follows:

I. Unnati:

Unnati, an NGO helps youngsters below the poverty line through free vocational training programme that ensure 100% placement. A 50 day programme designed for unemployed youth (18 years & above) with vocational skills and life-skills and ensures employment with reputed organizations. Currently, the training is offered in the areas of retail sales, field sales, guest care (hotels), guest care (offices). 165 youth have been trained and placed so far over the past 3 years.

II. Adopting Govt ITI in Salem:

This ITI has trained 50,000 students since 1963. Over 900 students studying in 12 trades and 100 dedicated staffs involved in career growth of the students. This ITI has most of the students come from very remote and rural area from the poor back ground of the Salem districts, 35% percentage of the students here being SC/ST category.

By occupying the position of the chairperson of the Institute Management Committee, Titan has adopted this ITI and has already supported during the past 18 months, both through investment in basic infrastructure and also capability building of teachers. The infrastructure support includes providing a permanent compound wall, tables and desks for children and also employability training for about 60 teachers. During the year to enable the institute raises its standards of skilling / training Titan introduced state of the art welding simulator in this ITI to benefit both students and teachers.

III. Keeping in mind our long term objective of creating our own skill institute Titan Piloted engagement with three more partners ie ANTS consulting, Don Bosco Tech Society and Association for People with Disability (APD). Covering multiple trades including Retail, hospitality, we ensured 1000 youth trained and placed in various organizations.

A key highlight during the year has been our work with APD to skill and employs 95 underprivileged disabled youth in various originations.

Besides this we have also engaged in capacity building through the train the trainer program organized by DB tech, and placing them after the program.

IV. Supporting the skilling of differently-abled:

In line with the philosophy of supporting the underprivileged, Titan engages in projects supporting this cause through established and recognized organizations such as Association of People with Disabilities, and Spastics society of Karnataka (SSK) Titan supports 3 rural vocational centres with SSK , skilling the differently abled and underprivileged children and women in skills of stitching, embroidery, painting, carpentry, organic farming etc. in Mysore, Mulbagal and Ramanagaram.

Overall we have skilled and enabled placement for close to 80 % of the 1000 underprivileged skilled in our skilling programs.

Indian Heritage, Arts, Crafts and Culture

I. Support for Agha Khan Trust towards restoration of the Humayun Tomb finial.

Support for the finial restoration of the Humayun Tomb, which is one of a very important heritage sites of the country is being done. It also involves lending the expertise to make the finial gold cladding successful and fool proof for several decades to follow. The installation was complete and inaugurated recently.

II. Support for Indian Foundation for Arts

One of the organizations that the company has extended support towards is IFA for Arts Research, Arts Practice and Arts Education. Several arts practice and workshops have been part of the funding by IFA. A unique program being carried out is the workshop conducted for our tribal school teachers in bringing arts practice in teaching the children.

III. Ranga Shankara

During the year Titan has tied up with Ranga shankara to enable creation a young directors program that would last over a couple of years. This is specifically targeted for the underprivileged youth in Karnataka.

IV. A unique concept – Titan design award for social transformation is being conceptualized and has been cleared for implementation in the years to come.

V. PORGAI

As part of the support for the arts and crafts communities of India, Titan extended its support for a group of tribal women called Porgai, who practice embroidery. Settled in Sittlingi valley, Dharmapuri District in Tamil Nadu, the women are being supported for design development, training, up-skilling etc. to revive the craft and create livelihoods. Creation of full-fledged skill centre is part of our engagement and the same is being inaugurated shortly.

Responsible Citizenship and support towards local needs and causes

I. **Titan Happy Eyes Vision Improvement Programme:**

Being in the space of Eyecare, it is but natural that the company ensures support to eliminate preventable blindness in adult and children of the country as a larger social cause. Titan has embarked on this phenomenal exercise in line with the vision 2020 programme of WHO in tie-up with Institutes of national stature such as Sankara Eyecare, Narayana Nethralaya, Nirmal Eye Care, Drishti and Sankar Netralaya and has rolled out the programs in the districts of Tamil Nadu, Uttarakhand and Karnataka. Through this programme Titan has reached out to more than a lakh and half children and adults and provided them support for spectacles, medicines and surgeries during the year 2015-16. The focus during the year was on pediatric eye care and the same will be carried forward in the coming years.

II. **Uttarakhand Water, Sanitation and Sustainable Livelihood program:**

Keeping in mind the long term engagement required for rehabilitation of the people affected by the Uttarakhand floods, Titan has signed an agreement with Himmottan Society (a unit of Sir Ratan Tata Trust) to carry out Integrated Village Development and Water And Sanitation solution to 11 villages in Uttarakhand. There has been significant development in this project that is constantly being monitored and mapping of all villages for the water and sanitation project is complete.

III. **Contribution towards relief and rehabilitation:** During the year the nation witnessed nature's fury in the form of cyclone in AP and also massive floods in TN. Besides our initial engagement in relief efforts, Titan employees contributed to day matched buy an equivalent grant from the company. .We also contributed towards relief work in Nepal.

IV. **Support for Research for IIT Chennai:**

The grant is provided to support innovative technological platforms for IIT research labs that would enable technological innovations in the social projects space which create multiplier effects. During the year 3 new incubatees have been supported.

V. **Support for Tata Medical Centre (TMC):**

Keeping in mind the dire need for enhancing support to cancer care, we have made a grant to the Tata Medical Centre at Kolkata to support infrastructural needs in their expansion and also patient care. We have further augmented this during 2015-16 to support the construction and development of the entire Pediatric section.

Engaging Employees – The spirit of volunteering

The spirit of volunteering by employees is an embedded in the DNA of Titan Company. The company encourages employee volunteering in multiple ways – an officially declared policy of 6 working days in a year, providing transport and any other resources that are sought for safe transit during Community Development work etc.

Over 6569 man hours of employee volunteering recorded during the reporting year. CSR initiatives are communicated to the employees through a dedicated CSR email id. Brief write up on CSR initiatives are also periodically featured in the in-house magazine 'Titan Newsbox". The employees are also engaged in continuously in CSR volunteering through programs such as Joy of giving week, Tata Engage, pro engage, CDF led camps, school adoption , runs for specific causes, relief and rehabilitation work in TN etc.

Sustainability Practices across Supply Chain

Titan views its vendors as partners in the process of business growth. Titan Company believes in investing time and effort in building mutually beneficial relationships. The business responsibility extends to the supply chain partners – the people where the products are sourced from as well as the people to whom key processes are outsourced.. Vendor engagement not only helps in developing their capacity, it also enables their growth along with the Company's growth.

Each division of the company brings in its wake its own complex supply chain. In the Jewellery division, the plain gold and part of studded Jewellery making is largely outsourced and the vendor base varies from large diamond providers to Karigars. Our work with the Jewellery Karigars in creating a Karigar Centre is a benchmark in creating sustainable livelihood engagement in the Industry. Our Self Help Group of women at Hosur has grown in strength to strength over the past two decades and supported many manufacturing activities for all three Divisions (Watch, Jewellery & PED) at Hosur. Eyewear division sources frames from China and Europe. Precision Engineering Division outsources all chemical work to partners.

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

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

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

Titan Company's key intent is helping local suppliers scale up and improve their operations wherever its feasible and in turn develop long term relationships with them the Jewellery businesses, there is a preference towards potential local vendors in packaging space, who mainly employ women (mostly from rural areas), thus improving their livelihood.

The local vendors are further supported by

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

Engagement with Vendors: Vendor Satisfaction Surveys and Vendor meets are conducted with the aim of improving their business as well as gauging their feedback. Vendors are also involved in new product development whenever possible.

One Planet, Many Sustainable Initiatives

Environmental Sustainability

Titan Company values the need for business transformation towards sustainable growth and uses a strategic approach to minimize the impact of adopting efficient processes, encouraging ideas to create sustainable products and third party certifications such as EMS, OHSAS etc.

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

There is a robust environment policy applicable to all the divisions and for two of the divisions; this policy extends beyond the factory to its suppliers and contractors too. All of the divisions have initiatives to address global environmental issues These divisions identify and access the environmental risk across at a granular level. The Environmental Management Systems at factory level helps mitigate and prevent environmental risks across the company. There are no significant negative environmental consequences of any of the Company's business operations. No monetary or non-monetary sanctions were imposed for non-compliance with environmental laws and regulations on Titan Company during the reporting period 2015-16.

Renewable Energy

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

The benefit of renewable energy was foreseen at an early stage. As of 31st March 2016, 49% of the overall electricity consumption is powered by wind energy. The capacity of wind turbines that have been installed generates energy of 85 Lakh units per year out of which effectively utilize only 67.3 Lakh units in 2015-16 (and the rest is put in banking) due to severe power cuts enforcement in Tamil Nadu (which are as high as 60%). Titan Company is proud that, it has the potential to generate an even larger percentage of its overall energy consumption from Wind.

It has also completed the installation of 25 kw solar systems at one of the Large Format Store in Lucknow and another 10kw solar plant in the regional office - North. These two systems would reduce the power consumption to an extent of 45000 units per annum. The installation of a rooftop solar power plant of 250 kw at the manufacturing plant is underway. This plant will generate around 3lakh units / year.

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

All the above mentioned initiatives would substantially reduce the carbon footprint.

Water Efficiency

Being located in a water scarce area, there is an understanding of the critical importance of water. 63.5% of the water consumption is recycled water. Specific water consumption per watch has reduced over a period of time. The company has been actively monitoring, reporting and implementing many initiatives towards reduction of carbon foot print over the past three years.

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

Table 7: Water footprint for 2015-16

Division	Water Consumed	Water Recycled	%of Water Recycled
Watches & Accessories	97905 KL	71728 KL	73.26%
Jewellery	51453 KL	33685 KL	65.46%
Eyewear	597 KL	299 KL	50%
PED	35252	32729	92.84%
Corporate	6250	Nil	0%

GHG Emissions

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

Waste Management

Titan Company has adopted focused strategy towards waste management through waste minimization and conservation of resources. This continued effort to eliminate, recycle and reuse waste, has resulted in less waste being disposed. While used brass is sent to the supplier for recycling, Gold is recycled at the Jewellery plant and silver is recovered from old batteries. 99% of brass and 83% of water effluents are recycled. The wood packaging is reused and there is an attempt to recycle most of the input materials. Gold which is one of the key raw materials is 100% recycled and old Jewellery obtained through exchange schemes is recycled. The waste is segregated at the source and disposed safely.

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

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

Waste generation is contained within the limits prescribed by the CPCB and applicable SPCBs across all their divisions.

Biodiversity

As the manufacturing facilities are located in government approved Industrial Land across all our manufacturing locations, none of the operations are located within or adjacent to high-biodiversity areas or protected areas as notified by the Government. The Titan plants do not discharge water out of the premises.

The Company has eliminated the use of cadmium from the soldering process and completely banned the usage of hazardous chemicals such as mercury & cyanide. In the boutiques, the Company does not use plastic bags choosing to use jute and cardboard bags instead. At the Titan Jewellery factory, they have implemented Oxo-biodegradable bags which are more environments friendlier than the regular plastic bags. Every year employees plant saplings in and around the plant & nearby office premises.

Beyond Business

Titan Company over the last two and half decades has redefined the manner in which its products are made, retailed and sold to consumers, with a firm foothold on enabling sustainable growth to all its stakeholders at the same time enshrining the core values of the Company and the Tata Group. This philosophy will continue to guide us in the years to come as well. This report being made for the fourth year in succession in many ways captures the essence of sustainability through the eyes of various stakeholders including the Community. Any feedback and inputs to this report or its contents are always welcome!

Contact Details:

Registered Company Address

3, SIPCOT Industrial Complex
Hosur - 635 126.
Company Identification Number
L74999TZ1984PLC001456

Website: www.titan.co.in

BRR Head

Sridhar N E
Head,Corporate Sustainability
sridharne@titan.co.in
Ph: 080 66609021

Independent Auditor's Report

TO THE MEMBERS OF TITAN COMPANY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Titan Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

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

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

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

    e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, [excluding disputed legal cases as explained in Note 6(b) to the financial statements] to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Titan Company Limited** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable except for ₹ 0.03 lakhs relating to Central Sales Tax and the same has been subsequently paid.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Income-tax Act, 1961	Income- tax	High Court	1997-98	2	2
		Income Tax Appellate Tribunal	2002-03	25	25
		Commissioner of Income Tax (Appeals)	2009-12	2,978	2,978
Sales Tax Laws	Sales tax	High Court	2000-01	87	72
		Appellate & Revisional Board	2005-06, 2011-12	94	94
		Commercial Tax Appellate Board	2004-05, 2008-12	483	307
		Additional Commissioner	2003-04	0.24	0.24
		Joint Commissioner (Appeals) of Sales Tax	2005-06, 2012-13	59	54
		Joint Commissioner of Commercial Taxes	2010-11	214	99
		Deputy Commissioner taxes (Appeals)	2010-13	1,127	747
		Deputy Commissioner of Sales Tax	2000-01, 2002-05	48	32
		Assistant Commissioner (Appeals) of Sales Tax	2013-14	14	6
		Assistant Commissioner of Sales Tax	2004-05, 2012-14	254	28
The Customs Act, 1962	Customs duty	Commissioner of Customs(Appeals)	2012-13	150	114
The Central Excise Act, 1944	Excise duty	Supreme Court	May 2005 to June 2009	8,914	8,214
		Customs, Excise and Service Tax Appellate Tribunal	March 1987 to Feb 1990, 1996-2013	11,217	7,702
		Commissioner of Central Excise (Appeals)	Mar 2002 - Feb 2003, 2008-12, 2013-15	9	9
		Additional Commissioner of Central Excise	July 1999 - Nov 1999	10	10
		Assistant Commissioner of Central Excise	1998-99, 1999-00 2000-01, 2004, Sep 2007 - Aug 2008, 2014-2015	28	27

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

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

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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

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

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

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

Balance Sheet as at 31 March 2016

₹ lakhs

Particulars	Note No	As at 31-03-2016	As at 31-03-2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
Share capital	2.1	8,878	8,878
Reserves and surplus	2.2	342,582	300,323
		351,460	309,201
(2) Non-current liabilities			
Long-term provisions	3	10,692	8,745
		10,692	8,745
(3) Current liabilities			
Short-term borrowings	4	11,305	9,979
Trade payables			
Total outstanding dues of micro and small enterprises	5	313	515
Total outstanding dues of other than micro and small enterprises		173,607	193,416
		173,920	193,931
Other current liabilities	6	81,925	30,895
Short-term provisions	7 a)	8,351	34,473
		275,501	269,278
Total		**637,653**	587,224
II. ASSETS			
(1) Non-current assets			
Fixed assets			
Tangible assets	8 a)	75,856	67,986
Intangible assets	8 b)	1,004	337
Capital work-in-progress		10,605	5,493
		87,465	73,816
Non-current investments	9	7,398	3,263
Deferred tax asset (net)	10	2,393	1,967
Long-term loans and advances			
Capital advances (Unsecured and considered good)		2,371	1,423
Other advances	11	24,850	22,860
		27,221	24,283
		124,477	103,329
(2) Current assets			
Inventories	12 a)	444,224	404,743
Trade receivables	13	19,513	18,735
Cash and cash equivalents	14	11,166	21,020
Short-term loans and advances	15	37,908	38,961
Other current assets	16	365	436
		513,176	483,895
Total		**637,653**	587,224

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Statement of Profit and Loss for the year ended 31 March 2016

₹ lakhs

Particulars		Note No.	Current year	Previous year
I.	**Revenue from operations (gross)**	17	1,129,574	1,193,671
	Less: Excise duty	17	3,121	3,350
	Revenue from operations (net)		**1,126,453**	1,190,321
II.	**Other Income**	18	6,436	7,058
III.	**Total Revenue (I +II)**		**1,132,889**	1,197,379
IV.	**Expenses:**			
	Cost of materials and components consumed	26 a)	742,395	783,399
	Purchase of stock-in-trade	26 b)	95,623	112,394
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(19,139)	(20,432)
	Employee benefits expense	20	68,118	62,565
	Finance costs	32	4,228	8,066
	Depreciation and amortization expense		9,691	8,739
	Other expenses	21	144,907	137,059
Total Expenses			**1,045,823**	1,091,790
V.	Profit before tax (III-IV)		**87,066**	105,589
VI.	Tax expense:			
	Current tax		18,570	24,100
	Less: MAT credit		1,663	-
	Net current tax expenses		16,907	24,100
	Deferred tax		(426)	(818)
Total Tax			**16,481**	23,282
VII.	Profit for the year (V-VI)		**70,585**	82,307
VIII.	Earnings per equity share of ₹ 1:	40		
	Basic		7.95	9.27
	Diluted		7.95	9.27

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Cash Flow Statement for the year ended 31 March 2016

₹ lakhs

Particulars	Current year	Previous year
A. Cash flow from operating activities		
Net profit before tax	87,066	105,589
Adjustments for :		
- Depreciation and amortization expense	9,691	8,739
- Net unrealised exchange gain	(61)	(168)
- Loss on sale/ disposal/ scrapping of fixed assets (net)	459	418
- Provision for doubtful trade receivables (net)	(174)	545
- Interest income	(4,804)	(6,405)
- Net gain on sale of current investments	(810)	(24)
- Finance costs	4,228	8,066
Operating profit before working capital changes	**95,595**	116,760
Adjustments for :		
- (Increase)/ decrease in trade receivables	(575)	(3,904)
- (Increase)/ decrease in inventories	(39,481)	(18,023)
- (Increase)/ decrease in short-term loans and advances	(1,084)	(4,749)
- (Increase)/ decrease in long-term loans and advances	(287)	(2,393)
- Increase/ (decrease) in trade payables	(24,803)	108,012
- Increase/ (decrease) in other current liabilities	50,292	(123,786)
- Increase/ (decrease) in long-term provisions	1,947	1,568
- Increase/ (decrease) in short-term provisions	(1,546)	1,786
Cash generated from operations	**80,058**	75,271
- Direct taxes paid	**(20,273)**	(24,488)
Net cash from operating activities	**59,785**	50,783
B. Cash flow from investing activities		
Additions to fixed assets (including capital work-in-progress and capital advances)	(24,739)	(20,881)
Proceeds from sale of fixed assets	223	231
Purchase of investments in subsidiaries and joint venture company	(4,138)	(606)
Proceeds from sale of long-term investments	3	-
Inter-corporate deposits (net)	3,800	(4,800)
Bank balances not considered as cash and cash equivalents	991	5,958
Current investments		
- Purchased	(107,500)	(13,500)
- Sale proceeds	108,310	13,524
Interest received	4,875	7,640

Cash Flow Statement (Contd.) for the year ended 31 March 2016

₹ lakhs

Particulars		Current year	Previous year
	Net cash used in investing activities	**(18,175)**	(12,434)
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	21,326	210,000
	Repayment of borrowings	(20,000)	(280,648)
	Dividends paid	(39,441)	(18,523)
	Tax on dividends paid	(8,133)	(3,168)
	Finance costs	(4,228)	(8,066)
	Net cash from/(used in) financing activities	**(50,476)**	(100,405)
	Net cash flows during the year (A+B+C)	**(8,866)**	(62,056)
	Cash and cash equivalents (opening balance) (Refer note 14)	16,839	78,753
	Add/ (Less): Unrealised exchange (gain)/ loss	(79)	63
		16,760	78,816
	Cash and cash equivalents (closing balance) (Refer note 14)	7,976	16,839
	Add/ (Less): Unrealised exchange (gain)/ loss	(82)	(79)
		7,894	16,760
	Increase/ (decrease) in Cash and cash equivalents	**(8,866)**	(62,056)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 01 **SIGNIFICANT ACCOUNTING POLICIES:**

i. Basis of accounting and preparation of financial statements: The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act 2013 ("the 2013 Act") / Companies Act 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

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

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

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

iv Fixed assets (tangible / intangible): Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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 fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets 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.

Capital work-in-progress: Projects under which fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

v. Depreciation and amortization: Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Vehicles	-	4 years
Furniture & Fixtures	-	5 years

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Trademarks – 10 years

Software – License period or 5 years, whichever is lower.

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

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

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

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

Notes forming part of the Financial Statements for the year ended 31 March 2016

vii. Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

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

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

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

viii. Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the average cost of production.

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

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Company), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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

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

xi. Employee benefits:

<u>Short-term employee benefits</u>

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

<u>Defined contribution plan</u>

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

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

Notes forming part of the Financial Statements for the year ended 31 March 2016

Defined benefit plan

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

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the statement of profit and loss.

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

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

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

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

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

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

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 2.1 **SHARE CAPITAL**

		2016 No. of shares in lakhs	2016 Amount ₹ lakhs	2015 No. of shares in lakhs	2015 Amount ₹ lakhs
a)	Authorised				
	Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
	Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b)	Issued, subscribed and fully paid up				
	Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

c) Rights, preferences and restrictions attached to shares

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

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

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

	2016 No. lakhs	2016 ₹ lakhs	2015 No. lakhs	2015 ₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

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

No. in lakhs

Name of shareholder	2016 No. of shares held	2016 % total holding	2015 No. of shares held	2015 % total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
Tata Group				
Tata Sons Limited	1,850	20.85	1,351	15.22
Tata Steel Limited	-	-	388	4.37
Tata Investment Corporation Limited	179	2.01	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56
Tata Global Beverages Limited	-	-	92	1.04
Ewart Investments Limited	50	0.56	50	0.56
Tata International Limited	-	-	26	0.29
Piem Hotels Limited	18	0.20	18	0.20
Total - Tata Group	**2,235**	**25.18**	2,235	25.18
Jhunjhunwala Rakesh Radheshyam	609	6.86	503	5.66

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

No. in lakhs

	2016	2015
Equity shares with voting rights		
Fully paid up by way of bonus shares	4,439	4,439

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 2.2 RESERVES AND SURPLUS

₹ lakhs

	2016	2015
Capital reserve	13	13
Capital redemption reserve	64	64
Securities premium reserve	13,888	13,888
Hedging Reserve		
As per last balance sheet	3,265	3,775
Add : Effects of variation in commodity prices on hedging instruments outstanding at the end of the year	(1,554)	3,265
Less : Transferred to statement of profit and loss	3,265	3,775
	(1,554)	3,265
General Reserve		
As per last balance sheet	178,841	131,906
Add : Transfer from surplus in statement of profit and loss	52,126	46,935
	230,967	178,841
Surplus in the statement of profit and loss		
Opening balance	104,252	93,871
Less : Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) {Refer note no: 8 c)}	-	415
Add : Profit for the year	70,585	82,307
	174,837	175,763
Less:		
Interim Dividend*	19,531	-
Proposed dividend on equity shares	-	20,419
Tax on dividends	3,976	4,157
Transfer to general reserve	52,126	46,935
Net surplus in statement of profit and loss	**99,204**	104,252
Reserves and surplus	**342,582**	300,323

* The Company has declared an interim dividend of ₹ 2.20 per share (2015: Nil)

NOTE 03 LONG-TERM PROVISIONS

₹ lakhs

	2016	2015
Provision for compensated absences {Refer note 29(b) ii)}	10,293	8,330
Provision for pension {Refer note 29(b) ii)}	399	415
	10,692	8,745

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 04 SHORT-TERM BORROWINGS

₹ lakhs

	2016	2015
Loans repayable on demand from banks (secured)	11,305	9,979
	11,305	9,979

Secured loan represents cash credit secured by hypothecation of book debts, inventory, stores and spares both present and future and is taken at the interest rate linked to the base rate of the bank.

NOTE 05 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

₹ lakhs

	2016	2015
- Principal amount remaining unpaid to any supplier as at the end of the accounting year	313	515
- Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
- The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
- the amount of interest due and payable for the year	-	-
- The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
- The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

NOTE 06 OTHER CURRENT LIABILITIES

₹ lakhs

	2016	2015
Advance from customers {Refer note a) below}	62,544	15,942
Unclaimed dividends {Refer note b) below}	1,089	580
Unclaimed matured fixed deposits	4	4
Unclaimed matured debenture and debenture interest	12	13
Unclaimed advance from customers {Refer note c) below}	1,993	-
Other liabilities - Statutory dues	4,623	3,437
Payables on purchase of fixed assets	1,003	772
Gratuity {Refer note 29(b) i)}	2,062	2,690
Other liabilities - Others	8,595	7,457
	81,925	30,895

a) Advances from customers includes amounts of ₹ 51,656 lakhs (2015: ₹ 6,808 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 3 lakhs (2015: ₹ 2 lakhs) and therefore amounts relating to the same could not be transferred.

c) Represents the unclaimed advances relating to various retail customer programmes for sale of jewellery products which have been discontinued.

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 07 a) SHORT-TERM PROVISIONS

₹ lakhs

	2016	2015
Proposed dividend on equity shares	-	20,419
Tax on dividends	-	4,157
Provision for compensated absences {Refer note 29(b) ii)}	1,288	1,040
Others {Refer note c) below}	7,063	8,857
Total	**8,351**	34,473

b) Dividend recognized as distributions to equity shareholders for the year ended March 31, 2015 was ₹ 2.30 per share.

c) Others includes

(i) Provision for warranty - ₹ 704 lakhs (2015: ₹ 568 lakhs).

The Company gives warranty on all products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 704 lakhs (2015: ₹ 568 lakhs) and ₹ 568 lakhs (2015: ₹ 511 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 6,359 lakhs (2015: ₹ 8,289 lakhs)

The Company has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience of redemption. Additional provision made and utilised/reversed during the year is ₹ 4,088 lakhs (2015: ₹ 8,824 lakhs) and ₹ 6,018 lakhs (2015: ₹ 7,180 lakhs) respectively.

NOTE 8 a) TANGIBLE ASSETS

(Previous year figures are in brackets)

Gross block

₹ lakhs

Particulars*	Gross block			
	Cost as at April 1, 2015	Additions	Deductions	Cost as at March 31, 2016
Land	8,720	782	-	9,502
	(7,765)	(955)	(-)	(8,720)
Land - leasehold	1,681	-	-	1,681
	(1,681)	(-)	(-)	(1,681)
Buildings	15,244	1,421	8	16,657
	(11,794)	(3,467)	(17)	(15,244)
Plant, machinery and equipment	70,460	11,054	2,632	78,882
	(61,831)	(10,712)	(2,083)	(70,460)
Furniture, fixtures and equipment	18,882	3,890	1,028	21,744
	(17,328)	(2,756)	(1,202)	(18,882)
Office equipment	2,374	438	95	2,717
	(2,216)	(279)	(121)	(2,374)
Vehicles	1,659	341	181	1,819
	(1,374)	(547)	(262)	(1,659)
Total	**119,020**	**17,926**	**3,944**	**133,002**
	(103,989)	(18,716)	(3,685)	(119,020)

* Represents owned assets, unless otherwise stated.

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 8 a) TANGIBLE ASSETS (CONTD.)

Tangible assets - Accumulated depreciation and net block

₹ lakhs

Particulars	Accumulated depreciation					Net block	
	Upto March 31, 2015	Transition adjustment recorded against opening balance in statement of profit and loss	Depreciation for the year	On deductions	As at March 31, 2016	As at Mar 31, 2016	As at March 31, 2015
Land	-	-	-	-	-	9,502	8,720
	(-)	(-)	(-)	(-)	(-)	(8,720)	(7,765)
Land - leasehold	-	-	-	-	-	1,681	1,681
	(-)	(-)	(-)	(-)	(-)	(1,681)	(1,681)
Buildings	3,167	-	508	5	3,670	12,987	12,077
	(2,757)	(-)	(414)	(4)	(3,167)	(12,077)	(9,037)
Plant, machinery and equipment	35,106	-	4,786	2,204	37,688	41,194	35,354
	(31,948)	(435)	(4,473)	(1,750)	(35,106)	(35,354)	(29,883)
Furniture, fixtures and equipment	11,060	-	3,083	840	13,303	8,441	7,822
	(9,226)	(10)	(2,803)	(979)	(11,060)	(7,822)	(8,102)
Office equipment	985	-	598	69	1,514	1,203	1,389
	(409)	(184)	(476)	(84)	(985)	(1,389)	(1,807)
Vehicles	716	-	399	144	971	848	943
	(614)	(-)	(321)	(219)	(716)	(943)	(760)
Total	**51,034**	**-**	**9,374**	**3,262**	**57,146**	**75,856**	**67,986**
	(44,954)	(629)	(8,487)	(3,036)	(51,034)	(67,986)	(59,035)

b) Intangible assets

(Acquired) ₹ lakhs

	2016	2015
Gross block		
As at April 1, 2015	6,321	6,321
Additions during the year	984	-
Deductions during the year	-	-
As at March 31, 2016	**7,305**	6,321
Accumulated amortisation		
Upto March 31, 2015	5,984	5,732
Amortisation for the year	317	252
Deductions during the year	-	-
As at March 31, 2016	**6,301**	5,984
Net block	**1,004**	337

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 8 **(CONTD.)**

c) During the previous year, pursuant to the notification of Schedule II to the 2013 Act with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II except as mentioned in note no.1 v. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Company had fully depreciated the carrying value of assets , net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and had adjusted an amount of ₹ 415 lakhs (net of deferred tax of ₹ 214 lakhs) against the opening balance in the statement of profit and loss.

NOTE 9 **NON-CURRENT INVESTMENTS**

₹ lakhs

	2016	2015
Investments (at cost)		
Trade - unquoted		
Investments in equity instruments		
In subsidiary companies		
4,243,750 (2015 : 3,462,500) fully paid equity shares of ₹ 10 each in Titan TimeProducts Limited {Refer note b) below}	1,113	863
317,257 (2015 : 147,257) fully paid equity shares of CHF 10 each in Favre Leuba AG, Switzerland	3,981	1,888
50,000 (2015 : Nil) fully paid equity shares of ₹ 10 each in Titan Engineering & Automation Limited	5	-
In joint venture company		
20,335,000 (2015 : Nil) fully paid equity shares of ₹ 10 each in Snowcap Retail (India) Private Limited	2,034	-
In associate company	-	-
1,500,000 (2015 : 1,500,000) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Theni Limited {Refer note a) below}	150	150
	7,283	2,901
Investments in bond		
In subsidiary company		
Nil (2015 : 1) fully paid Zero Coupon Unsecured Optionally Convertible Bond of ₹ 250 lakhs in Titan TimeProducts Limited {Refer note b) below}	-	250
	-	250
carried forward	7,283	3,151
brought forward	7,283	3,151
Other investments **Investments in equity instruments - quoted**		
Nil (2015 : 1000) fully paid equity shares of ₹ 1 (2015 : ₹1) each in Timex Watches Limited [₹ Nil (2015 : ₹ 1,010)]		
1,000 (2015 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited [₹ 10,000 (2015 : ₹ 10,000)]	-	-
2,025 (2015 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	5	5
6,000 (2015 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2	2
560 (2015 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1	1
300 (2015 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	1	1

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 9 **NON-CURRENT INVESTMENTS (CONTD.)**

₹ lakhs

	2016	2015
Nil (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [₹ Nil (2015 : ₹ 1,935)]	-	-
Nil (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [₹ Nil (2015 : ₹ 905)]	**-**	-
	9	9
Less : Provision for diminution [₹ Nil (2015 : ₹ 2,840)]	-	-
	9	9
Investments in equity instruments - unquoted		
114,663 (2015 : 114,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	**-**	-
97,624 (2015 : 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	**-**	-
400 (2015 : 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	**-**	-
100 (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited [₹ 2,312 (2015 : ₹ 2,312)]	**-**	-
100 (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited [₹ 1,457 (2015 : ₹ 1,457)]	**-**	-
525,000 (2015 : 525,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100	100
Nil (2015 : 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	**-**	3
63,600 (2015 : Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	6	-
	106	103
Less : Provision for diminution [₹ 3,769 (2015 : ₹ 3,769)]	-	-
	106	103
	7,398	3,263
Aggregate amount of quoted investments	9	9
Aggregate market value of listed and quoted investments	22	23
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	7,389	3,254

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

b) Conversion of optionally convertible Zero coupon bonds to equity shares of ₹ 10 each at a premium of ₹ 22 per share.

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 10 DEFERRED TAX ASSET (NET)

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

₹ lakhs

	2015	Tax effect for the year	2016
Deferred tax liability			
Fixed assets	(2,984)	(541)	(3,525)
Sub-total	(2,984)	(541)	**(3,525)**
Deferred Tax Asset			
Provision for doubtful trade receivables	302	(66)	236
Employee benefits	3,113	822	3,935
Others	1,536	211	1,747
Sub-total	4,951	967	**5,918**
Net deferred tax asset / (liability)	1,967	426	**2,393**

NOTE 11 OTHER ADVANCES UNDER LONG-TERM LOANS AND ADVANCES

Unsecured and considered good

₹ lakhs

	2016	2015
Security deposits	9,801	10,005
Employee loans	1,921	1,728
Other deposits	551	389
Tax payments, net of provisions	8,587	6,884
Balance with revenue authorities	3,990	3,854
	24,850	22,860

NOTE 12

a) Inventories

₹ lakhs

	2016	2015
Raw materials	74,141	53,906
Work-in-progress {Refer b) below}	18,099	12,211
Finished goods	285,849	264,500
Stock-in-trade	64,006	72,104
Stores and spares	1,236	1,067
Loose tools	893	955
	444,224	404,743
Included above, goods-in-transit		
Raw materials	185	207
Stock-in-trade	402	15
	587	222
b) Details of inventory of work-in-progress		
Watches	11,555	8,210
Jewellery	3,944	1,794
Others	2,600	2,207
	18,099	12,211

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 13 TRADE RECEIVABLES

(Unsecured) ₹ lakhs

	2016	2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	2,195	1,554
Considered doubtful	684	890
	2,879	2,444
Less : Provision for doubtful trade receivables	684	890
	2,195	1,554
Other trade receivables		
Considered good	17,318	17,181
	19,513	18,735

NOTE 14 CASH AND CASH EQUIVALENTS

₹ lakhs

	2016	2015
Cash on hand	528	726
Cheques, drafts on hand	598	903
Balance with banks		
(i) Current account (Refer note (i) below)	6,850	5,710
(ii) Demand deposit	-	9,500
(iii) Earmarked accounts		
- Unclaimed dividend	1,087	578
- Unclaimed debenture and debenture interest	12	13
(iv) Fixed deposits held as margin money against bank guarantee	2,091	3,590
	10,040	19,391
	11,166	21,020

(i) Balance with banks includes funds in transit-₹ 666 lakhs (2015: ₹ 1,778 lakhs).

Of the above, the balances meeting the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 7,976 lakhs (2015 : ₹ 16,839 lakhs)

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 15 SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated) ₹ lakhs

	2016	2015
Advances recoverable in cash or kind or for value to be received		
Inter-corporate deposits	20,000	23,800
Prepaid expenses	1,426	1,618
Security deposits	2,885	1,832
Employee loans	1,562	1,402
Advances to vendors	5,180	3,886
Others	1,025	2,459
	32,078	34,997
Considered doubtful	-	2,224
	32,078	37,221
Less : Provision for doubtful loans and advances	-	2,224
	32,078	34,997
MAT credit entitlement	1,663	-
Balance with revenue authorities	4,167	3,964
	37,908	38,961

NOTE 16 OTHER CURRENT ASSETS

(Unsecured and considered good) ₹ lakhs

	2016	2015
Interest accrued on deposits	365	436
	365	436

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 17 REVENUE FROM OPERATIONS

₹ lakhs

	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	177,745	173,752
Jewellery	753,936	786,901
Eyewear	5,406	5,295
Others	16,849	16,412
	953,936	982,360
Traded goods		
Watches	18,583	19,786
Jewellery	108,210	144,045
Eyewear	31,925	28,077
Others	5,716	5,811
	164,434	197,719
Total - Sale of products (a)	**1,118,370**	1,180,079
Sale of tools and components (b)	1,733	1,922
Income from services provided (c)	708	453
Other operating revenue		
Sale of precious / semi-precious stones	5,730	8,206
Sale of gold / platinum	2,119	2,127
Scrap sales	914	884
Total - Other operating revenue (d)	**8,763**	11,217
Revenue from operations (gross) (a+b+c+d)	**1,129,574**	1,193,671
Less : Excise duty	**3,121**	3,350
Revenue from operations (net)	**1,126,453**	1,190,321

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

NOTE 18 OTHER INCOME

₹ lakhs

	Current year	Previous year
Interest from staff loans, vendor advances, inter-corporate deposits and bank deposits	4,804	6,405
Net gain on sale of current investments	810	24
Miscellaneous income	822	629
	6,436	7,058

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 19 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ lakhs

	Current year	Previous year
Closing stock		
Finished goods	285,849	264,500
Work-in-progress	18,099	12,211
Stock-in-trade	64,006	72,104
	367,954	348,815
Opening stock		
Finished goods	264,500	216,420
Work-in-progress	12,211	12,651
Stock-in-trade	72,104	99,312
	348,815	328,383
(Increase) / decrease in inventory	**(19,139)**	(20,432)

NOTE 20 EMPLOYEE BENEFITS EXPENSE

₹ lakhs

	Current year	Previous year
Salaries, wages and bonus	57,418	51,677
Company's contribution to provident and other funds {Refer note 29a(i)}	3,049	2,617
Welfare expenses	5,589	5,581
Gratuity {Refer note 29 b(i)}	2,062	2,690
	68,118	62,565

NOTE 21 OTHER EXPENSES

₹ lakhs

	Current year	Previous year
Loose tools, stores and spare parts consumed	10,726	10,497
Agency labour	6,702	6,121
Power and fuel	4,072	3,975
Repairs to buildings	361	451
Repairs to plant and machinery	1,695	1,656
Advertising	42,869	38,213
Selling and distribution expenses	13,850	11,526
Insurance	414	412
Rent	18,174	17,680
Increase / (decrease) of excise duty on inventory	884	(149)
Rates and taxes {Refer note 31}	8,998	11,122
Travel	3,351	3,080
Bad trade receivables and advances written off	2,256	-
Less : Provision released	2,430	-
	(174)	-
Provision for doubtful trade receivables	-	545
Loss on sale / disposal / scrapping of fixed assets (net)	459	418
Gold price hedging costs (net)	2,250	3,577
Expenditure on corporate social responsibility	1,666	1,232
Miscellaneous expenses *	28,279	26,341
Directors' fees	29	21
Commission to Non Whole-time Directors	312	380
Expenses capitalised	(10)	(39)
	144,907	137,059

* Includes exchange (gain) / loss (net) of ₹ (86) lakhs (Previous year: ₹ 56 lakhs)

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 22

Contingent liabilities not provided for - ₹ 28,899 lakhs (2015: ₹ 29,793 lakhs) comprising of the following:

a) Sales Tax - ₹ 2,293 lakhs (2015: ₹ 2,557 lakhs)

(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs Duty - ₹ 150 lakhs (2015: ₹ 467 lakhs)

(relating to denial of benefit of exemptions)

c) Excise Duty - ₹ 19,028 lakhs (2015: ₹ 19,348 lakhs)

(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

The Company had received demand notice from the Excise authorities aggregating to ₹ 6,391 lakhs without quantifying interest and penalty for the period September 2005 to July 2009, towards excise duty on despatches of jewellery. The Appellate tribunal has ruled the appeal in favour of the Department and has passed an Order for ₹ 6,641 lakhs including penalty of ₹ 250 lakhs but without quantifying interest. The Company has been legally advised that they have a case on merits and has gone on appeal before the Honble Supreme Court. This amount is included in above.

d) Income Tax - ₹ 6,850 lakhs (2015: ₹ 6,850 lakhs)

(relating to disallowance of deductions claimed)

e) Others - ₹ 578 lakhs (2015: ₹ 571 lakhs)

(relating to miscellaneous claims)

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

NOTE 23

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 11,100 lakhs (2015: ₹ 16,172 lakhs).

NOTE 24

The Company was issued with show cause notices by the Excise authorities aggregating to ₹ 34,819 lakhs (2015: ₹ 34,819 lakhs) without quantifying interest and penalty, relating to disallowance of cenvat credit availed. The Hon'ble High Court of Madras allowed the writ petition filed by the Company by setting the show cause notices. Against the aforesaid Order the Excise department filed an appeal before the Hon'ble Supreme Court which is pending for admission.

NOTE 25 **OTHER COMMITMENTS**

a) Non-fund based facilities availed of ₹ 88,971 lakhs (2015: ₹ 112,891 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.

b) Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ Nil lakhs (2015: ₹ 427 lakhs).

c) Unclaimed liability on shares of joint venture ₹ 1,078 lakhs (2015: ₹ Nil)

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 26

a) Cost of materials and components consumed:

₹ lakhs

	Current year	Previous year
Precious metals - Gold *	565,447	612,031
Components	87,160	79,099
Sundry charges and other materials **	89,788	92,269
	742,395	783,399

* Includes gold/ platinum sold costing ₹ 2,385 lakhs (Previous year: ₹ 2,207 lakhs)

** Includes precious and semi-precious stones sold costing ₹ 5,389 lakhs (Previous year: ₹ 8,255 lakhs)

b) Purchase of stock-in-trade

₹ lakhs

	Current year	Previous year
Watches	6,853	6,259
Jewellery	72,487	90,176
Eyewear	12,708	12,786
Others	3,575	3,173
	95,623	112,394

NOTE 27

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

	Current year		Previous year	
	₹ lakhs	%	₹ lakhs	%
Imported				
CIF Value	48,804	6.6	44,843	5.7
Customs duties	9,015	1.2	7,376	0.9
	57,819	**7.8**	52,219	6.6
Indigenous	684,576	92.2	731,180	93.4
	742,395	**100.0**	783,399	100.0

NOTE 28

Analysis of imports on CIF basis:

	Current year	Previous year
Raw materials and components	47,247	43,289
Stores and spares	1,731	1,786
Capital goods	3,667	4,152
	52,645	49,227

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 29 EMPLOYEE BENEFITS

a) Defined Contribution Plans

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

	Current year	Previous year
Provident Fund	1,380	1,331
Superannuation Fund	575	487
National Pension Scheme	105	64
Employee Pension Fund	989	735
Total	**3,049**	2,617

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

b. Defined Benefit Plans

(i) Funded

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

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

₹ lakhs

			Current year	Previous year
I	**Net asset / (liability) recognized in the balance sheet**			
	1	Present value of funded obligations	19,390	16,553
	2	Fair value of plan assets	(17,328)	(13,863)
	3	(Deficit) / surplus	(2,062)	(2,690)
	4	Net asset / liability		
	-Assets		-	-
	-Liabilities (current)		2,062	2,690
II	**Expense recognized in the statement of profit and loss**			
	1	Current service cost	1,187	812
	2	Interest cost	1,381	1,163
	3	Expected return on plan assets	(1,139)	(833)
	4	Actuarial losses/ (gains)	633	1,548
	5	Past service cost	-	-
	Total expenses recognised under the head 'Gratuity' {Refer note 20}		2,062	2,690
III	**Change in present value of obligation**			
	1	Present value of defined benefit obligation at the beginning of the year	16,553	12,252
	2	Current service cost	1,187	812
	3	Interest cost	1,381	1,163
	4	Actuarial losses/ (gains)	700	2,671
	5	Past service cost	-	-
	6	Benefits paid	(431)	(345)
	7	Present value of defined benefit obligation at the end of the year	19,390	16,553

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 29 (CONTD.)

₹ lakhs

			Current year	Previous year
IV	Change in fair value of plan assets			
	1	Fair value of plan assets at the beginning of the year	13,863	11,055
	2	Expected return on plan assets	1,139	833
	3	Actuarial (losses)/ gains	67	1,123
	4	Assets distributed on settlement	-	-
	5	Contributions by employer	2,690	1,197
	6	Benefits paid	(431)	(345)
	7	Fair value of plan assets at the end of the year	17,328	13,863
		Actual return on plan assets	1,206	1,956
V	The major categories of plan assets as a percentage of total plan assets			
	1	Government of India securities	53%	55%
	2	Corporate bonds	40%	42%
	3	Others	7%	3%

VI Experience adjustments

₹ lakhs

	2016	2015	2014	2013	2012
Defined benefit obligation	19,390	16,553	12,252	10,749	8,518
Plan assets	17,328	13,863	11,055	9,305	7,626
Surplus / (deficit)	(2,062)	(2,690)	(1,197)	(1,444)	(892)
Experience adjustments on plan liabilities	925	521	1,569	638	373
Experience adjustments on plan assets	67	1,123	(184)	443	28

₹ lakhs

		Current year	Previous year
VII	Principal actuarial assumptions		
	Discount rate	8.05% p.a	7.95% p.a
	Expected rate of return on plan assets	8.20% p.a	8.20% p.a

VIII The employees are assumed to retire at the age of 58 or 60 or 65 years.

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

X Expected rate of return on plan assets is based on expected average long term rate of return on investments of the fund during the estimated term of the obligations. The Company is expected to contribute ₹ 2,062 lakhs to the gratuity fund next year.

(ii) Unfunded

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

₹ lakhs

	Liability as on March 31, 2016	Liability as on March 31, 2015
Compensated absences		
Non-current	10,293	8,330
Current	1,288	1,040
	11,581	9,370
Pension - Non-current	399	415

The discount rate is based on the prevailing market yields of Indian Government securities as at 31 March 2016 date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 30

Auditors remuneration comprises fees for audit of statutory accounts ₹ 175 lakhs (Previous year: ₹ 122 lakhs), taxation matters ₹ 36 lakhs (Previous year: ₹ 32 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year: ₹ 9 lakhs), other services ₹ 49 lakhs (Previous year: ₹ 29 lakhs) and reimbursement of levies and expenses ₹ 19 lakhs (Previous year: ₹ 31 lakhs).

NOTE 31

Rates and taxes include ₹ 5,569 lakhs (Previous year: ₹ 6,056 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

NOTE 32 **FINANCE COSTS INCLUDES:**

₹ lakhs

	Current year	Previous year
Interest expense on :		
Borrowings	464	1,479
Gold on lease charges / interest on gold loan	3,598	2,860
Others	29	832
	4,091	5,171
Other borrowing cost :		
Commercial paper discounting charges	137	2,895
Total	**4,228**	8,066

NOTE 33 **EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:**

₹ lakhs

	Current year	Previous year
Royalty	-	7
Professional and consultancy services	640	864
Travel	525	512
Others	3,066	2,761

NOTE 34 **AMOUNT REMITTED BY THE COMPANY IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS:**

	Current year	Previous year
Number of Shareholders	2	3
Number of equity shares on which dividend was paid	307,000	347,000
Year to which the dividend related	2014-15	2013-14
Amount remitted (net of tax) (₹ lakhs)	7	7

NOTE 35 **EARNINGS IN FOREIGN EXCHANGE:**

₹ lakhs

	Current year	Previous year
Export of goods on FOB basis	33,470	35,824
Others	265	75

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 36 RESEARCH AND DEVELOPMENT (R&D) EXPENSES :

₹ lakhs

	Current year	Previous year
Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centers		
Capital	313	168
Revenue	1,518	1,572
	1,831	1,740

NOTE 37

(a) The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

₹ lakhs

	2016	2015
For a period not later than one year	2,404	4,266
For a period later than one year but not later than five years	2,022	1,544
For a period later than five years	8	15
Total	**4,434**	5,825

b) The Company has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent.

c) Lease rentals recognised in the statement of profit and loss in respect of the above operating leases is ₹ 3,393 lakhs (Previous year: ₹ 4,495 lakhs).

NOTE 38

a) Gold futures / forward contracts outstanding as at the year end - 5,736 kgs, ₹ 158,843 lakhs (2015: 4,458 Kgs, ₹ 116,284 lakhs)

b) The Company has 6 forward exchange contracts for US Dollars 56 lakhs equivalent to ₹ 3,734 lakhs (2015: 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs), and Nil forward exchange contracts for Euro (2015: 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs) for firm commitment of purchases.

The Company has Nil forward exchange contracts for US Dollars(2015: 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs) for firm commitment on sales.

Marked to Market loss of ₹ 42 lakhs (2015: Nil) has been recognized in the statement of profit and loss on these outstanding contracts.

Notes forming part of the Financial Statements for the year ended 31 March 2016

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2016 are given below:

i) Amounts receivable in foreign currency as at March 31, 2016
(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	8,034	12,129,258
	(7,981)	(12,774,886)
GBP	97	102,159
	(115)	(124,088)
HKD	190	2,229,050
	(548)	(6,797,316)
EURO	354	469,888
	(260)	(388,207)
CHF	1,176	1,708,737
	(1,065)	(1,659,948)
SGD	280	569,356
	(25)	(54,563)
JPY	182	30,866,264
	(102)	(19,636,408)

ii) Amounts payable in foreign currency as at March 31, 2016
(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	2,509	3,786,180
	(1,426)	(2,282,932)
EURO	891	1,182,310
	(120)	(179,332)
HKD	307	3,592,370
	(878)	(10,894,166)
CHF	541	785,838
	(185)	(287,775)
JPY	65	11,079,088
	(75)	(14,368,937)
GBP	189	198,376
	(4)	(4,213)
SGD	272	553,472
	(15)	(31,978)

NOTE 39 RELATED PARTY DISCLOSURES :

Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited
		Tata Sons Limited
b)	Subsidiaries	Titan Time Products Limited Favre Leuba AG Titan Watch Company Hongkong Limited (100% subsidiary of Favre Leuba AG) (w.e.f. August 12, 2014) Titan Engineering and Automation Limited (w.e.f. March 24, 2015)
c)	Joint venture	Snowcap Retail (India) Private Limited (w.e.f. December 2, 2015)
d)	Associate	Green Infra Wind Power Theni Limited
e)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

Notes forming part of the Financial Statements for the year ended 31 March 2016

Transactions with related parties during the year are set out in the table below:
(Previous year figures are in brackets)

₹ lakhs

Sl No.	Nature of transaction	Promoters	Subsidiaries	Joint venture	Associate	Key Management Personnel	Total
1	Purchase of components and raw materials	-	1,433	-	-	-	1,433
		(-)	(1,508)	(-)	(-)	(-)	(1,508)
2	Sale of components and finished goods	11	67	-	-	-	78
		(66)	(56)	(-)	(-)	(-)	(122)
3	Rent paid	51	-	-	-	-	51
		(51)	(-)	(-)	(-)	(-)	(51)
4	Purchase of power	-	-	-	241	-	241
		(-)	(-)	(-)	(296)	(-)	(296)
5	Dividend paid	18,762	-	-	-	-	18,762
		(8,035)	(-)	(-)	(-)	(-)	(8,035)
6	Commission and sitting fees to non whole-time directors	83	-	-	-	-	83
		(103)	(-)	(-)	(-)	(-)	(103)
7	Brand equity subscription	1,913	-	-	-	-	1,913
		(1,907)	(-)	(-)	(-)	(-)	(1,907)
8	Payment towards rendering of services / expenses	74	719	-	-	-	793
		(67)	(7)	(-)	(-)	(-)	(74)
9	Recovery towards rendering of services / expenses	-	231	194	-	-	425
		(-)	(206)	(-)	(-)	(-)	(206)
10	Sitting fees received	-	1	-	-	-	1
	[₹ 54,000 (Previous year: ₹ 45,000) from subsidiaries]	(-)	(-)	(-)	(-)	(-)	(-)
11	Managerial remuneration	-	-	-	-	476	476
		(-)	(-)	(-)	(-)	(491)	(491)
12	Conversion of Zero coupon bond into equity shares	-	250	-	-	-	250
		(-)	(-)	(-)	(-)	(-)	(-)
13	Subscription to Share capital / Application money	-	2,098	2,034	-	-	4,132
		(-)	(605)	(-)	(-)	(-)	(605)
	Balance as on balance sheet date						
	Credit balance						
	Tata Sons Ltd	1,444	-	-	-	-	1,444
		(1,437)	(-)	(-)	(-)	(-)	(1,437)
	Tamilnadu Industrial Development Corporation Limited	77	-	-	-	-	77
		(98)	(-)	(-)	(-)	(-)	(98)
	Titan TimeProducts Limited	-	808	-	-	-	808
		(-)	(267)	(-)	(-)	(-)	(267)
	Green Infra Wind Power Theni Limited	-	-	-	4	-	4
		(-)	(-)	(-)	(2)	(-)	(2)
	Mr. Bhaskar Bhat	-	-	-	-	260	260
		(-)	(-)	(-)	(-)	(297)	(297)

Notes forming part of the Financial Statements for the year ended 31 March 2016

Sl No.	Nature of transaction	Promoters	Subsidiaries	Joint venture	Associate	Key Management Personnel	Total
	Debit balance						
	Snowcap Retail (India) Private Limited	-	-	1	-	-	1
		(-)	(-)	(-)	(-)	(-)	(-)

The above includes the following material related party transactions :-

₹ lakhs

Nature of transaction		Category	Name	Amount
(a)	Purchase of components and raw materials	Subsidiary	Titan TimeProducts Limited	1,433
				(1,508)
(b)	Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	11,136
				(5,197)
		Promoter	Tata Sons Limited	7,626
				(2,838)
(c)	Brand Equity Subscription	Promoter	Tata Sons Limited	1,913
				(1,907)
(d)	Payment towards rendering of services / expenses	Subsidiary	Titan TimeProducts Limited	719
				(7)
(e)	Recovery towards rendering of services / expenses	Subsidiary	Titan TimeProducts Limited	231
				(206)
		Joint venture	Snowcap Retail (India) Private Ltd	194
				(-)
(f)	Conversion of Zero coupon bond into equity shares	Subsidiary	Titan TimeProducts Limited	250
				(-)
(g)	Subscription to Share capital / Application Money	Subsidiary	Favre Leuba A G	2,093
				(230)
		Subsidiary	Titan TimeProducts Limited	250
				(375)
		Joint venture	Snowcap Retail (India) Private Ltd	2,034
				(-)

NOTE 40 EARNINGS PER SHARE :

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

	2016	2015
Net profit after tax (₹ lakhs)	70,585	82,307
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	7.95	9.27

Notes forming part of the Financial Statements for the year ended 31 March 2016

NOTE 41 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

a) Primary Business Segments

(Previous year figures are in brackets).

₹ lakhs

	Watches	Jewellery	Eyewear	Others	Corporate (Unallocated)	Total
Revenue						
Net sales/income	195,039	870,798	37,120	23,496	-	1,126,453
(There is no inter-segment revenue)	(191,881)	(942,059)	(33,196)	(23,185)	(-)	(1,190,321)
Segment result						
Profit before finance costs, other income and taxes	16,567 (20,425)	78,472 (93,481)	1,909 (2,463)	(-)3,553 ((-)2,512)	(-)8,537 ((-)7,260)	84,858 (106,597)
Add : Other Income	316 (223)	942 (938)	38 (30)	21 (20)	5,119 (5,847)	6,436 (7,058)
Profit before finance costs and taxes	16,883 (20,648)	79,414 (94,419)	1,947 (2,493)	(-)3,532 ((-)2,492)	(-)3,418 ((-)1,413)	91,294 (113,655)
Less : finance costs						4,228 (8,066)
Profit before taxes						87,066 (105,589)
Taxes						16,481 (23,282)
Profit for the year						70,585 (82,307)
Other Information						
Segment assets	119,800 (109,168)	416,035 (382,060)	16,779 (14,008)	27,556 (23,143)	37,442 (46,731)	617,612 (575,110)
Segment liabilities	43,174 (42,075)	216,532 (189,953)	7,486 (5,457)	6,045 (4,735)	1,651 (25,824)	274,888 (268,044)
Capital expenditure	4,251 (9,163)	7,269 (5,882)	3,000 (1,410)	3,444 (2,473)	6,058 (1,994)	24,022 (20,922)
Depreciation / amortisation	3,476 (2,995)	3,874 (3,459)	896 (737)	979 (1,119)	466 (429)	9,691 (8,739)
Other significant non cash expenses	- (306)	- (29)	- (-)	- (315)	- (-)	- (650)

b) Secondary geographical segments

(Previous year figures are in brackets)

₹ lakhs

	India	Others	Total
Revenue	1,092,058 (1,153,357)	34,395 (36,964)	1,126,453 (1,190,321)
Assets*	609,967 (567,175)	7,645 (7,935)	617,612 (575,110)
Capital expenditure	24,007 (20,922)	15 (-)	24,022 (20,922)

* Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

Notes forming part of the Financial Statements for the year ended 31 March 2016

Additional Information:

Unallocable assets and liabilities exclude:

₹ lakhs

	2016	2015
Assets:		
Non-current investments	7,398	3,263
Deferred tax asset (net)	2,393	1,967
Tax payments, net of provisions (including MAT credit)	10,250	6,884
	20,041	12,114
Liabilities:		
Short-term borrowings	11,305	9,979

NOTE 42 **INTEREST IN JOINT VENTURE:**

The Company has interest in Snowcap Retail (India) Private Limited, a jointly controlled entity, the details of which are as below:

(Previous year figures are in brackets) ₹ lakhs

Name of joint venture and country of incorporation	% of interest	Amount of interest based on unaudited financial statements for the period ended March 31, 2016				
		Assets	Liabilities	Income	Expenditure	Capital commitments
Snowcap Retail (India) Private Limited, India	49%	2,403	554	246	430	41

NOTE 43

The Company had filed an application for seeking direction with respect to meeting of shareholders and creditors of the Company before the Hon'ble High Court of Madras for a Scheme of Arrangement between Titan Company Limited and Titan Engineering & Automation Limited and their respective shareholders under Section 391 to 394 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 ("the Scheme") for transfer of Precision Engineering Business Undertaking of the Company to Titan Engineering & Automation Limited with the appointed date of April 1, 2015. On April 5, 2016 the Hon'ble High court of Madras after considering the application has dispensed the meeting of shareholders and creditors of the Company. Further, the Company has filed the Petition for sanctioning the Scheme in the Hon'ble High Court of Madras. Pending the requisite approvals, no effect has been given for the Scheme in these financial statements.

NOTE 44

The figures of the previous year have been regrouped/ recast, where necessary, to conform to the current year classification.

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

Place : Bengaluru
Date : 06 May 2016

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

₹ lakhs

1	Name of the subsidiary	Titan TimeProducts Limited	Favre Leuba AG	Titan Watch Company Limited	Titan Engineering and Automation Limited
2	Reporting period	31 March 2016	31 March 2016	31 March 2016	31 March 2016
3	Reporting currency	INR	CHF	HKD	INR
4	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	1 CHF = ₹ 68.8555	1 HKD = ₹ 8.54	Not applicable
5	Share capital	424	2,060	1	5
6	Reserves & surplus	822	(420)	(1)	(1)
7	Total assets	2,961	1,670	-	4
8	Total Liabilities	1,715	30	-	-
9	Investments	250	1	-	-
10	Turnover	2,560	-	-	-
11	Profit/(loss) before taxation	(121)	(1,298)	-	-
12	Provision for taxation	9	2	-	-
13	Profit after taxation	(130)	(1,300)	-	-

Names of subsidiaries which are yet to commence operations;

Sl. No.	**Name of the Companies**
1	Titan Watch Company Limited
2	Titan Engineering and Automation Limited

Part "B": Associates and Joint Ventures

	Name of Associate	**Green Infra Wind Power Theni Limited**
1	Latest audited Balance Sheet Date	31 March 2015
2	Shares of Associate held by the company on the year end	
	- No.	15,000,000
	- Amount of Investment in Associate (₹ Lakhs)	150
	- Extend of Holding %	26.79%
3	Description of how there is significant influence	There is a significant influence due to percentage of Share Capital held
4	Reason why the associate is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	198
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(17)
	- Not Considered in Consolidation (₹ Lakhs)	-
	Name of Joint Venture	Snowcap Retail (India) Private Limited
1	Latest audited Balance Sheet Date	31 March 2015
2	Shares of Associate held by the company on the year end	
	- No.	20,335,000
	- Amount of Investment in Joint Venture (₹ Lakhs)	2,034
	- Extend of Holding %	49.00%
3	Description of how there is significant influence	There is a significant influence by virtue of joint control
4	Reason why the joint venture is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	Not applicable
6	Profit/(loss) for the year	
	- Considered in Consolidation (₹ Lakhs)	(183)
	- Not Considered in Consolidation (₹ Lakhs)	-

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

Place : Bengaluru
Date : 06 May 2016

Independent Auditor's Report

TO THE MEMBERS OF TITAN COMPANY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TITAN COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the entities included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of a jointly controlled entity, whose financial statements reflect total assets of ₹ 2,403 Lakhs as at 31st March, 2016, total revenues of ₹ 247 Lakhs and net cash outflows amounting to ₹ 752 Lakhs for the period ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 17 Lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of an associate company, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity and the associate company, are 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 financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company incorporated in India as on 31st March, 2016 taken on record by the Board of Directors of the respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India, internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity.

      ii. The Group, its associate and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, [excluding disputed legal cases as explained in Note 8(b) to the financial statements] to the Investor Education and Protection Fund by the Company.

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **TITAN COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India as of 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on "the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India".

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

V. Srikumar
Partner
(Membership No. 84494)

Place: Bengaluru
Date: 6th May, 2016

Consolidated Balance Sheet as at 31 March 2016

₹ lakhs

Particulars		Note No	As at 31-3-2016	As at 31-3-2015
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' funds**			
	Share capital	4.1	8,878	8,878
	Reserves and surplus	4.2	340,122	299,509
			349,000	308,387
(2)	**Non-current liabilities**			
	Long-term provisions	5	10,898	9,046
	Deferred tax liabilities (net)	12 b)	42	33
			10,940	9,079
(3)	**Current liabilities**			
	Short-term borrowings	6	11,305	9,979
	Trade payables			
	Total outstanding dues to micro and small enterprises	7	328	515
	Total outstanding dues of creditors other than micro and small enterprises		174,295	193,448
			174,623	193,963
	Other current liabilities	8	82,199	30,936
	Short-term provisions	9 a)	8,475	34,485
			276,602	269,363
	Total		**636,542**	586,829
II.	**ASSETS**			
(1)	**Non-current assets**			
	Fixed assets			
	Tangible assets	10 a)	77,024	68,888
	Intangible assets	10 b)	1,870	1,023
	Capital work-in-progress		10,680	5,519
			89,574	75,430
	Non-current investments	11	296	310
	Deferred tax asset (net)	12 a)	2,393	1,967
	Long-term loans and advances			
	Capital advances (Unsecured and considered good)		2,422	1,432
	Other advances	13	25,054	22,947
			27,476	24,379
			119,739	102,086
(2)	**Current assets**			
	Current investments	14	250	-
	Inventories	15	445,350	404,930
	Trade receivables	16	19,250	18,973
	Cash and cash equivalents	17	12,918	21,381
	Short-term loans and advances	18	38,658	39,021
	Other current assets	19	377	438
			516,803	484,743
	Total		**636,542**	586,829

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Statement of Consolidated Profit and Loss for the year ended 31 March 2016

₹ lakhs

Particulars		Note No.	Current year	Previous year
I.	Revenue from operations (gross)	20	1,131,207	1,194,933
	Less: Excise duty	20	3,413	3,592
	Revenue from operations (net)		**1,127,794**	1,191,341
II.	Other Income	21	6,495	7,075
	Total Revenue (I+II)		**1,134,289**	1,198,416
III.	Expenses:			
	Cost of materials and components consumed		741,594	783,192
	Purchase of stock-in-trade		96,378	112,394
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(19,778)	(20,437)
	Employee benefits expense	23	70,094	63,246
	Finance costs	32	4,229	8,069
	Depreciation and amortization expense		9,956	8,957
	Other expenses	24	146,370	138,106
Total Expenses			**1,048,843**	1,093,527
IV.	Profit before tax		**85,446**	104,889
V.	Tax expense:			
	Current tax		18,570	24,100
	Less: MAT credit		1,663	-
	Net current tax expenses		16,907	24,100
	Deferred tax		(417)	(836)
Total Tax			**16,490**	23,264
VI.	Profit before share of profit/(loss) of associate (IV-V)		68,956	81,625
VII.	Share of profit/(loss) of associate	40	(17)	1
VIII.	Profit for the year (VI+VII)		**68,939**	81,626
IX.	Earnings per equity share of ₹ 1:	36		
	Basic		7.77	9.19
	Diluted		7.77	9.19

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Consolidated Cash Flow Statement for the year ended 31 March 2016

₹ lakhs

Particulars		Current year	Previous year
A.	**Cash flow from operating activities**		
	Net profit before tax	85,446	104,889
	Adjustments for :		
	-Depreciation and amortisation expense	9,956	8,957
	-Net unrealised exchange gain	(1)	(165)
	-Loss on sale/ disposal/ scrapping of fixed assets (net)	459	418
	-Provision for doubtful trade receivables (net)	(174)	545
	-Net gain on sale of current investments	(811)	(24)
	-Interest income	(4,863)	(6,422)
	-Finance costs	4,229	8,069
	Operating profit before working capital changes	**94,241**	116,267
	Adjustments for :		
	-(Increase)/ decrease in trade receivables	214	(3,926)
	-(Increase)/ decrease in inventories	(40,420)	(17,997)
	-(Increase)/ decrease in short-term loans and advances	(1,774)	(4,706)
	-(Increase)/ decrease in long-term loans and advances	(418)	(2,395)
	-Increase/ (decrease) in trade payables	(24,857)	107,872
	-Increase/ (decrease) in other current liabilities	50,880	(123,789)
	-Increase/ (decrease) in long-term provisions	1,852	1,639
	-Increase/ (decrease) in short-term provisions	(1,434)	1,787
	Cash generated from operations	**78,284**	74,752
	-Direct taxes paid	**(20,259)**	(24,492)
	Net cash from operating activities	**58,025**	50,260
B.	**Cash flow from investing activities**		
	Additions to fixed assets (including capital work-in-progress and capital advances)	(25,516)	(20,934)
	Proceeds from sale of fixed assets	221	231
	Inter-corporate deposits (net)	3,800	(4,800)
	Bank balances not considered as cash and cash equivalents	992	5,958
	Purchase of long-term investments	(6)	-
	Proceeds from sale of long-term investment	3	-
	Current investments		
	-Purchased	(107,750)	(13,500)
	-Sale proceeds	108,311	13,524
	Interest received	4,924	7,655
	Net cash used in investing activities	**(15,021)**	(11,866)

Consolidated Cash Flow Statement (Contd.) for the year ended 31 March 2016

₹ lakhs

Particulars		Current year	Previous year
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	21,326	210,000
	Repayment of borrowings	(20,000)	(280,705)
	Dividends paid	(39,442)	(18,523)
	Tax on dividends paid	(8,133)	(3,168)
	Finance costs	(4,229)	(8,069)
	Net cash used in financing activities	**(50,478)**	(100,465)
	Net cash flows during the year (A+B+C)	**(7,474)**	(62,071)
	Cash and cash equivalents (opening balance) (Refer note 17)	17,199	79,128
	Add/ (Less): Unrealised exchange (gain)/ loss	(79)	63
		17,120	79,191
	Cash and cash equivalents (closing balance) (Refer note 17)	9,728	17,199
	Add/ (Less): Unrealised exchange (gain)/ loss	(82)	(79)
		9,646	17,120
	Increase/ (decrease) in Cash and cash equivalents	**(7,474)**	(62,071)

See accompanying notes forming part of the consolidated financial statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

V. Srikumar
Partner

Place : Bengaluru
Date : 06 May 2016

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

For and on behalf of the Board of Directors

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 01 BASIS OF CONSOLIDATION

The Consolidated Financial Statements relate to Titan Company Limited (''the Company"), its subsidiary companies, a jointly controlled entity and an associate company. The Company, its subsidiaries and the jointly controlled entity constitute "the Group". The Consolidated Financial Statements have been prepared on the following basis:

The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses, unless cost cannot be recovered, as per Accounting Standard (AS) 21 – Consolidated Financial Statements. 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.

The Consolidated financial statements include share of profit/ loss of the associate company which have been accounted for using equity method as per AS 23 – "Accounting for Investments in Associates in Consolidated Financial Statements". An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary or a joint venture of the investor. Accordingly, the share of profit/ loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

Share of profit / loss, assets and liabilities in the jointly controlled entities, which are not subsidiaries, have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses on a proportionate basis to the extent of the Group's equity interest in such entity as per AS 27 Financial Reporting of Interests in Joint Ventures. The intra-group balances, intra-group transactions and unrealised profits or losses have been eliminated to the extent of the Group's share in the entity.

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest March 31, 2016	Ownership interest March 31, 2015
Titan TimeProducts Limited	India	100%	100%
Favre Leuba AG	Switzerland	100%	100%
Titan Engineering & Automation Limited (w.e.f March 24, 2015)	India	100%	100%
Titan Watch Company Limited (100% subsidiary of Favre Leuba AG, w.e.f. August 12, 2014)	Hong Kong	100%	100%

The jointly controlled entity and associate company which are used in the consolidation and the Company's holdings therein are as under:

Name of the company	Country of incorporation	Ownership interest March 31, 2016	Ownership interest March 31, 2015
Jointly controlled entity: Snowcap Retail (India) Private Limited (w.e.f December 2, 2015)	India	49%	-
Associate Company: Green Infra Wind Power Theni Limited	India	26.79%	26.79%

The financial statements of the subsidiary companies, jointly controlled entity and associate company which are included in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2016. Titan Engineering and Automation Limited is based on the financial statements for the period from 24 March, 2015 (date of incorporation) to 31 March, 2016. The financial statements of the subsidiaries included in consolidation are audited. The figures used in consolidation for equity accounting of the investment in associate company and for proportionate consolidation of the investment in jointly controlled entity are unaudited.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 02 THE PARTICULARS OF INVESTMENT MADE DURING THE YEAR IN SUBSIDIARY COMPANIES ARE AS FOLLOWS:

₹ lakhs

Name of the Subsidiary	Year ended	Original cost of Investment	Amount of Goodwill / (-) Capital Reserve in Original Cost
Titan Engineering & Automation Limited	March 31, 2016	5	-
	March 31, 2015	-	-
Favre Leuba AG	March 31, 2016	2,093	-
	March 31, 2015	230	-
Titan TimeProducts Limited	March 31, 2016	250	-
	March 31, 2015	375	-

NOTE 03 SIGNIFICANT ACCOUNTING POLICIES

i) Basis of accounting and preparation of consolidated financial statements: The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / the Companies Act, 1956, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

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

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

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

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

iv) Fixed assets (Tangible/Intangible): Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets 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 fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets 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.

Capital work-in-progress: Projects under which fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

v) Depreciation and amortization: Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 03 **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 2013 Act except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Vehicles	-	4 years
Furniture & Fixtures	-	5 -7 years

vi) Intangible assets and amortisation: Intangible assets are amortised over their estimated useful life on straight line method as follows:

Trademarks - 10 years

Software - License period or 5 years, whichever is lower.

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

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

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

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

In case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at exchange rate prevailing on the date of transactions. Exchange difference arising out of these transactions are charged to the consolidated statement of profit and loss.

viii) Derivative accounting: The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions, foreign currency fluctuations relating to certain firm commitments. The Company applies the hedge accounting principles set out in Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement and has designated derivative financial instruments taken for gold price fluctuations as 'cash flow' hedges relating to highly probable forecasted transactions.

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

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

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

Changes in the fair value of derivative financial instruments that have not been designated as hedging instruments are recognised in

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 03 **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

the statement of profit and loss as they arise.

ix) Investments: All long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

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

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

b) Stores and spares, loose tools and raw materials are valued on a moving weighted average rate.

c) Work-in-progress and finished goods (other than gold) are valued on full absorption cost method based on the average cost of production.

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

Cost comprises all costs of purchase including duties and taxes (other than those subsequently recoverable by the Group), freight inwards and other expenditure directly attributable to acquisition. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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

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

xii) Employee benefits:

Short term employee benefits

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

Defined contribution plan

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

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

Contribution to Provident Fund and Pension Fund (of a subsidiary) are made at predetermined rates to the Regional Provident Fund Commissioner and debited to the consolidated statement of profit and loss on an accrual basis.

Defined benefit plan:

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

xiii) Taxes on Income: Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable laws.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 03 **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the consolidated statement of profit and loss.

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

The Group's primary segments consist of Watches, Jewellery, Eyewear and Others, where 'Others' include Precision Engineering, Machine Building, Clocks and Accessories.

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

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

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

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

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 4.1 SHARE CAPITAL

		2016 No. of shares in lakhs	2016 Amount ₹ lakhs	2015 No. of shares in lakhs	2015 Amount ₹ lakhs
a)	Authorised				
	Equity share of ₹ 1 each with voting rights	12,000	12,000	12,000	12,000
	Redeemable cumulative preference shares of ₹ 100 each	40	4,000	40	4,000
b)	Issued, subscribed and fully paid up				
	Equity share of ₹ 1 each with voting rights	8,878	8,878	8,878	8,878

c) Rights, preferences and restrictions attached to shares:

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

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

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

	2016 No. lakhs	2016 ₹ lakhs	2015 No. lakhs	2015 ₹ lakhs
Equity shares with voting rights				
At the beginning of the year	8,878	8,878	8,878	8,878
At the end of the year	8,878	8,878	8,878	8,878

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

No. in lakhs

Name of shareholder	2016 No. of shares held	2016 % total holding	2015 No. of shares held	2015 % total holding
Tamilnadu Industrial Development Corporation Limited	2,475	27.88	2,475	27.88
Tata Group				
Tata Sons Limited	1,850	20.85	1,351	15.22
Tata Steel Limited	-	-	388	4.37
Tata Investment Corporation Limited	179	2.01	172	1.94
Tata Chemicals Limited	138	1.56	138	1.56
Tata Global Beverages Limited	-	-	92	1.04
Ewart Investments Limited	50	0.56	50	0.56
Tata International Limited	-	-	26	0.29
Piem Hotels Limited	18	0.20	18	0.20
Total - Tata Group	**2,235**	**25.18**	2,235	25.18
Jhunjhunwala Rakesh Radheshyam	609	6.86	503	5.66

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

No. in lakhs

	2016	2015
Equity shares with voting rights		
Fully paid up by way of bonus shares	4,439	4,439

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 4.2 RESERVES AND SURPLUS

₹ lakhs

	2016	2015
Capital reserve	13	13
Capital reserve on consolidation	37	37
Capital redemption reserve	74	74
Securities premium reserve	13,888	13,888
Hedging Reserve		
As per last balance sheet	3,265	3,775
Add : Effects of variation in commodity prices on hedging instruments outstanding at the end of the year	(1,554)	3,265
Less : Transferred to consolidated statement of profit and loss	3,265	3,775
	(1,554)	3,265
General Reserve		
As per last balance sheet	178,841	131,906
Add : Transfer from surplus in the consolidated statement of profit and loss	52,126	46,935
	230,967	178,841
Surplus in the consolidated statement of profit and loss		
Opening balance	103,391	93,702
Less : Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) {Refer note no: 10 c)}	-	426
Add : Profit for the year	68,939	81,626
	172,330	174,902
Less:		
Interim Dividend*	19,531	-
Proposed dividend on equity shares	-	20,419
Tax on dividends	3,976	4,157
Transfer to general reserve	52,126	46,935
Net surplus in consolidated statement of profit and loss	**96,697**	103,391
Reserves and surplus	**340,122**	**299,509**

* The Company has declared an interim dividend of ₹ 2.20 per share (2015: Nil)

NOTE 05 LONG-TERM PROVISIONS

₹ lakhs

	2016	2015
Provision for gratuity of a subsidiary {Refer note 29 b.(i)}	134	194
Provision for compensated absences {Refer note 29 b.(ii)}	10,365	8,437
Provision for pension {Refer note 29 b.(ii)}	399	415
	10,898	9,046

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 06 SHORT-TERM BORROWINGS

₹ lakhs

	2016	2015
Loans repayable on demand from banks (secured)	11,305	9,979
	11,305	9,979

Secured loan represents cash credit secured by hypothecation of book debts, inventory, stores and spares both present and future and is taken at the interest rate linked to the base rate of the bank.

NOTE 07

DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

₹ lakhs

	2016	2015
- Principal amount remaining unpaid to any supplier as at the end of the accounting year	328	515
- Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
- The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
- the amount of interest due and payable for the year	-	-
- The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
- The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	328	515

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.

NOTE 08 OTHER CURRENT LIABILITIES

₹ lakhs

	2016	2015
Advance from customers {Refer note a) below}	62,607	15,956
Unclaimed dividends {Refer note b) below}	1,089	580
Unclaimed advance from customers {Refer note c) below}	1,993	-
Unclaimed matured fixed deposits	4	4
Unclaimed debenture and debenture interest	12	13
Other liabilities - Statutory dues	4,754	3,451
Payables on purchase of fixed assets	1,051	783
Gratuity {Refer note 29 b. (i)}	2,062	2,690
Other liabilities - Others	8,627	7,459
	82,199	30,936

a) Advances from customers include amounts of ₹ 51,656 lakhs (2015: ₹ 6,808 lakhs) received towards sale of jewellery products under various sale initiatives / retail customer programmes.

b) Unclaimed dividends do not include any amount credited to Investor Education and Protection Fund except where there are pending legal cases amounting to ₹ 3 lakhs (2015: ₹ 2 lakhs) and therefore amounts relating to the same could not be transferred.

c) Represents the unclaimed advances relating to various retail customer programmes for sale of jewellery products which have been discontinued.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 09 a) SHORT-TERM PROVISIONS

₹ lakhs

	2016	2015
Proposed dividend on equity shares	-	20,419
Tax on dividends	-	4,157
Provision for gratuity of a subsidiary {Refer note 29 b.(i)}	97	5
Provision for compensated absences {Refer note 29 b.(ii)}	1,315	1,047
Others {Refer note c) below}	7,063	8,857
	8,475	34,485

b) Dividend recognized as distributions to equity shareholders for the year ended March 31, 2015 was ₹ 2.30 per share.

c) Others includes

(i) Provision for warranty - ₹ 704 lakhs (2015: ₹ 568 lakhs).

The Group gives warranty on all products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience. No reimbursements are expected. Provision made and utilised/reversed during the year is ₹ 704 lakhs (2015: ₹ 568 lakhs) and ₹ 568 lakhs (2015: ₹ 511 lakhs) respectively.

(ii) Provision for customer loyalty programmes - ₹ 6,359 lakhs (2015: ₹ 8,289 lakhs)

The Group has a scheme of reward points on purchase of certain products by customers which can be redeemed at the time of future purchases. Provision is made based on past experience of redemption. Additional provision made and utilised/reversed during the year is ₹ 4,088 lakhs (2015: ₹ 8,824 lakhs) and ₹ 6,018 lakhs (2015: ₹ 7,180 lakhs) respectively.

NOTE 10 a) TANGIBLE ASSETS

(Previous year figures are in brackets)

Gross block

₹ lakhs

Particulars*	Gross block			
	Cost as at April 1, 2015	Additions	Deductions	Cost as at March 31, 2016
Land	8,720	782	-	9,502
	(7,765)	(955)	(-)	(8,720)
Land - leasehold	1,696	-	-	1,696
	(1,696)	(-)	(-)	(1,696)
Buildings	15,596	1,421	8	17,009
	(12,145)	(3,468)	(17)	(15,596)
Plant, machinery and equipment	71,895	11,132	2,632	80,395
	(63,246)	(10,732)	(2,083)	(71,895)
Furniture, fixtures and equipment	18,921	4,177	1,028	22,070
	(17,368)	(2,756)	(1,203)	(18,921)
Office equipment	2,433	473	95	2,811
	(2,273)	(281)	(121)	(2,433)
Vehicles	1,681	341	180	1,842
	(1,396)	(547)	(262)	(1,681)
Total	**120,942**	**18,326**	**3,943**	**135,325**
	(105,889)	(18,739)	(3,686)	(120,942)

* Represents owned assets, unless otherwise stated.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 10 a) TANGIBLE ASSETS (CONTD.)

Tangible assets - Accumulated depreciation and net block

₹ lakhs

Particulars	Accumulated depreciation					Net block	
	As at April 1, 2015	Transition adjustment recorded against opening balance in consolidated statement of profit and loss	Depreciation for the year	On deductions	As at March 31, 2016	As at Mar 31, 2016	As at March 31, 2015
Land	-	-	-	-	-	9,502	8,720
	(-)	(-)	(-)	(-)	(-)	(8,720)	(7,765)
Land - leasehold	12	-	1	-	13	1,683	1,684
	(11)	(-)	(1)	(-)	(12)	(1,684)	(1,685)
Buildings	3,311	-	519	5	3,825	13,184	12,285
	(2,889)	(-)	(426)	(4)	(3,311)	(12,285)	(9,256)
Plant, machinery and equipment	35,899	-	4,882	2,204	38,577	41,818	35,996
	(32,643)	(419)	(4,565)	(1,728)	(35,899)	(35,996)	(30,603)
Furniture, fixtures and equipment	11,081	-	3,092	840	13,333	8,737	7,840
	(9,246)	(9)	(2,803)	(977)	(11,081)	(7,840)	(8,122)
Office equipment	1,022	-	615	70	1,567	1,244	1,411
	(427)	(189)	(487)	(81)	(1,022)	(1,411)	(1,846)
Vehicles	729	-	401	144	986	856	952
	(623)	(-)	(325)	(219)	(729)	(952)	(773)
Total	**52,054**	**-**	**9,510**	**3,263**	**58,301**	**77,024**	**68,888**
	(45,839)	(617)	(8,607)	(3,009)	(52,054)	(68,888)	(60,050)

b) Intangible assets

(Acquired) ₹ lakhs

	2016	2015
Gross block		
As at April 1, 2015	7,301	7,301
Additions during the year	1,293	-
Deductions during the year	-	-
As at March 31, 2016	**8,594**	7,301
Accumulated amortisation		
Upto March 31, 2015	6,278	5,928
Amortisation for the year	446	350
Deductions during the year	-	-
As at March 31, 2016	**6,724**	6,278
Net block	**1,870**	1,023

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 10 (CONTD.)

c) During the previous year, pursuant to the notification of Schedule II to the 2013 Act with effect from April 1, 2014, the Group revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II except as mentioned in note no.3 v). Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Group for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Group had fully depreciated the carrying value of assets , net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and had adjusted an amount of ₹ 426 lakhs (net of deferred tax of ₹ 219 lakhs) against the opening surplus balance in consolidated statement of profit and loss.

NOTE 11 NON-CURRENT INVESTMENTS

₹ lakhs

	2016	2015
Investments (at cost)		
Trade - unquoted		
Investments in equity instruments - in associate company		
Carrying amount of investment in Green Infra Wind Power Theni Limited {Refer Note (a) below and note 40}	181	198
	181	198
Other investments		
Investments in equity instruments - quoted		
Nil (2015 : 1000) fully paid equity shares of ₹ 1 (2015 : ₹1)each in Timex Watches Limited [₹ Nil (2015 : ₹ 1,010)]	-	-
1,000 (2015 : 1,000) fully paid equity shares of ₹ 10 each in National Radio Electronics Company Limited [₹ 10,000 (2015 : ₹ 10,000)]	-	-
2,025 (2015 : 2,025) fully paid equity shares of ₹ 10 each in Tata Steel Limited	5	5
6,000 (2015 : 6,000) fully paid equity shares of ₹ 1 each in Tata Global Beverages Limited	2	2
560 (2015 : 560) fully paid equity shares of ₹ 10 each in Tata Chemicals Limited	1	1
300 (2015 : 300) fully paid equity shares of ₹ 10 each in Trent Limited	1	1
Nil (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Biotech Limited [₹ Nil (2015 : ₹ 1,935)]	-	-
Nil (2015 : 100) fully paid equity shares of ₹ 10 each in Titan Securities Limited [₹ Nil (2015 : ₹ 905)]	-	-
	9	9
Less : Provision for diminution [₹ Nil (2015 : ₹2,840)]	-	-
	9	9
carried forward	**190**	207

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 11 NON-CURRENT INVESTMENTS (CONTD.)

₹ lakhs

	2016	2015
brought forward	190	207
Investments in equity instruments - unquoted		
1,14,663 (2015: 1,14,663) fully paid equity shares of ₹ 50 each in The Central India Spinning and Weaving Mills Limited	-	-
97,624 (2015: 97,624) fully paid equity shares of ₹ 25 each in Tata Mills Limited	-	-
400 (2015: 400) fully paid equity shares of ₹ 25 each in The Central India Press Limited	-	-
100 (2015: 100) fully paid equity shares of ₹ 10 each in Titan Alloys Limited [₹ 2,312 (2015 : ₹ 2,312)]	-	-
100 (2015: 100) fully paid equity shares of ₹ 10 each in Titan Foods and Fashions Limited [₹ 1,457 (2015 : ₹ 1,457)]	-	-
5,25,000 (2015: 5,25,000) fully paid equity shares of ₹ 10 each in Innoviti Embedded Solutions Private Limited	100	100
Nil (2015: 27,600) fully paid equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited	-	3
63,600 (2015 : Nil) fully paid equity shares of ₹ 10 each in Green Infra Wind Generation Limited	6	-
	106	103
Less : Provision for diminution [₹ 3,769 (2015 : ₹ 3,769)]	-	-
	106	103
	296	310
Aggregate amount of quoted investments	9	9
Market value of quoted investments	22	23
Aggregate value of listed but not quoted investments	-	-
Aggregate amount of unquoted investments	**287**	301

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

NOTE 12 a) DEFERRED TAX

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

₹ lakhs

	2015	Tax effect for the year	2016
Deferred tax liability			
Depreciation and amortisation	(2,984)	(541)	(3,525)
Sub total	(2,984)	(541)	**(3,525)**
Deferred tax asset			
Provision for doubtful debts/advances	302	(66)	236
Employee benefits	3,113	822	3,935
Others	1,536	211	1,747
Sub total	4,951	967	**5,918**
Net deferred tax asset (net)	1,967	426	**2,393**

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 12 b) DEFERRED TAX

₹ lakhs

	2015	Tax effect for the year	2016
Deferred tax liability			
Depreciation and amortisation	(130)	21	(109)
Sub total	(130)	21	**(109)**
Deferred tax asset			
Employee benefits	97	(30)	67
Sub total	97	(30)	**67**
Net deferred tax asset/(liability) (net)	(33)	(9)	**(42)**

NOTE 13 LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good)

₹ lakhs

	2016	2015
Security deposits	9,933	10,006
Employee loans	1,925	1,732
Other deposits	551	389
Tax payments, net of provisions	8,655	6,966
Balance with revenue authorities	3,990	3,854
	25,054	22,947

NOTE 14 Current investments

₹ lakhs

	2016	2015
Investments in mutual funds (unquoted)		
Tata Liquid Fund Direct Plan- Growth	200	-
Tata Money Market Fund Direct Plan-Growth	50	-
	250	-

NOTE 15

a) Inventories

₹ lakhs

	2016	2015
Raw materials	74,360	54,057
Work-in-progress (Refer note b) below)	18,122	12,223
Finished goods	285,855	264,514
Stock-in-trade	64,642	72,104
Store and spares	1,478	1,077
Loose tools	893	955
	445,350	404,930

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 15 (CONTD.)

Included above, goods in transit

₹ lakhs

	2016	2015
Raw materials	201	158
Stock-in-trade	402	15
	603	173

b) Details of inventory of work-in-progress

₹ lakhs

	2016	2015
Watches	11,555	8,210
Jewellery	3,944	1,794
Others	2,623	2,219
	18,122	12,223

NOTE 16 TRADE RECEIVABLES

(Unsecured)

₹ lakhs

	2016	2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	2,200	1,559
Considered doubtful	684	890
	2,884	2,449
Less : Provision for doubtful trade receivables	684	890
	2,200	1,559
Other trade receivables		
Considered good	17,050	17,414
	19,250	18,973

NOTE 17 CASH AND CASH EQUIVALENTS

₹ lakhs

	2016	2015
Cash on hand	529	726
Cheques and drafts on hand	598	903
Balance with banks		
(i) Current account*	7,256	5,830
(ii) Demand deposit	1,345	9,740
(iii) Earmarked accounts		
- Unclaimed dividend	1,087	579
- Unclaimed debenture and debenture interest	12	13
(iv) Fixed deposits held as margin money against bank guarantee	2,091	3,590
	11,791	19,752
	12,918	21,381

Of the above, the balances meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 9,728 lakhs (2015 : ₹ 17,199 lakhs)

* Balance with banks includes funds in transit ₹ 666 lakhs (2015: ₹ 1,778 lakhs)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 18 SHORT-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated) ₹ lakhs

	2016	2015
Advances recoverable in cash or kind or for value to be received		
Inter-corporate deposits	20,000	23,800
Prepaid expenses	1,495	1,637
Security deposits	2,885	1,832
Employee loans	1,566	1,409
Advance to vendors	5,782	3,889
Others	1,056	2,459
	32,784	35,026
Considered doubtful	-	2,224
	32,784	37,250
Less : Provision for doubtful loans and advances	-	2,224
	32,784	35,026
MAT credit entitlement	1,663	-
Balance with revenue authorities	4,211	3,995
	38,658	39,021

NOTE 19 OTHER CURRENT ASSETS

(Unsecured and considered good) ₹ lakhs

	2016	2015
Interest accrued on deposits	377	438
	377	438

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 20 REVENUE FROM OPERATIONS

₹ lakhs

	Current year	Previous year
Sale of products		
Manufactured goods		
Watches	176,311	173,753
Jewellery	753,936	786,901
Eyewear	5,406	5,295
Others	19,649	17,648
	955,302	983,597
Traded goods		
Watches	18,583	19,786
Jewellery	108,210	144,045
Eyewear	31,925	28,077
Others	5,931	5,811
	164,649	197,719
Total - Sale of products (a)	**1,119,951**	1,181,316
Sale of tools and components (b)	**1,733**	1,922
Income from services provided (c)	**708**	453
Other operating revenue		
Sale of precious /semi-precious stones	5,730	8,206
Sale of gold/platinum	2,119	2,127
Scrap sales	966	909
Total - Other operating revenue (d)	**8,815**	11,242
Revenue from operations (gross) (a+b+c+d)	1,131,207	1,194,933
Less : Excise duty	3,413	3,592
Revenue from operations (net)	**1,127,794**	1,191,341

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

NOTE 21 OTHER INCOME

₹ lakhs

	Current year	Previous year
Interest from staff loans, vendor advances, inter-corporate deposits and bank deposits	4,863	6,422
Net gain on sale of current investments	811	24
Miscellaneous income	821	629
	6,495	7,075

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ lakhs

	Current year	Previous year
Closing stock		
Finished goods	285,855	264,514
Work-in-progress	18,122	12,223
Stock-in-trade	64,642	72,104
	368,619	348,841
Opening stock		
Finished goods	264,514	216,435
Work-in-progress	12,223	12,657
Stock-in-trade	72,104	99,312
	348,841	328,404
(Increase) / decrease in inventory	**(19,778)**	(20,437)

NOTE 23 EMPLOYEE BENEFITS EXPENSE

₹ lakhs

	Current year	Previous year
Salaries, wages and bonus	59,276	52,224
Company's contribution to provident and other funds {Refer note 29a.(i)}	3,079	2,646
Welfare expenses	5,645	5,633
Gratuity {Refer note 29 b.(i)}	2,094	2,743
	70,094	63,246

NOTE 24 OTHER EXPENSES

₹ lakhs

	Current year	Previous year
Loose tools, stores and spare parts consumed	10,838	10,589
Agency labour	6,702	6,121
Power and fuel	4,123	4,018
Repairs to buildings	368	459
Repairs to plant and machinery	1,743	1,695
Advertising	42,935	38,213
Selling and distribution expenses	13,976	11,569
Insurance	420	417
Rent	18,336	17,688
Increase / (decrease) of excise duty on inventory	883	(149)
Rates and taxes {Refer note 31}	9,057	11,124
Travel	3,389	3,106
Bad trade receivables and advance written off	2,256	-
Less: Provision released	(2,430)	-
	(174)	-
Provision for doubtful trade receivables / advances	-	545
Loss on sale / disposal / scrapping of fixed assets (net)	459	418
Gold price hedging costs (net)	2,250	3,577
Expenditure on corporate social responsibility	1,666	1,232
Miscellaneous expenses*	29,068	27,121
Directors' fees	29	22
Commission to Non Whole-time Directors	312	380
Expenses capitalised	(10)	(39)
	146,370	138,106

* Includes exchange (gain)/loss (net) of ₹ (143) lakhs (2015: ₹ 51 lakhs)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 25

Contingent liabilities not provided for - ₹ 28,899 lakhs (2015: ₹ 29,793 lakhs) comprising of the following:

a) Sales Tax - ₹ 2,293 lakhs (2015: ₹ 2,557 lakhs)

(relating to the applicability of rate of tax, computation of tax liability, submission of certain statutory forms)

b) Customs Duty - ₹ 150 lakhs (2015: ₹ 467 lakhs)

(relating to denial of benefit of exemptions)

c) Excise Duty - ₹ 19,028 lakhs (2015: ₹ 19,348 lakhs)

(relating to denial of exemption by amending the earlier notification, computation of the assessable value, denial of input credit on service tax and excise duty on jewellery)

The Group had received demand notice from the Excise authorities aggregating to ₹ 6,391 lakhs without quantifying interest and penalty for the period September 2005 to July 2009, towards excise duty on despatches of jewellery. The Appellate tribunal has ruled the appeal in favour of the Department and has passed an Order for ₹ 6,641 lakhs including penalty of ₹ 250 lakhs but without quantifying interest. The Group has been legally advised that they have a case on merits and has gone on appeal before the Hon'ble Supreme Court. This amount is included in above.

d) Income Tax - ₹ 6,850 lakhs (2015: ₹ 6,850 lakhs)

(relating to disallowance of deductions claimed)

e) Others - ₹ 578 lakhs (2015: ₹ 571 lakhs)

(relating to miscellaneous claims)

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

NOTE 26

Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 11,195 lakhs (2015: ₹ 16,272 lakhs).

NOTE 27

The Group was issued with show cause notices by the Excise authorities aggregating to ₹ 34,819 lakhs (2015: ₹ 34,819 lakhs) without quantifying interest and penalty, relating to disallowance of cenvat credit availed. The Hon'ble High Court of Madras allowed the writ petition filed by the Group by setting the show cause notices. Against the aforesaid Order the Excise department filed an appeal before the Hon'ble Supreme Court which is pending for admission.

NOTE 28 OTHER COMMITMENTS

a) Non-fund based facilities availed of ₹ 88,977 lakhs (2015: ₹ 112,897 lakhs) from banks are secured by a first charge by way of hypothecation of current assets including book debts and inventories, both present and future. The security covered rank pari passu with the security for the cash credit facility.

b) Estimated amount of contracts remaining to be executed on revenue account and not provided for is ₹ 289 lakhs (2015: ₹ 638 lakhs).

c) Unclaimed liability on shares of joint venture ₹ 1,078 lakhs (2015: ₹ Nil)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 29 EMPLOYEE BENEFITS

a. Defined Contribution Plans

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

₹ lakhs

	Current year	Previous year
Provident Fund	1,410	1,360
Superannuation fund	575	487
National Pension Scheme	105	64
Employee Pension Fund (EPF)	989	735
Total	**3,079**	2,646

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

b. Defined Benefit Plans

(i) Funded

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

The gratuity benefit of the subsidiary is not funded.

The following table sets out the funded status and amounts recognised in the Titan Group's financial statements as at March 31, 2016 for Gratuity.

₹ lakhs

		Current year		Previous year	
		Funded	Unfunded	Funded	Unfunded
I	**Net asset / (liability) recognized in the balance sheet**				
1	Present value of funded obligations	19,390	231	16,553	199
2	Fair value of plan assets	(17,328)	-	(13,863)	-
3	(Deficit) / surplus	(2,062)	(231)	(2,690)	(199)
4	Net asset / liability				
	-Assets	-	-	-	-
	-Liabilities (current)	2,062	97	2,690	5
	-Liabilities (non-current)	-	134	-	194
II	**Expense recognized in the consolidated statement of profit and loss**				
1	Current service cost	1,187	10	812	8
2	Interest cost	1,381	16	1,163	14
3	Expected return on plan assets	(1,139)	-	(833)	-
4	Actuarial losses/ (gains)	633	6	1,548	31
5	Past service cost	-	-	-	-
	Total expenses recognised under the head "Gratuity" (Refer note 23)	2,062	32	2,690	53

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 29 (CONTD.)

₹ lakhs

		Current year		Previous year	
		Funded	Unfunded	Funded	Unfunded
III	**Change in present value of obligation**				
1	Present value of defined benefit obligation at the beginning of the year	16,553	199	12,252	147
2	Current service cost	1,187	10	812	8
3	Interest cost	1,381	16	1,163	14
4	Actuarial losses/ (gains)	700	6	2,671	31
5	Past service cost	-	-	-	-
6	Benefits paid	(431)	-	(345)	(1)
7	Present value of defined benefit obligation at the end of the year	19,390	231	16,553	199
IV	**Change in fair value of plan assets**				
1	Fair value of plan assets at the beginning of the year	13,863	-	11,055	-
2	Expected return on plan assets	1,139	-	833	-
3	Actuarial (losses)/ gains	67	-	1,123	-
4	Assets distributed on settlement	-	-	-	-
5	Contributions by employer	2,690	-	1,197	-
6	Benefits paid	(431)	-	(345)	-
7	Fair value of plan assets at the end of the year	17,328	-	13,863	-
	Actual return on plan assets	1,206	-	1,955	-

V The major categories of plan assets as a percentage of total plan assets

		Current year	Previous year
1	Government of India securities	53%	55%
2	Corporate bonds	40%	42%
3	Others	7%	3%

VI Experience adjustments

₹ lakhs

	2016	2015	2014	2013	2012
Defined benefit obligation	19,621	16,752	12,399	10,891	8,637
Plan assets	17,328	13,863	11,055	9,305	7,626
Surplus / (deficit)	(2,293)	(2,889)	(1,344)	(1,586)	(1,011)
Experience adjustments on plan liabilities	925	521	1,578	639	390
Experience adjustments on plan assets	67	1,123	(184)	443	28

₹ lakhs

		Current year	Previous year
VII	**Principal actuarial assumptions**		
	Discount rate	8 - 8.05% p.a	7.95% p.a
	Expected rate of return on plan assets	8.20% p.a	8.20% p.a

VIII The employees are assumed to retire at the age of 58 or 60 or 65 years.

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 29 **(CONTD.)**

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

Expected rate of return on plan assets is based on expected long term rate of return during the estimated term of the obligations. The Company is expected to contribute ₹ 2,062 lakhs to the gratuity fund next year.

(ii) Unfunded

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

₹ lakhs

	Liability as on March 31, 2016	Liability as on March 31, 2015
Compensated absences / Leave salary		
Non-current	10,365	8,437
Current	1,315	1,047
	11,680	9,484
Pension - Non-current	399	415

The discount rate is based on the prevailing market yields of Indian Government as at 31 March 2016 date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

NOTE 30

Auditors remuneration comprises fees for audit of statutory accounts ₹ 186 lakhs (Previous year : ₹ 133 lakhs), taxation matters ₹ 38 lakhs (Previous year : ₹ 35 lakhs), audit of consolidated accounts ₹ 10 lakhs (Previous year : ₹ 9 lakhs), other services ₹ 49 lakhs (Previous year : ₹ 29 lakhs) and reimbursement of levies and expenses ₹ 19 lakhs (Previous year : ₹ 31 lakhs).

NOTE 31

Rates and taxes include ₹ 5,569 lakhs (Previous year : ₹ 6,056 lakhs) being the excise duty paid on watch components transferred from Hosur factory to Dehradun, Roorkee and Pantnagar factories.

NOTE 32 **FINANCE COSTS INCLUDE**

₹ lakhs

	Current year	Previous year
Interest expense on :		
Borrowings	464	1,479
Gold on lease charges / interest on gold loan	3,598	2,860
Others	30	835
	4,092	5,174
Other borrowing cost :		
Commercial paper discounting charges	137	2,895
	4,229	8,069

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 33

a) Gold futures / forward contracts outstanding as at the year end - 5,736 kgs, ₹ 158,843 lakhs (2015: 4,458 Kgs, ₹ 116,284 lakhs)

b) The Group has 6 forward exchange contracts for US Dollars 56 lakhs equivalent to ₹ 3,734 lakhs (2015: 13 forward exchange contracts for US Dollars 108 lakhs equivalent to ₹ 6,778 lakhs), and Nil forward exchange contracts for Euro (2015: 3 forward exchange contracts for Euro 4 lakhs equivalent to ₹ 282 lakhs) for firm commitment of purchases.

The Group has Nil forward exchange contracts for US Dollars (2015: 4 forward exchange contracts for US Dollars 31 lakhs equivalent to ₹ 1,906 lakhs) for firm commitment on sales.

Marked to Market loss of ₹ 42 lakhs (2015 : ₹ Nil) has been recognized in the consolidated statement of profit and loss on these outstanding contracts.

c) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at March 31, 2016 are given below:

i) Amounts receivable in foreign currency as at March 31, 2016

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	**8,045**	**12,145,870**
	(7,989)	(12,787,941)
GBP	**97**	**102,159**
	(115)	(124,088)
HKD	**190**	**2,229,050**
	(548)	(6,797,316)
EURO	**354**	**469,888**
	(260)	(388,207)
CHF	**1,176**	**1,708,737**
	(1,065)	(1,659,948)
SGD	**280**	**569,356**
	(25)	(54,563)
JPY	**182**	**30,866,264**
	(102)	(19,636,408)

ii) Amounts payable in foreign currency as at March 31, 2016

(Previous year figures are in brackets)

	₹ lakhs	Foreign currency
USD	**2,615**	**3,945,700**
	(1,469)	(2,352,514)
EURO	**907**	**1,203,140**
	(127)	(188,852)
HKD	**307**	**3,592,370**
	(878)	(10,894,166)
CHF	**541**	**785,838**
	(185)	(287,775)
JPY	**82**	**14,047,688**
	(79)	(15,142,437)
GBP	**240**	**251,814**
	(23)	(24,527)
SGD	**272**	**553,472**
	(15)	(31,978)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 34

Related party disclosures :

Names of related parties and description of relationship:

a)	Promoters	Tamilnadu Industrial Development Corporation Limited Tata Sons Limited
b)	Associate	Green Infra Wind Power Theni Limited
c)	Joint venture	Snowcap Retail (India) Private Limited (w.e.f. December 2, 2015)
d)	Key Management Personnel	Mr. Bhaskar Bhat, Managing Director

Transactions with related parties during the year are set out in the table below:

(Previous year figures are in brackets)

₹ lakhs

Sl No.	Nature of transaction	Promoters	Associate	Joint Venture	Key Management Personnel	Total
1	Sale of components and fixed assets	11	-	-	-	11
		(66)	(-)	(-)	(-)	(66)
2	Rent paid	51	-	-	-	51
		(51)	(-)	(-)	(-)	(51)
3	Purchase of power	-	241	-	-	241
		(-)	(296)	(-)	(-)	(296)
4	Dividend paid	18,762	-	-	-	18,762
		(8,035)	(-)	(-)	(-)	(8,035)
5	Commission and sitting fees to non whole-time directors	83	-	-	-	83
		(103)	(-)	(-)	(-)	(103)
6	Brand equity subscription	1,913	-	-	-	1,913
		(1,907)	(-)	(-)	(-)	(1,907)
7	Payment towards rendering of services / expenses	74	-	-	-	74
		(67)	(-)	(-)	(-)	(67)
8	Recovery towards rendering of services / expenses	-	-	194	-	194
		(-)	(-)	(-)	(-)	(-)
9	Managerial remuneration	-	-	-	476	476
		(-)	(-)	(-)	(491)	(491)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 34 (CONTD.)

₹ lakhs

Balance as on balance sheet date	Promoters	Associate	Joint Venture	Key Management Personnel	Total
Credit balance					
Tata Sons Limited	1,444	-	-	-	1,444
	(1,437)	(-)	(-)	(-)	(1,437)
Tamilnadu Industrial Development Corporation Limited	77	-	-	-	77
	(98)	(-)	(-)	(-)	(98)
Green Infra Wind Power Theni Limited	-	4	-	-	4
	(-)	(2)	(-)	(-)	(2)
Mr. Bhaskar Bhat	-	-	-	260	260
	(-)	(-)	(-)	(297)	(297)

The above includes the following material related party transactions :-

₹ lakhs

Nature of transaction	Category	Name	Amount
(a) Dividend paid	Promoter	Tamilnadu Industrial Development Corporation Limited	11,136
			(5,197)
	Promoter	Tata Sons Limited	7,626
			(2,838)
(b) Brand Equity Subscription	Promoter	Tata Sons Limited	1,913
			(1,907)

NOTE 35

(a) The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

₹ lakhs

	2016	2015
For a period not later than one year	2,404	4,266
For a period later than one year but not later than five years	2,022	1,544
For a period later than five years	8	15
Total	**4,434**	5,825

b) The Group has taken the above operating leases for non-cancellable periods ranging from 12 months to 108 months. The leases are renewable by mutual consent.

c) Lease rentals recognised in the consolidated statement of profit and loss in respect of the above operating leases is ₹ 3,393 lakhs (Previous year: ₹ 4,495 lakhs).

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 36 EARNINGS PER SHARE

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

	2016	2015
Net profit after tax (₹ lakhs)	68,939	81,626
Weighted average number of equity shares	887,786,160	887,786,160
Nominal value of shares (₹)	1	1
Earnings per share - Basic and diluted (₹)	7.77	9.19

NOTE 37 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

a) Primary Business Segments

(Previous year figures are in brackets).

₹ lakhs

	Watches	Jewellery	Eyewear	Others	Corporate (Unallocated)	Total
Revenue						
Net sales/income	195,039	870,798	37,120	24,837	-	1,127,794
(There is no inter-segment revenue)	(191,881)	(942,059)	(33,196)	(24,205)	(-)	(1,191,341)
Segment result						
Before finance costs, other income and taxes	15,267	78,472	1,909	(-) 3,931	(-) 8,537	83,180
	(19,837)	(93,481)	(2,463)	((-) 2,638)	((-)7260)	(105,883)
Add : Other Income	316	942	38	80	5,119	6,495
	(223)	(938)	(30)	(37)	(5,847)	(7,075)
Share of loss/(profit) of associate	-	-	-	-	17	17
	(-)	(-)	(-)	(-)	((-)1)	((-)1)
Profit before finance costs and taxes	15,583	79,414	1,947	(-) 3,851	(-) 3,435	89,658
	(20,060)	(94,419)	(2,493)	((-) 2,601)	((-) 1,412)	(112,959)
Less : Finance costs						4,229
						(8,069)
Profit before taxes						85,429
						(104,890)
Taxes						16,490
						(23,264)
Profit after taxes						68,939
						(81,626)
Segment assets	121,373	416,035	16,779	31,969	37,129	623,285
	(109,979)	(382,060)	(14,008)	(24,890)	(46,649)	(577,586)
Segment liabilities	43,971	216,532	7,486	6,557	1,649	276,195
	(42,111)	(189,953)	(5,457)	(5,084)	(25,825)	(268,430)
Capital expenditure	4,251	7,269	3,000	4,202	6,058	24,780
	(9,163)	(5,882)	(1,410)	(2,522)	(1,994)	(20,971)
Depreciation/ amortisation	3,733	3,874	896	987	466	9,956
	(3,093)	(3,459)	(737)	(1,239)	(429)	(8,957)
Other significant non cash expenses	-	-	-	-	-	-
	(311)	(29)	(-)	(315)	(-)	(655)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 37 SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2016 (CONTD.)

b) Secondary geographical segments (Previous year figures are in brackets)	India	Others	Total
Revenue	1,093,399	34,395	1,127,794
	(1,154,377)	(36,964)	(1,191,341)
Assets*	615,640	7,645	623,285
	(569,651)	(7,935)	(577,586)
Capital expenditure	24,702	78	24,780
	(20,959)	(12)	(20,971)

* Trade receivables are disclosed based on geographical location of customers. Other assets are not identifiable separately to any reportable segments as these are used interchangeably between segments and are disclosed under "India".

Details of secondary geographical segments for individual markets outside India are not disclosed as the same do not account for more than 10% of the total segment revenues or results or assets.

Additional information:

Unallocable assets and liabilities exclude:

₹ lakhs

	2016	2015
Assets:		
Investments	546	310
Tax payments, net of provisions (including MAT credit)	10,318	6,966
Deferred tax asset (net)	2,393	1,967
	13,257	9,243
Liabilities:		
Short-term borrowings	11,305	9,979
Deferred tax liability (net)	42	33
	11,347	10,012

NOTE 38 RESEARCH AND DEVELOPMENT (R&D) EXPENSE

Expenditure at the Department of Scientific and Industrial Research (DSIR) approved R&D centres ₹ lakhs

	2016	2015
Capital	313	168
Revenue	1,518	1,572
	1,831	1,740

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 39 INTEREST IN JOINT VENTURE:

The Company has interest in Snowcap Retail (India) Private Limited, a jointly controlled entity, the details of which are as below:

(Previous year figures are in brackets) ₹ lakhs

Name of joint venture and country of incorporation	% of interest	Amount of interest based on unaudited financial statements for the period ended March 31, 2016				
		Assets	Liabilities	Income	Expenditure	Capital commitments
Snowcap Retail (India) Private Limited, India	49%	2,403	554	246	430	41
	(-)	(-)	(-)	(-)	(-)	(-)

NOTE 40 THE PARTICULARS OF INVESTMENTS MADE IN THE ASSOCIATE ARE AS BELOW:

(Previous year figures are in brackets) ₹ lakhs

Name of the Company	Original cost of investment	Amount of Goodwill/ Capital Reserve in original cost	Cumulative share of post acquisition profits	Carrying cost of investments
Green Infra Wind Power Theni Limited	150	-	31	181
	(150)	(-)	(48)	(198)

NOTE 41

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act.

(Previous year figures are in brackets) ₹ lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount
Parent : Titan Company Limited	98.90%	345,132	102.36%	70,563
	(99.33%)	(306,320)	(100.83%)	(82,306)
Subsidiaries :				
Indian				
1) Titan TimeProducts Limited	0.08%	296	(-) 0.18%	(-) 123
	(0.36%)	(1,095)	((-)0.11%)	((-)92)
2) Titan Engineering and Automation Limited	-	-	-	-
	(-)	(-)	(-)	(-)
Foreign				
1) Favre Leuba AG	0.44%	1,542	(-) 1.89%	(-) 1,300
	(0.25%)	(774)	((-)0.72%)	((-)589)
2) Titan Watch Company Limited	-	-	-	-
	(-)	(-)	(-)	(-)

Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2016

NOTE 41 (CONTD.)

(Previous year figures are in brackets) ₹ lakhs

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount
Associates :				
Green Infra Wind Power Theni Limited	0.05%	181	(-) 0.02%	(-) 17
	(0.06%)	(198)	(-)	(1)
Jointly controlled entity				
Snowcap Retail (India) Private Limited	0.53%	1,849	(-) 0.27%	(-) 184
	(-)	(-)	(-)	(-)
Total	**100%**	**349,000**	**100%**	**68,939**
	(100%)	(308,387)	(100%)	(81,626)

NOTE 42

The Company had filed an application for seeking direction with respect to meeting of shareholders and creditors of the Company before the Hon'ble High Court of Madras for a Scheme of Arrangement between Titan Company Limited and Titan Engineering & Automation Limited and their respective shareholders under Section 391 to 394 of Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 ("the Scheme") for transfer of Precision Engineering Business Undertaking of the Company to Titan Engineering & Automation Limited with the appointed date of April 1, 2015. On April 5, 2016 the Hon'ble High court of Madras after considering the application has dispensed the meeting of shareholders and creditors of the Company. Further, the Company has filed the Petition for sanctioning the Scheme in the Hon'ble High Court of Madras. Pending the requisite approvals, no effect has been given for the Scheme in these financial statements.

NOTE 43

a) The figures pertaining to subsidiary companies and jointly controlled entity have been reclassified, where necessary, to bring them in line with the parent Company's financial statements.

b) The figures of the previous year have been regrouped/recast, where necessary, to conform to the current year classification.

For and on behalf of the Board of Directors

Bhaskar Bhat
Managing Director

S. Subramaniam
Chief Financial Officer

A. R. Rajaram
Head-Legal & Company Secretary

C V Sankar *Chairman*

T K Arun
Harish Bhat
C G Krishnadas Nair
Vinita Bali
Hema Ravichandar
Directors

Place : Bengaluru
Date : 06 May 2016

FINANCIAL STATISTICS

₹ crores

BALANCE SHEET	1987-88	1992-93	1997-98	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Equity share capital	24	42	42	42	42	42	42	44	44	44	44	44	89	89	89	89	89
Preference share capital	-	-	38	40	40	40	40	-	-	-	-	-	-	-	-	-	-
Reserves and surplus	-	78	116	80	83	95	150	283	392	507	680	981	1,361	1,876	2,435	3,003	3,426
Deferred tax liability/ (asset)	-	-	-	42	35	29	24	17	25	18	5	2	(4)	(8)	(9)	(20)	(24)
Borrowings	38	114	382	467	407	318	268	247	258	175	73	15	11	6	806	100	113
Current, Non-current Liabilites & Provisions	9	36	58	173	164	267	360	593	879	1,035	1,284	2,694	3,233	3,905	2,777	2,680	2,749
TOTAL SOURCES OF FUNDS	**71**	**270**	**636**	**844**	**771**	**791**	**884**	**1,184**	**1,598**	**1,779**	**2,086**	**3,736**	**4,690**	**5,868**	**6,098**	**5,852**	**6,353**
Net tangible and intangible assets	54	131	238	192	177	175	196	267	282	294	275	300	394	490	629	738	875
Investments	-	-	27	37	28	27	27	27	47	8	8	9	16	19	27	33	74
Inventories	8	86	173	142	164	272	374	677	1,021	1,203	1,340	1,994	2,879	3,678	3,867	4,047	4,442
Cash and bank balances	3	9	8	24	27	44	38	51	52	55	187	1,096	961	1,137	889	210	112
Other Current Assets	6	44	190	403	342	249	235	158	196	219	276	337	440	544	686	824	850
Deferred revenue expenditure	-	-	-	46	33	24	14	4	-	-	-	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	**71**	**270**	**636**	**844**	**771**	**791**	**884**	**1,184**	**1,598**	**1,779**	**2,086**	**3,736**	**4,690**	**5,868**	**6,098**	**5,852**	**6,353**

₹ crores

PROFIT & LOSS ACCOUNT	1987-88	1992-93	1997-98	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue from operations	17	191	442	798	959	1,135	1,481	2,136	3,041	3,848	4,703	6,571	8,971	10,206	10,955	11,937	11,296
Expenses	16	157	357	726	862	1,020	1,327	1,938	2,791	3,551	4,308	5,959	8,138	9,196	9,906	10,783	10,350
Interest	1	18	53	41	38	31	25	20	20	29	5	35	44	51	87	81	42
Depreciation/Amortisation	1	7	19	21	22	20	20	26	30	42	60	34	45	54	66	87	97
Operating Profit/ (loss)	(2)	9	13	10	37	64	109	152	200	226	330	543	744	905	896	985	807
Add: Other Income	2	2	3	10	2	3	2	3	2	5	12	56	94	101	120	71	64
Less: Exceptional Item	-	-	-	(10)	(25)	(35)	(25)	(24)	-	-	-	-	-	-	-	-	-
Profit Before Taxes	-	11	16	10	14	32	86	131	202	231	342	599	838	1,006	1,016	1,056	871
Taxes	-	-	1	4	3	7	13	38	52	72	71	169	238	281	275	233	165
Profit After Taxes	-	11	15	6	11	25	73	93	150	159	271	430	600	725	741	823	706
Equity Dividend (%)	-	22%	25%	10%	10%	20%	30%	50%	80%	100%	150%	250%	175%	210%	210%	230%	220%
Equity Dividend (₹)	-	7	11	4	4	8	13	22	36	44	67	111	155	186	186	204	195
Employee costs (excluding VRS)	1	13	49	72	85	96	109	157	189	233	274	365	392	485	534	626	681
% to Sales Income	6.1%	6.7%	11.1%	9.0%	8.9%	8.4%	7.4%	7.4%	6.2%	6.1%	5.8%	5.6%	4.4%	4.8%	4.9%	5.2%	6.0%
Advertising	2	13	20	47	60	77	101	134	152	181	211	303	381	377	404	382	429
% to Sales Income	11.0%	6.9%	4.5%	5.9%	6.2%	6.8%	6.8%	6.3%	5.0%	4.7%	4.5%	4.6%	4.2%	3.7%	3.7%	3.2%	3.8%

TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in

TITAN COMPANY

ATTENDANCE SLIP

(To be presented at the entrance)

32nd ANNUAL GENERAL MEETING ON WEDNESDAY, 3rd AUGUST 2016 AT 3:00 P.M.

At 3, SIPCOT Industrial Complex, Hosur 635 126

Folio No.__________________ DP ID No.________________ Client ID No.________________

Name of the Member______________________________ Signature ________________

Name of the Proxyholder ______________________________ Signature________________

1. Only Member/ Proxyholder can attend the Meeting.
2. Member/ Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

TITAN COMPANY LIMITED

Corporate Identification No. (CIN) – L74999TZ1984PLC001456
Regd. Office: 3, SIPCOT INDUSTRIAL COMPLEX, HOSUR 635 126
Phone : 91 80 6660 9000 E-mail: investor@titan.co.in Website: www.titan.co.in

TITAN COMPANY

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act,2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the Member(s) : ....

Registered Address : ....

E-mail id : ....

Folio No./Client ID No. : .... DP ID No.......................................

I/ We, being the member(s) of .... Shares of Titan Company Limited, hereby appoint

1. Name: .... E-mail: ....
   Address: ....
   .... Signature: ....

   or failing him
2. Name: .... E-mail: ....
   Address: ....
   .... Signature: ....

   or failing him
3. Name: .... E-mail: ....
   Address: ....
   .... Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on Wednesday, 3rd August 2016 at 3:00 p.m. at 3, SIPCOT Industrial Complex, Hosur 635 126 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and the Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016, together with the Report of the Auditors thereon
2. Confirmation of the payment of interim dividend on equity shares as dividend for the financial year ended 31st March 2016
3. Re-appointment of Mr. C.V. Sankar as a Director
4. Appointment of Auditors
5. Appointment of Branch Auditors
6. Ratification of Cost Auditor's Remuneration
7. Re-Appointment of Mr. Bhaskar Bhat as Managing Director
8. Appointment of Mr. Ashwani Puri as an Independent Director
9. Appointment of Mr. K. Gnanadesikan as a Director

Affix Revenue Stamp

Signed this ________________day of ________2016.

Signature of shareholder ________________ Signature of Proxyholder(s)________________

NOTE : This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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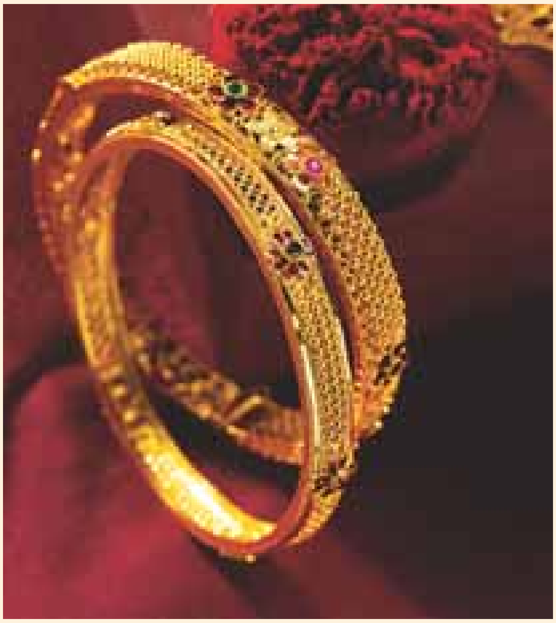


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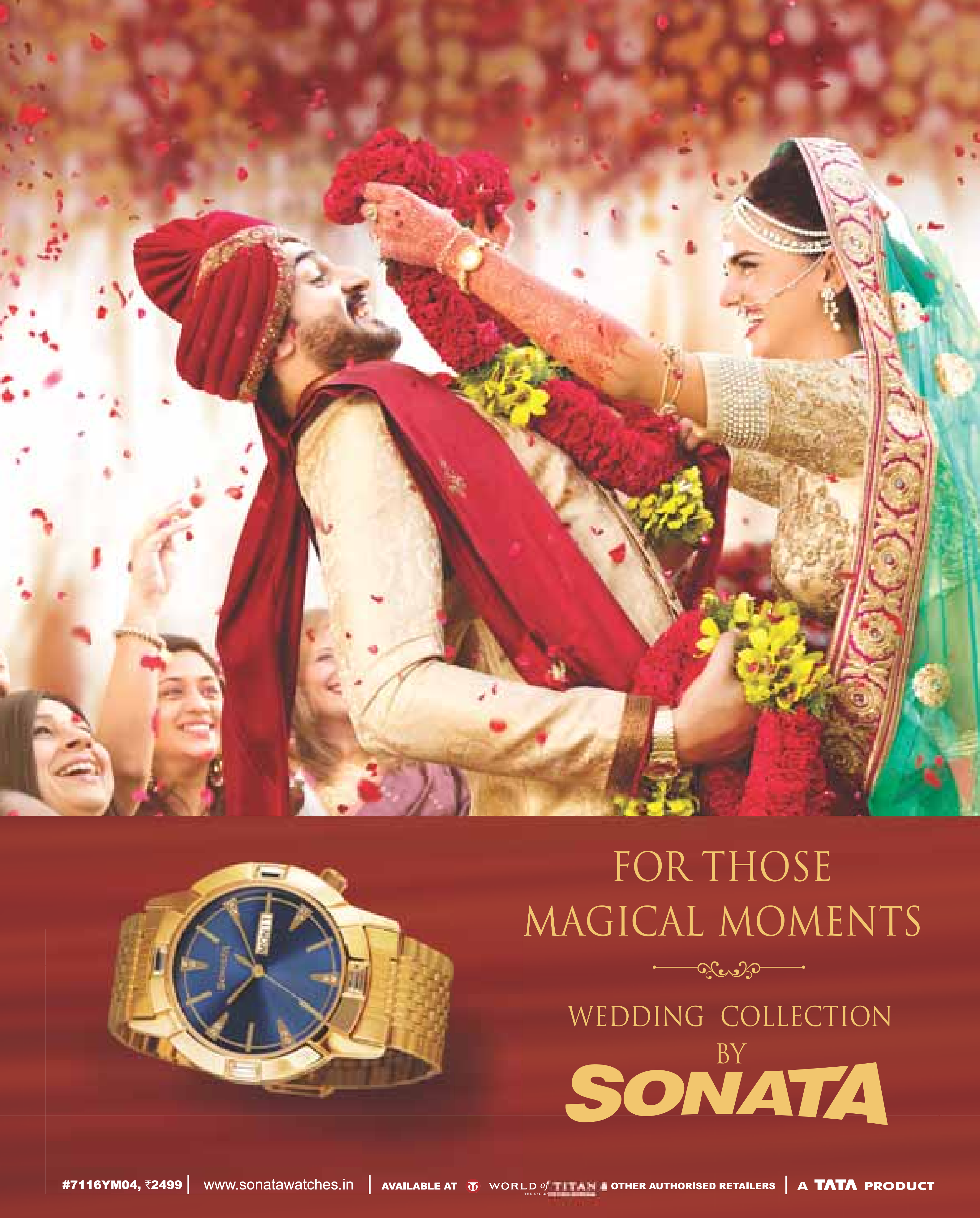
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