

## CORPORATE GOVERNANCE

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors. The Company has complied with the applicable requirements of revised Clause 49 of the Listing Agreement.

### A. MANDATORY REQUIREMENTS

#### CORPORATE GOVERNANCE PHILOSOPHY

The Company believes that it must so govern its affairs as to optimise satisfaction amongst all its stakeholders, which includes its esteemed customers, providers of capital, employees, those from whom we buy and through whom we sell, the communities in which our primary activities take place and society at large. The Company attaches equal importance to both ends and means - the results sought to be secured and the methods used to achieve them. The Company believes that, in whatever it does, it must contribute to the economic and social development of India, a basic tenet of the Tata Group to which your Company belongs. The Company views the governance norms originating in the institutions of the capital market as an integral part of its corporate governance philosophy to be respected not just in the letter but, more importantly, in spirit. 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. The Company has therefore become a signatory to Global Compact, which has social dimensions to the functioning of the Corporate entity within the ecosystem.

#### BOARD OF DIRECTORS

Titan Industries Limited was promoted by the Tamilnadu Industrial Development Corporation Limited (TIDCO) and the Tata Group. As on March 31, 2007, the Company had 12 Directors, comprising 11 Non-Executive Directors and 1 Executive Director.

The composition and category of directors as of March 31, 2007 is as follows:

Category	Name of the Director	No. of Directors
Nominee Directors of TIDCO (Promoters, Non-Executive, Not-Independent)	Mr. Shaktikanta Das <sup>1</sup> Mr. S Ramasundaram <sup>2</sup> Mr. Sunil Paliwal <sup>3</sup> Mr. S Susai	4
Nominee Directors of Tata Group (Promoters, Non-Executive, Not-Independent)	Mr. Ishaat Hussain Mr. F. K. Kavarana Mr. N. N. Tata	3
Promoter, Executive, Not-Independent	Mr. Bhaskar Bhat	1
Other Directors (Non-Executive, Independent)	Mr. T. K. Balaji Dr. C. G. Krishnadas Nair	4

	Mr.Nihal Kaviratne <sup>4</sup> Ms.Vinita Bali <sup>5</sup>	
<b>Total</b>		<b>12</b>

<sup>1</sup>Mr. Shaktikanta Das, nominee of TIDCO, was appointed as Chairman & Additional Director of the Company with effect from 05.06.2006 in place of Mr. D Rajendran who resigned on 05.06.2006.

<sup>2</sup>Mr. S. Ramasundaram, nominee of TIDCO, was appointed as Additional Director of the Company, with effect from 05.06.2006.

<sup>3</sup>Mr. Sunil Paliwal , nominee of TIDCO, was appointed as Additional Director of the Company on 26.02.2007 in place of Mr. T S Surendranath.

<sup>4</sup>Mr. Nihal Kaviratne was appointed as an Independent Director of the Company on 28.09.2006

<sup>5</sup>Ms. Vinita Bali was appointed as an Independent Director of the Company on 18.10.2006.

Mr. T S Surendranath, nominee of TIDCO, who was appointed as Additional Director of the Company with effect from 26.06.2006 resigned on 26.02.2007.

Mr. A C Mukherji resigned as director on 19.10.2006.

During the year, the Company had a Non-Executive Chairman and one-third of the Directors were independent except for the period 05.06.2006 to 27.09.2006. The Company has not had any pecuniary relationship or transaction with any of the Non-Executive Directors during the year under review.

The Board of Directors met eight times during the Financial Year 2006-07. The interval between any two successive Meetings did not exceed four months. Board Meetings were held on June 5, June 26, July 17, August 21, October 18, November 28 in 2006 and on January 25 and March 28, in 2007.

The information as required under Annexure 1A to Clause 49 of the listing agreement 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 March 31, 2007 are as indicated below:

<b>Name of Director</b>	<b>No. of Board meetings attended out of 8 meetings of the Board of Directors</b>	<b>Whether attended last Annual General Meeting</b>	<b>No. of Directorships in domestic public companies (including this Company)</b>	<b>No. of Committee memberships in domestic public companies (including this Company)</b>

			As Chairman	As Director	As Chairman	As Member
Mr.Shaktikanta Das <sup>1</sup>	6	No	4	7	-	-
Mr.S Ramasundaram <sup>2</sup>	7	Yes	5	9	1	4
Mr.Bhaskar Bhat	8	Yes	1	6	-	1
Mr. N N Tata	7	Yes	-	6	1	-
Mr. F.K.Kavarana	5	No	6	4	5	2
Mr. Ishaat Hussain	5	Yes	2	11	4	5
Mr. T.K.Balaji	3	No	1	10	1	5
Dr.C.G.Krishnadas Nair	6	Yes	-	4	-	-
Mr. S.Susai	8	Yes	-	11	1	6
Mr. Nihal Kaviratne <sup>3</sup>	3	NA	-	4	1	4
Ms. Vinita Bali <sup>4</sup>	4	NA	-	2	-	2
Mr. Sunil Paliwal <sup>5</sup>	1	NA	2	10	-	-
Mr. T S Surendranath <sup>6</sup>	5	Yes	-	-	-	-
Mr. A C Mukherji <sup>7</sup>	3	Yes	-	-	-	-

[NA – Not Applicable]

<sup>1</sup>Mr. Shaktikanta Das, nominee of TIDCO, was appointed as Chairman & Additional Director of the Company, with effect from 05.06.2006 in place of Mr. D. Rajendran who resigned on 05.06.2006.

<sup>2</sup>Mr. S Ramasundaram, nominee of TIDCO, was appointed as an Additional Director of the Company, with effect from 05.06.2006.

<sup>3</sup>Mr. Nihal Kaviratne was appointed as an Independent Director of the Company on 28.09.2006

<sup>4</sup>Ms. Vinita Bali was appointed as an Independent Director of the Company on 18.10.2006.

<sup>5</sup>Mr. Sunil Paliwal, nominee of TIDCO, was appointed as a Director of the Company, with effect from 26.02.2007 in place of Mr. T S Surendranath.

<sup>6</sup>T S Surendranath, nominee of TIDCO, who was appointed as Additional Director of the Company, with effect from 26.06.2006 resigned on 26.02.2007.

<sup>7</sup>Mr. A C Mukherji resigned as director on 19.10.2006.

## CODE OF CONDUCT

Whilst the 'Tata Code of Conduct' is applicable to all Whole-time Directors 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 March 31, 2007. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

## 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 292A of the Companies Act, 1956 and also as per the requirements of Clause 49 (II) (A) of the Listing Agreement.

## **Powers of the Audit Committee**

- a) to investigate any activity within its terms of reference;
- b) to seek information from any employee;
- c) to obtain outside legal or other professional advice;
- d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

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

- a) Oversight of the Company's financial reporting process and the disclosures of the financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;
  - compliances with stock exchanges and legal requirements concerning financial statements;
  - any related party transactions.
- d) Reviewing with the management matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- e) Reviewing with the management, external and internal auditors, the adequacy of the internal control systems.
- f) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department; approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- g) Discussion with internal auditors any significant findings and follow up thereon.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j) Reviewing of management letters issued by the external auditor.
- k) Reviewing the Company's financial and risk management policies.
- l) Looking 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.
- m) Seek assistance from the Statutory Auditors in such areas and in such manner as desired by the audit committee from time to time.
- n) Reviewing the functioning of the Whistle Blower mechanism.

- o) Reviewing Management Discussion and Analysis of financial condition and results of operations.
- p) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

Mr A. C. Mukherji, erstwhile Chairman of the Board Audit Committee, was present at the last Annual General Meeting of the Company. The Company has adopted the Tata Group Guidelines for composition of Board of Directors and the Committee of Directors. As per the said Guidelines, the retirement age for all non-executive directors of the Company should not be in excess of 75 years. In due conformance to the Guidelines, Mr. A C Mukherji resigned as Director and Chairman of the Board Audit Committee of the Company with effect from 19.10.2006. Mr. Nihal Kaviratne was appointed as Chairman of the Board Audit Committee of the Company with effect from 19.10.2006. As at the year-end, the reconstituted Audit Committee comprises of six members, four of them being Independent Directors. All members are financially literate and have relevant finance and / or audit exposure. Mr. Ishaat Hussain is the financial expert.

The Audit Committee met five times during the Financial Year 2006-07 on June 5, July 13, October 18, in 2006 and on January 25 and March 15, in 2007. The quorum as required under Clause 49 (II)(B) was maintained at all the Meetings.

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

Name of Director	No. of Meetings attended out of five meetings
Mr. Nihal Kaviratne <sup>1</sup> (Chairman) (Non Executive) (Independent)	2
Mr. A. C. Mukherji <sup>2</sup> (Chairman) (Non Executive) (Independent)	3
Mr. Ishaat Hussain <sup>3</sup> (Chartered Accountant) (Non Executive) (Not Independent)	1
Mr. T. K. Balaji (Non Executive) (Independent)	3
Dr. C. G. Krishnadas Nair (Non Executive) (Independent)	5
Mr. S. Susai <sup>4</sup> (Non Executive) (Not Independent)	2
Ms. Vinita Bali <sup>5</sup> (Non Executive) (Independent)	1

<sup>1</sup>Member and Chairman of Board Audit Committee from 18.10.2006 (on reconstitution of the Audit Committee)

<sup>2</sup>Resigned as Chairman of Board Audit Committee on 18.10.2006 (on reconstitution of the Audit Committee)

<sup>3</sup>Member from 18.10.2006 (on reconstitution of the Audit Committee)

<sup>4</sup>Member from 18.10.2006 (on reconstitution of the Audit Committee)

<sup>5</sup>Member from 18.10.2006 (on reconstitution of the Audit Committee)

The Managing Director, the Executive Vice President - Finance, the Chief Operating Officers of the Watches and Jewellery Divisions and the Chief Internal Auditor are present at Meetings of the Audit Committee. Representatives of the Statutory Auditors and the Internal Auditors are invited to the Meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

## **OTHER SUB-COMMITTEES OF THE BOARD OF DIRECTORS**

#### **a. Remuneration Committee**

The broad terms of reference of the Remuneration Committee are to recommend to the Board the appointment /reappointment of Managing Director and Whole-time Directors, the remuneration including Commission payable to the Managing Director, revision in salary to be paid from the succeeding financial year, based on evaluation of performance for the year under consideration. The performance evaluation is based on financial performance, market performance etc., of the Company. The Remuneration Committee also recommends the remuneration payable to Non-Executive Directors based on defined assessment criteria primarily attendance and few other factors based on contribution at meetings.

The following Directors are the members of the Remuneration Committee:

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

Mr. Ishaat Hussain (Non Executive) (Not Independent)

Mr. D. Rajendran<sup>1</sup> (Non Executive) (Not Independent)

Mr. S. Ramasundaram<sup>2</sup> (Non Executive) (Not Independent)

<sup>1</sup> Resigned on 05.06.2006

<sup>2</sup> Member from 05.06.2006.

During the Financial Year 2006-07, Meetings of the Remuneration Committee was held on June 5,2006 and on March 28,2007.

#### **b. Shareholders' Grievance Committee**

The Shareholders' Grievance Committee was constituted to specifically look into the redressal of Investors' complaints relating to the transfer of shares, non-receipt of Annual Reports and non-receipt of dividends declared by the Company, etc. During the Financial Year 2006-07, a meeting of the Shareholders' Grievance Committee was held on March 28,2007. All the members were present at the Meeting.

The members of the Shareholders' Grievance Committee are as follows:

Mr. F K Kavarana (Chairman) (Non Executive) (Not Independent)

Mr. Bhaskar Bhat (Executive) (Not Independent)

Dr. C G Krishnadas Nair (Non Executive) (Independent)

Mr. S. Susai (Non Executive) (Not Independent)

The Compliance Officer is the Company Secretary, Mrs. Usha Iyengar.

#### **c. Committee of Directors**

The Board has constituted the Committee of Directors to approve routine and specific matters delegated by the Board.

The composition of the Committee of Directors is as follows:

Mr. D. Rajendran<sup>1</sup> (Non Executive) (Not Independent)  
Mr. S. Ramasundaram<sup>2</sup> (Non Executive) (Not Independent)  
Mr. Ishaat Hussain (Non Executive) (Not Independent)  
Mr. S. Susai (Non Executive) (Not Independent)  
Mr. Bhaskar Bhat (Executive) (Not Independent)

<sup>1</sup> Resigned on 05.06.2006.

<sup>2</sup> Member from 05.06.2006.

The business transacted by the Committee as recorded in circular resolutions, are placed before the Board at the next meeting, for due ratification.

#### **d. Ethics and Compliance Committee**

The Ethics and Compliance Committee reviews the compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, and the Tata Code of Conduct.

The composition of the Committee is as follows:

Mr. F. K. Kavarana (Chairman) (Non Executive) (Not Independent)  
Mr. Bhaskar Bhat (Executive) (Not Independent)  
Dr. C G Krishnadas Nair (Non Executive) (Independent)  
Mr. S. Susai (Non Executive) (Not Independent)

During the year 2006-07, this Committee held a Meeting on March 28, 2007. All the Members of the Committee were present at the Meeting.

The Chief Ethics Counsellor of the Company was Mr. Manoj Chakravarti (up to 31 March 2007). Mr. N Kailasanathan is appointed as the Chief Ethics Counsellor with effect from April 1, 2007. The Compliance Officer designated for compliance with SEBI / Guidelines for Insider Trading, is Mr. K F Kapadia, Executive Vice President - Finance.

#### **e. Nomination Committee**

Nomination Committee recommends to the Board most eligible nomination for appointment as Directors, appropriate to the Company's stature, size and complexity and special expertise and experience of the Directors in related domains / field.

The composition of the Committee is as follows:

Dr. C G Krishnadas Nair (Chairman) (Non Executive) (Independent)  
Mr. T. K. Balaji (Non Executive) (Independent)  
Mr. N N Tata (Non Executive) (Not Independent)  
Mr. Shaktikanta Das<sup>1</sup> (Non Executive) (Not Independent)

<sup>1</sup> Member from 05.06.2006.

During the year 2006-07, this Committee held a Meeting on June 5, 2006. All the Members of the Committee were present at the Meeting.

#### **f. Rights Issue Committee**

Rights Issue Committee was constituted to do all such acts, deeds, matters and things as may be necessary in connection with the Rights Issue and allotment of Securities / Instruments to the Shareholders of the Company and any incidental matter thereto.

The composition of the Committee is as follows:

Mr. Bhaskar Bhat (Executive) (Not Independent)  
Mr. Ishaat Hussain (Non Executive) (Not Independent)  
Dr. C G Krishnadas Nair (Chairman) (Non Executive) (Independent)  
Mr. T. K. Balaji (Non Executive) (Independent)  
Mr. S Susai (Non Executive) (Not Independent)

During the year 2006-07, the Committee held a Meeting on May 12, 2006 to approve the allotment of Equity Shares and Non-Convertible Debentures comprised in the Rights Issue of 21,13,038 Partly Convertible Debentures (PCD's) of the Company.

Mr. Bhaskar Bhat, Mr. T K Balaji and Mr. S Susai were present at the Meeting.

#### **SUBSIDIARY COMPANIES**

The Company does not have any material non-listed Indian subsidiary company and hence, it is not mandatory to have an Independent Director of the Company on the Board of such subsidiary company. The Audit Committee reviews the financial statements, particularly, the investments made by the Company's non-listed subsidiary companies. The minutes of the unlisted subsidiary company had been placed before the Board for their attention and major transactions and decisions of the Subsidiaries (including off-shore subsidiaries), such as inter-corporate loans / investments are effected with prior approval by the Board of Directors of the Company.

The accounts of all the subsidiaries are placed before the Directors of the Company on a quarterly basis and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

#### **DISCLOSURES**

- (a) **Related Party Transactions:** During the year under review, besides the transactions reported elsewhere 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. These transactions do not have any potential conflict with the interest of the Company at large. The material related party transactions are placed before the Audit Committee of the Board periodically and placed for Board's information once in a year. 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 issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

**(c) 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 intervention is through business plans, projects and approvals for business strategies and policies.

**Operational Risks:** These are being mitigated by internal policies, procedures and manuals.

**Financial Risks:** These risks are addressed on an ongoing basis by Treasury, Insurance and Commodity Risk Management team.

In addition, the annual Internal Audit program factors in re-assessment of the external environment in terms of competition, market maturity and market practices and internal re-organisation undertaken by the management since the last audit program so as to keep the scope of Internal Audit relevant as well as to afford adequate assurance levels for operational and financial risks and internal controls.

In due recognition of the complex business environment and portfolio of businesses and markets that the Company is into as also to have adequate assurance levels in the processes leading to Strategy / Objectives in each of its businesses, the Company has engaged a reputed consulting firm to formulate a Risk Management Framework for the Company as a whole encompassing each of the businesses and the support functions.

The scope of the engagement comprised articulation of a Risk Policy of the Company affording methodical identification, assessment of risk based on impact levels and developing remediation plans, tracking of key risks over a defined periodicity and setting up key performance indicators for measurement and mitigation of the top tier risks in each of the businesses of the Company. Recommendation of the Risk Organisation and reporting structure was also part of the scope.

The Company is in the process of consideration of the recommendations of the report and should be implementing major portions of the framework in the course of the current year.

The ERP implementation in the two major businesses viz., Watches and Jewellery have helped in automated controls and exception reporting. The SAP R3 implemented in the Watch Division and Oracle 11i System implemented in the Jewellery Division have stabilised and are being continuously upgraded to match business needs for controls and observed deviations emanating from Internal Audits carried out during the year. Internal

Controls including controls on financial reporting are being continuously reviewed for effectiveness by the Internal and Statutory Auditors.

- (d) Disclosure by Senior Management:** Senior management has made disclosures 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.
- (e) CEO / CFO Certification:** The Managing Director (CEO) and Executive Vice President - Finance (CFO) have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification for the Financial Year ended March 31, 2007, which is annexed hereto.
- (f) Details of Non-compliance:** Except for the period June 5,2006 to September 27,2006 the number of independent directors in the Board of Directors was lower than one-third of the total strength of the Board of Directors required under sub-clause 1(A) of Clause 49 of the listing agreement, there have been no instances of non-compliance on any matter with the rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by them on the Company.
- (g) 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 in the Company's website. At a recent Meeting of the Company's Ethics Counsellors, it was noted that no complaints on this account had been received and it was agreed to further enhance the awareness of the policy.
- (h) Secretarial Audit:** Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, 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 secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

- (i) **Proceeds from Rights Issue:** During the year, the Company has allotted on rights basis partly convertible debentures comprising 2,113,038 equity shares of Rs.10 each at a premium of Rs.340 per equity share aggregating to Rs.7,395.63 lakhs and 2,113,038 6.75% Non convertible debentures of Rs.250 each aggregating to Rs. 5,282.60 lakhs. The uses / application of funds by major category are disclosed to the Audit Committee on quarterly basis. The statement of utilisation funds up to March 31,2007, raised by the said issue is certified by the statutory auditors of the Company. The Company has not utilised funds for purposes other than those stated in the Letter of Offer.

## 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 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 Remuneration Committee in the succeeding financial year, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956. 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 Whole-time Director during 2006-07 are as under:

(in Rs.)

Name	Salary	Perquisites & Allowances	Commission*
Mr. Bhaskar Bhat, Managing Director	22,80,000/-	37,84,779/-	60,00,000/-

\* based on the recommendations of the Remuneration Committee of the Board at its meeting held on April 21, 2007 and after taking into consideration the performance during the financial year 2006-07 which is payable in Financial Year 2007- 08.

The perquisites indicated above exclude gratuity and leave encashment 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 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.

At the Board Meeting of the Company held on 28th March 2007, the Board has reappointed Mr. Bhaskar Bhat as Managing Director of the Company for a further period of 5 years from April 1, 2007 to March 31, 2012, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

Broad terms of the agreement of re-appointment of the Managing Director are as under:

Period of Agreement : 5 years from April 1, 2007.  
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 2005-06 had been restricted to an aggregate limit of 0.25% of the available profits of the Company available u/s 198 of the Companies Act, 1956, which limit continues to be applicable for financial year 2006-07, as well.

The Commission payable to Non-Executive Directors have been approved by the shareholders at the Annual General Meeting held on August 31, 2005 and within the limits specified under the Companies Act, 1956.

The remuneration by way of Commission to the Non-Executive Directors is decided by the Board of Directors primarily based on attendance at the Board Meetings and at Meetings of the Audit Committee of the Board.

During the Financial Year 2006-07, the Company has paid Sitting Fees to Non Executive Directors detailed below and proposes to pay commission as shown below:-

(in Rs.)

<b>Name of Director</b>	<b>Commission*</b>	<b>Sitting Fees</b>
Mr. Shaktikanta Das	3,00,000	60,000
Mr. N N Tata	3,50,000	70,000
Mr. F K Kavarana	2,50,000	60,000
Mr. Ishaat Hussain	3,10,000	65,000
Mr. T K Balaji	2,10,000	65,000
Mr. A C Mukherji	2,10,000	60,000
Dr. C G Krishnadas Nair	4,00,000	120,000
Mr. S Ramasundaram	3,50,000	75,000
Mr. S Susai	5,00,000	1,10,000
Mr. T S Surendranath	2,50,000	50,000
Mr. Nihal Kaviratne	1,90,000	50,000
Ms. Vinita Bali	2,20,000	50,000
Mr. Sunil Paliwal	50,000	10,000

\* Payable in Financial Year 2007-08

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.

Details of shares of the Company held by Non-Executive directors as on March 31, 2007 are as below:

<b>Name of Director</b>	<b>Number of Shares</b>
Mr. Shaktikanta Das	NIL
Mr. S Ramasundaram	NIL
Mr. N N Tata	2,345
Mr. F K Kavarana	100
Mr. Ishaat Hussain	703
Mr. T K Balaji	18,850
Dr. C G Krishnadas Nair	NIL
Mr. Nihal Kaviratne	2,000
Mr. S Susai	NIL
Ms. Vinita Bali	NIL
Mr. Sunil Paliwal	NIL

The Company does not have any convertible debentures issued and outstanding as on March 31, 2007.

#### **MEANS OF COMMUNICATION**

Half-yearly report sent to each household of shareholders	No, the financial results are published in the Newspapers, as required under the Listing Agreements
Quarterly Results	-do-
Website, where results are displayed	The results are displayed on <a href="http://www.titanworld.com">www.titanworld.com</a>
Whether it also displays official news releases	Yes
Website for investor complaints	Pursuant to the amended listing agreements with the Stock Exchanges Clause 47(f) has been inserted for an exclusive e-mail ID for redressal of investor grievances. Accordingly, the Company has created an exclusive ID <a href="mailto:investor@titan.co.in">investor@titan.co.in</a> for this purpose.
Presentations to institutional investors or analysts	One presentation made to institutional investors and same is displayed in <a href="http://www.titanworld.com">www.titanworld.com</a>

Newspapers in which results are normally published	The New Indian Express, Dina Thanthi and Loksatta
Whether Management Discussion & Analysis is a part of the Annual Report	Yes

## PARTICULARS OF THE PAST THREE ANNUAL GENERAL MEETINGS

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

Year	Location	Date	Time
2003-2004	At the registered office of the Company located at 3,SIPCOT Industrial Complex, Hosur 635 126	August 31, 2004	3.30p.m.
2004-2005	-do-	August 31, 2005	3.30p.m.
2005-2006	-do-	August 21, 2006	3:30p.m.

Whether Special Resolutions -

- a) Passed in the previous 3 Annual General Meetings -Yes  
b) Were put through postal ballot last year - Yes

Pursuant to Section 192A of the Companies Act, 1956, read with the Companies (passing of the resolution by postal ballot) Rules, 2001, approval of the shareholders was sought by Postal Ballot in respect of a special resolution for amendment of the Objects Clause of the Memorandum of Association of the Company for the commencement of the new business of 'Eyewear including Prescription Eyewear' by the Company as mentioned in the Notice dated 11th November 2006 read with the Explanatory Statement attached thereto.

Details of voting pattern:

	Ballots	Votes	% of Votes
In favour	3,251	28,159,195	99.85
Against	34	3,508	0.01
Invalid	334	38,972	0.14
Total	3,619	28,201,675	100.00

The votes cast in favour of the resolution are 99.85% of the total votes received and consequently, the Special Resolution for amendment of the Objects Clause of the Memorandum of Association of the Company for the commencement of the new business of 'Eyewear including Prescription Eyewear' by the Company has been passed by requisite majority.

Persons who conducted the postal ballot exercise - Parikh & Associates,  
Practising Company Secretaries,  
Mumbai

- c) Are proposed to be conducted through postal ballot - No  
Procedure for postal ballot - Not Applicable

## GENERAL SHAREHOLDER INFORMATION

AGM: Date, time and venue	: Friday, July 27, 2007 3.30 p.m. at the Registered Office of the Company at 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu
Financial Year	: April 1, 2006 to March 31, 2007
Directors seeking appointment / re-appointment	: As required under Clause 49(IV)(G), particulars of Directors seeking appointment / re-appointment are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting to be held on 27th July 2007.
Book Closure Date	: July 13, 2007 to July 27, 2007 (both days inclusive)
Dividend payment date	: On or after July 27, 2007, however within 30 days from the date of AGM
Financial Calendar Period (tentative)	: Board Meeting to approve quarterly financial results - Quarter ending Jun 30, 2007 - End July 2007 - Quarter ending Sep 30, 2007 - End October 2007 - Quarter ending Dec 31, 2007 - End January 2008 - Quarter ending Mar 31, 2008 - May / June 2008
Registered Office	: 3, SIPCOT Industrial Complex Hosur 635 126, Tamilnadu
Listing of Equity Shares on Stock Exchanges	: Bombay Stock Exchange Limited, Mumbai Madras Stock Exchange Limited, Chennai National Stock Exchange of India Limited, Mumbai
Listing fees	: Listing fees as prescribed have been paid to all these stock exchanges up to March 31, 2008.
Share Registrar and Transfer Agents	: <b>M/s TSR Darashaw Limited</b> 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr E Moses Road, Mahalaxmi, Mumbai – 400 011 E-mail: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

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

**TSR Darashaw Limited**  
 Tata Centre, 1st Floor

84, M.G. Road,  
Bangalore – 560 001  
Tel: 080-25320321  
Fax: 080 – 25580019  
Email: [tsrdlbg@tsrdarashaw.com](mailto:tsrdlbg@tsrdarashaw.com)

43, Jawaharlal Nehru Road  
Kolkata – 700 071  
Tel: 033 - 22883087  
Fax: 033 - 22883062  
Email: [tsrdlcal@tsrdarashaw.com](mailto:tsrdlcal@tsrdarashaw.com)

**TSR Darashaw Limited**  
2/42, Sant Vihar  
Ansari Road, Darya gang  
New Delhi – 110 002  
Tel: 011 – 23271805  
Fax: 011 – 23271802  
Email: [tsrdldel@tsrdarashaw.com](mailto:tsrdldel@tsrdarashaw.com)

**TSR Darashaw Limited**  
Bungalow No.1, ‘E’ Road  
Northern Town, Bistupur  
Jamshedpur – 831 001  
Tel: 0657 – 2426616  
Fax: 0657 – 2426937  
Email: [tsrdljsr@tsrdarashaw.com](mailto:tsrdljsr@tsrdarashaw.com)

## **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 Ltd (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

## **INVESTOR SERVICES**

### **Number of complaints from shareholders during the year ended March 31, 2007**

Complaints outstanding as on April 1, 2006	1
Complaints received during the year ended March 31, 2007	63
Complaints resolved during the year ended March 31, 2007	63
Complaints pending as on March 31, 2007	1

As at March 31, 2007, 14 share transfers and 15 demat requests were pending, however none of these were pending beyond 30 days except for:

- 2 share transfers which were pending due to prohibition existing on the distinctive numbers and registration of specimen signature respectively.
- one demat request which was pending due to seller folio being marked for “stop transfer.”

However, the same have been processed subsequently.

## **STOCK PERFORMANCE**

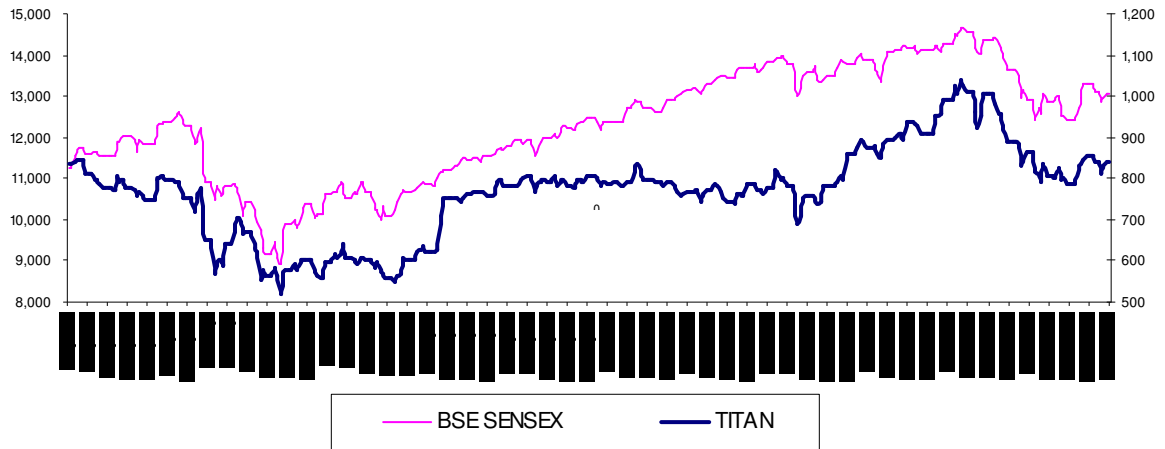
### **Market Price Data – Bombay Stock Exchange Ltd**

Month	Bombay Stock Exchange Ltd (in Rs.)		BSE Sensex
	High	Low	
Apr 2006	844.05	746.80	12042.56
May 2006	805.05	570.30	10398.61
Jun 2006	672.10	519.35	10609.25
Jul 2006	639.40	550.25	10743.88
Aug 2006	797.25	620.30	11699.05
Sep 2006	818.15	765.35	12454.42
Oct 2006	836.30	766.15	12961.90
Nov 2006	786.95	736.45	13696.31
Dec 2006	859.05	690.65	13786.91
Jan 2007	958.85	850.20	14090.92
Feb 2007	1040.90	828.15	12938.09
Mar 2007	862.35	785.60	13072.10

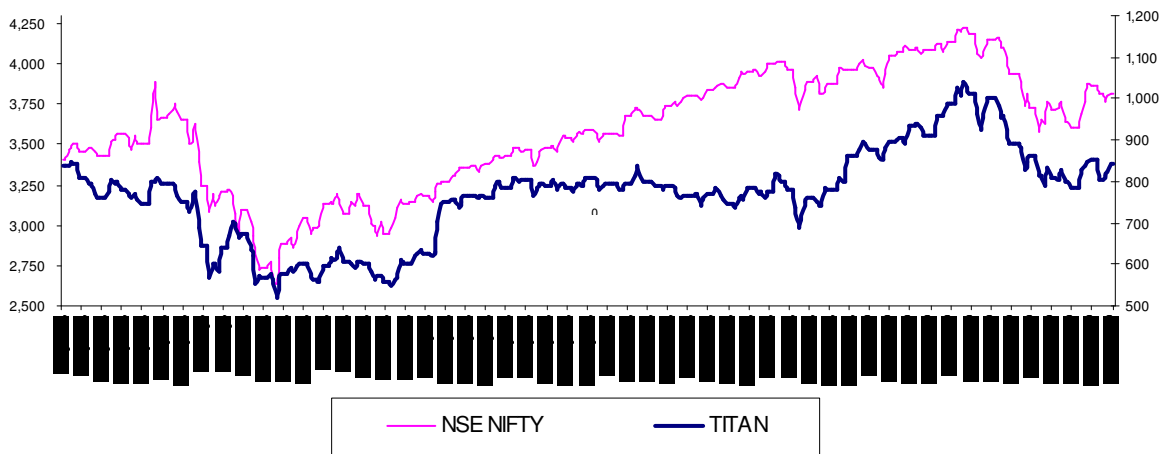
#### Market Price Data – National Stock Exchange of India Ltd

Month	National Stock Exchange of India Ltd (in Rs.)		Nifty
	High	Low	
Apr 2006	845.25	746.90	3508.35
May 2006	807.05	569.05	3071.05
Jun 2006	675.65	518.40	3128.20
Jul 2006	640.00	550.60	3130.80
Aug 2006	798.05	620.65	3413.90
Sep 2006	810.20	765.00	3588.40
Oct 2006	836.00	766.40	3769.10
Nov 2006	786.95	737.20	3954.50
Dec 2006	859.95	689.90	3966.40
Jan 2007	958.75	850.60	4082.70
Feb 2007	1040.65	827.40	3745.30
Mar 2007	864.40	785.35	3821.55

**Performance of Titan Share price in comparison with BSE Sensex**



**Performance of Titan Share Price in comparison with NSE Nifty**



**DISTRIBUTION OF SHARES ACCORDING TO SIZE, CLASS AND CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2007**

No. of Equity Shares held	No. of Shareholders	Percentage	No. of Shares	Percentage
1- 500	51,589	96.33	4,631,274	10.43
501- 2000	1,512	2.82	1,274,808	2.87
2001- 3000	127	0.24	316,531	0.71
3001- 4000	68	0.13	240,350	0.54
4001- 5000	42	0.08	192,856	0.44

5001- 10000	65	0.12	491,417	1.11
10001and above	150	0.28	37,242,072	83.90
<b>Total</b>	<b>53,553</b>	<b>100.00</b>	<b>44,389,308</b>	<b>100.00</b>

#### CATEGORIES OF SHAREHOLDING AS ON MARCH 31, 2007

Category	No. of Share holders	No. of Shares held	% of Shareholding
Tamil Nadu Industrial Development Corporation Ltd.	1	12,373,836	27.88
Tata Group Companies	11	11,176,560	25.17
FFI / FIIs / OCBs	49	6,698,173	15.09
Bodies Corporate	1,101	2,069,403	4.66
Unit Trust of India	1	2,456	0.01
Mutual Funds	24	490,757	1.11
Nationalised Banks	11	18,532	0.04
Others	52,355	11,559,591	26.04
<b>Total</b>	<b>53,553</b>	<b>44,389,308</b>	<b>100.00</b>

#### TOP TEN SHAREHOLDERS:

The Company's top ten shareholders as at March 31, 2007 are as shown below:

Sl. No.	Name	Holdings	% to total holding
1	Tamilnadu Industrial Development Corporation Ltd	12,373,836	27.88
2	Tata Sons Ltd	3,937,418	8.87
3	Kalimati Investment Company Ltd	3,877,792	8.74
4	Matthews Pacific Tiger Fund	2,229,554	5.02
5	Jhunjhunwala Rakesh Radheshyam	1,888,450	4.25
6	Tata Chemicals Ltd	1,502,109	3.38
7	FID Funds (Mauritius) Ltd	1,103,161	2.49
8	Jhunjhunwala Rekha Rakesh	1,077,612	2.43
9	Tata Investment Corporation Ltd	861,282	1.94
10	Tata Tea Ltd	462,403	1.04

#### STOCK CODE

Equity Shares - physical form - Bombay Stock Exchange Ltd : 500114  
- Madras Stock Exchange Ltd : TWT  
- National Stock Exchange of India Ltd : TITAN  
Equity Shares - demat form - NSDL / CDSL : ISIN No. INE280A01010  
Non-Convertible Debentures - Demat form - NSDL /CDSL : ISIN No.INE280A07025

The Aggregate Non-promoter / Public Shareholding of the Company as at March 31, 2007 is as shown below:

Number of Shares	:	20,838,912
Percentage to total holding	:	46.95%

### **DEMATERIALIZATION OF SHARES AND LIQUIDITY**

As on March 31, 2007, 94.85% of the Company's Equity Capital is 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**

Watch Plants : (a) 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu  
(b) Mohabewala Industrial Area, Dehradun 248 002, Uttaranchal  
    i) Unit I – Khasra No. 148D, 173B, 176A, 176B  
    ii) Unit II – Khasra No. 148B, 149B  
(c) Plot No.59, EPIP, Jharmajary Phase I, Solen District, Baddi 173 205  
    Himachal Pradesh  
(d) Plot No. C1,C2,C3, Khasra No.37, Village Bantakheri,  
    Tehsil - Roorkee, District - Haridwar, Uttaranchal

Precision Engineering Plant: No.15 B, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangalore 562 158

Jewellery and Clock Plants: 27, 28 & 29, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu

### **ADDRESSES FOR CORRESPONDENCE**

Registered Office : 3, SIPCOT Industrial Complex, Hosur 635 126, Tamil Nadu  
Corporate Office : Golden Enclave, Tower A, Airport Road, Bangalore 560 017,  
Karnataka

## B. NON MANDATORY REQUIREMENTS

The status of compliance in respect of Non-Mandatory requirements under Clause 49:-

1. **The Board** – No separate office is maintained for Non-Executive Chairman. Further, all expenses incurred in performance of duties by the Non-Executive Chairman are reimbursed.

Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of the Company. None of the independent directors on our Board have served for a tenure exceeding nine years from the date when the new Clause 49 became effective.

2. **Remuneration Committee** – The Company has constituted a Remuneration Committee to recommend appointment / re-appointment of Managing Director and Whole-Time Directors and to recommend / review remuneration of the Managing Director, Whole-time Directors and Non Executive Directors.

Remuneration Committee comprises of three Non-Executive Directors and the Chairman of the Committee is an independent director.

All the members of the Remuneration Committee were present at the meeting held on June 5, 2006. Mr. T K Balaji, Chairman of the Remuneration Committee did not attend the Meeting on March 28,2007.

The Chairman of the Remuneration Committee was not present at the last Annual General Meeting.

3. **Shareholders Communications** – The Company displays its quarterly (unaudited), half yearly (unaudited) and annual (audited) results on its website at [www.titanworld.com](http://www.titanworld.com), which is accessible to all. The results are also published in English newspaper having a wide circulation and in Tamil and Marathi newspapers having a wide circulation in Tamilnadu and Maharashtra respectively.
4. **Whistle Blower Policy** – Details are given under the heading “Disclosures”.
5. **Audit Qualifications** – During the year under review, there was no audit qualification in the Company’s financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
6. **Training of Board Members** – The Company’s Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavor to keep themselves updated with changes in global economy & legislation. They attend various workshops and seminars to keep themselves abreast with the changing business environment.
7. **Mechanism for evaluating Non-Executive Board Members** – The Company has adopted a policy for evaluation of Non-Executive Board members based primarily on attendance and a few other factors including contribution at the Board Meetings and at Meetings of the Audit Committee of the Board.

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification as per Clause 49(V) of the Listing Agreement.**

April 21, 2007

The Board of Directors,  
Titan Industries Limited.

**CERTIFICATION TO THE BOARD PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT**

We, Bhaskar Bhat, Managing Director and K.F.Kapadia, Executive Vice President – Finance, hereby certify that in respect of the Financial Year ended on March 31, 2007:

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 have been 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 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.

Sd/-  
BHASKAR BHAT  
[Managing Director]

Sd/-  
K.F. KAPADIA  
[Executive Vice President - Finance]

**DECLARATION BY THE CEO UNDER CLAUSE 49 I (D) OF THE LISTING  
AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, 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, 2007.

for TITAN INDUSTRIES LIMITED

**BHASKAR BHAT**  
Managing Director