

# Letter from the Managing Director



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## Dear Shareholders,

This is my first letter to you since succeeding Mr. Bhaskar Bhat as the Managing Director on 1<sup>st</sup> October 2019. I would like to begin by acknowledging Bhaskar's immense contribution to Titan over the past 30 years. Notably, serving at the helm for over 17 years, he has been the architect behind creating a one-of-a-kind institution in the world of business. On behalf of the Board, management and all our employees, we extend our deepest thanks and appreciation to Bhaskar for his stellar stewardship and for building Titan into a company that is deeply rooted in values, passionately delivers on its commitments, and brings real value to all stakeholders.

Reviewing the year gone by, it was challenging for most sectors, including retail and lifestyle. The slowdown in the growth of the Indian economy, subdued consumer sentiments and a significant rise in gold prices dampened our performance for the first half of the year. In the third quarter and the first two months of the fourth quarter, we delivered an improved performance which was in line with our growth targets, particularly for our Watches and Wearables Divisions. This was driven by product innovation and our strong presence on e-commerce channels. However, the nationwide



lockdown to control the spread of the novel coronavirus outbreak resulted in lost sales with all our stores staying closed from 22<sup>nd</sup> March till the 1<sup>st</sup> week of May. Additionally, in certain states, we had to contend with the closure of shopping malls even before the lockdown, as per the directive of the state governments, impacting the business of our stores located in those malls.

Against a tough operating backdrop, we delivered a fairly satisfactory financial performance. Revenue from operations grew to ₹ 20,010 crore in FY 2019-20, up 4.9% from ₹ 19,070 crore in FY 2018-19. We achieved significant success in reining in our overheads to levels similar to last year, despite the addition of new stores across our various businesses. This enabled us to safeguard our profitability with EBITDA for the year standing at ₹ 2,564 crore, up 17.6% compared to ₹ 2,181 crore in FY 2018-19. Profit after tax was up by 10.4% to ₹ 1,518 crore compared to ₹ 1,374 crore in FY 2018-19.

As I write this letter, India continues to tackle the health crisis unleashed by the pandemic. Over the next few months, it is expected that customers will postpone shopping at malls and stores due to the contagion of hitherto unimaginable proportions. For Titan, with most of our products being discretionary and in the 'touch-and-feel' category, sales are likely to be under additional pressure during this period of uncertainty. Notwithstanding the challenges, we are determined to find ways to become more customer-focussed and more efficient. We have implemented stringent safety measures across all our stores, which will help us in reassuring our customers and moving much faster towards normalcy. We are also accelerating our omni-channel marketing strategy with a renewed focus on e-commerce as customers look to increasingly shop online. Further, we are reimagining customer convenience by offering options such as 'try-at-home' to 'endless aisle' to video shopping. We also remain focussed on driving relevant product innovations across our different businesses to capture mind and market share. To explain further, in the Jewellery Division, we are working extensively on creating a strong product portfolio at affordable price points. Smart wearables along with other differentiated collections continue to be a focal point for our Watches and Wearables Division.

While the current crisis is unprecedented, we also firmly believe that on the other side of every crisis is an opportunity; we are working resolutely towards capturing the same. Following the outbreak of the pandemic, the perception of gold as an asset class has improved considerably. Large scale weddings and international holiday travels are expected to reduce, freeing up funds for jewellery purchase. We may also witness a spree of 'indulgence consumption' after the lockdown is lifted and the situation is near-normal, opening up growth prospects for our products in the category of Watches and Fragrances. Titan is staying prepared to seize this expected demand.

The transformed economic scenario necessitates that we re-evaluate our operations to ensure adequate liquidity. In December 2019, well before the lockdown, we commenced a 'War on Waste' programme for our overhead costs and capital expenditure. Given the external crisis, we are re-emphasising the relevance of this programme across all our functions and divisions. Costs will be another major focus area in these trying times. At the same time, in line with our commitment to being a trusted partner to all our stakeholders, we are reaching out to all our associates, vendors and other business partners to ensure that they are capable of managing through the crisis and there are no disruptions in payments to vendors, particularly MSMEs. We are also extending our full support to our dedicated employees to navigate these uncertain times.

In closing, I would like to extend my sincere thanks to everyone who has contributed to our success as a company over the past twelve months. In particular, I want to express my gratitude to our Board for their strategic guidance; our customers, partners and suppliers for the trust they continue to place in us; our shareholders, for their support and confidence; and finally, our employees for their dedication. Notwithstanding the potential impact of external factors, Titan is committed to stay agile and create a more efficient and stronger business that is primed for a resurgence in improving market conditions.

Best regards

**C K Venkataraman**  
Managing Director