

Letter from the Managing Director



To me, the abiding memory of last year was the image of the retail sales officer working in the stores of Titan Company. Wearing the mask and the shield for hours together, never losing patience, always showing her smile, relentlessly presenting the gold standard in safety, among the best in the retail industry. It is that stringent safety protocol, sitting on top of the exceptional relationships that each one of them had built with the millions of our customers, that powered the recovery starting early Q2. We owe them so much.

Amidst all the trials and tribulations of FY21, heartening stories of hope and courage continued to emerge: women and men demonstrating extraordinary resilience and dedication, going above and beyond their call of duty. The Titan family is full of such extraordinary people like the shop floor and retail employees proudly showcased in this year's annual report, other employees who innovated wonderfully even while navigating the challenges of working from home, all our retail and distribution partners and their employees, and vendor partners and their employees in whose hearts Titan forever continues to beat. I would like to thank each one of them for their amazing commitment in keeping themselves and others safe while helping us to continue our operations, serve our customers, and support our communities. Their contribution in this unprecedented year is truly incredible and inspiring.

Dear Shareholders,

These are unprecedented times. The second wave of Covid-19 has had a tragic impact all around us. We have lost many of our colleagues to the virus. The suffering has been immeasurable. On behalf of Titan, we offer our deepest condolences to those who have lost their family members.

It was only fair that Titan Company took care of this large family during an economically and emotionally challenging year. From pay protection to job protection to hospitalisation insurance and helplines for the employees, from soft loans to salary support to transit homes and to retail, distribution and vendor partners, your Company reached out and made life comfortable for the thousands of people directly and indirectly dependent on it.

The multiple-stakeholder approach was even more evident in the manner in which we dealt with our NGO partners and our programmes. Despite the challenging times, Titan continued to honour its commitment towards the community. Upliftment of the girl child, the skilling of people and helping Indian artisans preserve and market their heritage remained close to our heart. This year we continued to support CSR

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projects including Mission Gaurav where we partnered with Tata Trusts to help more than 3 lakh guest workers across four states to ride out the COVID-19 challenge over a six-month period.

Let me now come to the business performance during Financial Year 2020-21.

Private Final Consumption Expenditure (PFCE), a vital indicator to gauge household spending in the country and the largest component of GDP, fell by 54% in the first quarter of FY21, compared to a 56% growth in the same period in the previous fiscal. Pay cuts and layoffs across the country and a drop in consumer confidence, with people preferring to save money, continued to erode demand. With our products being in the category of discretionary spends and consumer sentiment severely affected across geographies, our businesses faced significant headwinds.

I am pleased to report that against this challenging economic backdrop, Titan delivered a satisfactory financial performance: revenue from operations stood at ₹ 20,602 crore (including bullion sale) in FY21, compared to ₹ 20,010 crore in FY20.

I would like to thank all our customers who continued to give us their patronage even in the midst of this huge pressure on discretionary consumption and enabled this exceptional recovery.

The war-on-waste programme begun in H2 of FY20 was a success, enabling us to optimise our costs and free precious working capital across different departments. In addition, we exercised discretionary cuts on various expense heads due to the lower level of activity. The Company was also successful in negotiating fairly significant waivers and reductions for rentals in these disruptive times. These proactive measures enabled us to safeguard our profitability to a considerable extent, despite the market contraction in the first half of the year. Our profit before tax (PBT) for the year ended 31st March 2021, was ₹ 1,233 crore (after exceptional items) compared to ₹ 2,105 crore in the previous year. On account of the various measures undertaken during the year, your Company ended the year with a comfortable cash position and the same should take care of any unforeseen eventualities in the current year.

What makes last year's performance especially creditworthy, is that it was achieved with complete adherence to the highest safety and hygiene standards, without compromising in any way the well-being of our customers, employees, associates, and all stakeholders.

Despite substantial drop in profitability for the year, your Board has agreed to retain the dividend rate at the FY20 level (₹ 4 per share) resulting in a higher pay-out ratio.

The challenge we faced at the start of the year was of generating demand and desire on one hand and ensuring prompt delivery through innovative channels on the other, keeping in mind the unique requirement of the times. Rising to the task, our team across divisions rolled out several initiatives, which included adopting gold-standard safety protocols and combining our digital knowledge with our physical connect to enable customers to buy products of their choice through

the channel of their preference. This agility enabled our various divisions to bounce back faster post the unlocking of the economy.

With the second wave of the pandemic hitting India and lockdowns being repeated across states, FY22 will be another challenging year, or at least till the vaccination drive reaches a fair level of coverage in the country. In such times, we will continue to exercise prudence in managing our expenses. Our war-on-waste programme has enabled us to identify sustainable savings, making us a leaner and fitter organisation. Moreover, the management of cash and the balance sheet have become well institutionalised processes in the Company, and this should hold us in good stead to overcome tough periods. Finally, our business segments have emerged stronger with the learnings and experience of the past year. Armed with this arsenal of knowledge, along with our strengths of fantastic brand portfolio, dedicated people and strong customer relationships, we are better prepared and positioned to navigate future challenges.

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Being Good is Good for Business.

I take this opportunity to thank the Board for their continued support and stewardship, all our employees for their unwavering commitment and team spirit and all our partners, vendors, suppliers and other stakeholders for reposing their faith and contributing towards making Titan not just a world-class competitive and contemporary company, but also a humane, caring and fair family that we are proud to be part of.

C K Venkataraman
 Managing Director