



“TTK Prestige Limited's 4QFY25 Earnings Conference Call”

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MANAGEMENT: **MR. VENKATESH VIJAYARAGHAVAN - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, TTK PRESTIGE LIMITED**
MR. K. SHANKARAN - ADVISOR TO THE BOARD, TTK PRESTIGE LIMITED
MR. SARANYAN RAJAGOPALAN - WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER, TTK PRESTIGE LIMITED

MODERATOR: **MR. YASH JAIN - AMBIT CAPITAL PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the 4QFY25 Earnings Conference Call of TTK Prestige Limited hosted by Ambit Capital Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yash Jain from Ambit Capital. Thank you and over to you, sir.

Yash Jain: Thank you. Hello, everyone. Welcome to TTK Prestige 4QFY25 Earnings Call. From the management side today, we have Mr. Venkatesh Vijayaraghavan – Managing Director & CEO; Mr. Shankaran – Advisor to the Board and Mr. Saranyan Rajagopalan – Whole Time Director & CFO. Thank you and over to you sir for your opening remarks.

Saranyan Rajagopalan: Very good evening. This is Saranyan here. Welcome you all to the earnings call 4QFY25 of TTK Prestige. Before I hand over the proceedings to our Managing Director, I just want to remind the participants about the safe harbor clause.

The discussion today may contain certain statements which are futuristic in nature. Such statements represent the intentions of the management and the efforts being put in by them to realize certain goals. The success of realizing these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgments by considering all relevant factors before taking any investment decision.

Thank you. I hand it over to Mr. Venkatesh.

V. Vijayaraghavan: Good evening and a warm welcome to all of you in this call.

Let me start with a little bit of the industry background and then get on to specifics of the Company.

Overall, at an economy level, we see it being positive, stable economy. And I think it's favoring the industry as it moves into a positive phase of growth. There have been certain disturbances around the recent developments of tariff rates between US and Indian markets, but I think at large it's been a more stable market for us from an industry perspective. We do see after a prolonged period of time, the industry moving into a positive stage of growth, driven by a lot more premiumization in the urban markets, an expansion of the markets into Tier-2, Tier-3 towns, and a lot more aggressive demand generation being fueled by the e-commerce channels as well. So overall, after a long period of time, we believe that the market is coming back like we have been mentioning in the last few quarters. The market has started to be now stabilized at a positive growth level and that augurs well for the overall industry across both kitchenware and appliances as well.

From our Company's perspective, we see a positive growth as we move forward. As we had mentioned earlier, we had challenges around the MFI channel, the rural channels and the CSD channel. But we continue to grow well in general trade. We continue to grow well in our e-commerce and large format stores as we move forward. This positive growth augers well as we move forward. We have also seen that there have been pressures on the raw material pricing, which have continued to be sustained through the quarters. And we see it sort of stabilizing as we enter into the new year. At an overall level, the pressures of raw material pricing have been through the quarter, sort of stabilizing as we move into the new year.

Exports have started to now become more robust during the quarter. From an overall quarter perspective, therefore we grew at around 3%. Our domestic sales grew at around 3%. Total sales at around 4% including exports. And our EBITDA at around Rs. 72.5 crores against a previous year of Rs. 100 crores. What we see is that, as the market starts moving up, we are leveraging the growth in the market and we are on a positive trajectory as far as the consumer demand is concerned and fulfilling the consumer demand across various channels and various opportunities that we face.

From a year perspective, we reported a 1.4% growth, around Rs. 67 crores of exports and around Rs. 2,460 odd crores of domestic sales. A total growth of 1.2% for the Company. An EBITDA of around Rs. 339 crores against Rs. 386 crores of last year. Our margins, as we speak, stands at 13.4% for the full year and an operating margin of 10.7%. Like we had mentioned before, we have started also some of the investments into our new cycle in terms of both CAPEX and in terms of building capabilities for the future. That would sort of reflect in the operating EBITDA as well as in the overall EBITDA as we look at it.

In general, therefore, we see a robust demand coming back to the market and we have been able to sort of leverage that through various channels, including our own stores as well. As we speak, our current overall number of stores is around 667 and we are on the consistent mode of expansion across different geographies in a very targeted manner. We have introduced close to around 44 SKUs in the quarter and overall around 191 new SKUs during the year. These new SKU introductions have also started helping us gain significant counter presence and sort of growth in the channels we mentioned. And that's been one of the levers that's helping us grow. We have also been able to sort of close the gap in terms of some of the portfolios that we had earlier. And I think today as we speak, we probably would be leading in most of the portfolios in terms of the products as well, in terms of new product launches as well.

The Judge brand post its repositioning, we have been able to sort of stabilize the brand and the brand continues to grow well. It continues to be one of our growth levers and we would sharpen the focus on Judge as we move forward as well.

So overall, I think we would look forward to positive growth as we move, leveraging on some of the channel strengths and our position in the market. Continue to invest into some of the futuristic opportunities which we believe are available both in terms of internal capability

building and also to strengthen our manufacturing capabilities in house so that we are able to leverage the demand generation as it continues to happen. The growth is equally poised between kitchenware and appliances. And we are quite confident about both the categories and sharpen the focus on some of our core categories where we are leaders. And that's one focus that we believe would sort of help us strengthen our position in the market as we move forward. We are healthy on the cash that we have. Over the year we made some payments that we had done in terms of CAPEX, dividends and buyback of equity shares as well. Post that we still in a comfortable cash position.

We also made some investments into GramyaHaat, one of the rural startups which we believe would help us understand the rural markets in this category much better and service some of the demand that comes from deep rural markets beyond the top 500-600 towns. And that I think would sort of be one of the investments that we would continue to be looking upon to see how synergistic it can be with us.

So overall, I think it's been a sort of a turn that we expect for both the market as well as for the Company. We, however, would continue to keep invested upon in both our capacity building as well as the capability building for the next few quarters. And we do believe that that would help us sort of strengthen our position in the next 2-3 years in terms of innovation, in terms of design, in terms of capacity building for our own manufacturing capabilities and that in turn would sort of help us strengthen our position in the market as we stand today.

So overall that would be my sort of brief and look forward to your questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Thanks for taking my question, sir. Firstly, I noticed in the presentation that you have mentioned growth in the traditional channels as 10%. And impact on MFI channels as I may recollect is going to normalize from the next quarter onwards or 1Q FY'26. So would it be a correct implication then that TTK Prestige growth as a whole should revive more towards the double digit mark from the next quarter itself?

V. Vijayaraghavan: Well, I would be happy to say that as a guess. I would say I don't want to sort of look forward from that perspective, but sufficiently to say that it would be much positive in terms of, we don't want to give a guidance in terms of growth, but it would definitely be positive as we had mentioned because we are seeing this offshoot happening quarter-on-quarter now.

Sameer Gupta: So other way to ask this question is that, is there any demand that has been lapped up by the traditional channels which otherwise would have got captured in the MFI channel had that deception not been there?

V. Vijayaraghavan:: The MFI channel is quite independent of the traditional channel because that's a very different business model altogether and it addresses a very different segment of consumers that is more a slightly deep rural consumer which I don't think the current traditional channels or the distribution channels are addressing at this point of time. So it's an independent opportunity that has been created in the past which probably for structural and policy reasons today is not available for us to sort of cater to the demand.

Sameer Gupta: Got it, this is very clear sir. Second question is on the consultancy expense that we have booked or soft operational expenses as we are calling it. Even if we exclude the Rs. 16.3 crore, this other expense line item is up 20% and overall EBITDA is still down 8% on a standalone basis. Now just some color, are there any other one-offs in these other expenses because EBITDA decline of 8% doesn't, I mean, doesn't suggest a very rosy picture, right?

Saranyan Rajagopalan: Saranyan here. If you look at your one-off expenses which is for the long-term growth, that's almost 2% during the quarter. So if you add that, think we almost at 11.9% against last year's 12.7% of operating EBITDA. So the primarily is the one-off which is pulling down your EBITDA margin. Said that, I think there is some cost increases that's been happening because some of the escalations what has been happening for the long-term growth that is also coming into this the expenses. The next as we are mentioning the next eight quarters you will be seeing the small dip in this EBITDA but going past that once we achieve whatever we are planning, we should be able to see the improvement in the EBITDA.

Sameer Gupta: Okay and this Rs. 16.3 crore or Rs. 20 crores-Rs. 30 crore around for the full year expense, this is a one-time expense that we do not expect to repeat in the coming quarters or there is still some more left?

Saranyan Rajagopalan: Yes, that will be there for next 8-10 quarters, you will continue to see some expenses incurred around that. That we have already indicated in January itself.

Sameer Gupta: Okay, so this Rs. 30 crore number full year basis will continue for the next two years is what you are saying.

Saranyan Rajagopalan It should be more or up and down. We are not saying because we have indicated that close to Rs. 200 crores will be incurring on soft expenses for a period of three years. That is what we have indicated in the stock exchange release as well that we did in the last quarter. So I won't say it is only Rs. 30 crore, it's overall Rs. 200 crores we are expecting in the next three years.

K. Shankaran: Shankaran here. The whole expenses is to ensure that the Company gets topline growth more rapidly than it was. It is important to gain market share so we need to make some investments which are soft and we also make some investments in factories or other places which are hard. So we have made a communication already we will be investing close to Rs. 500 crores. Some will be appearing as on the exceptional items. We will also add to savings out of it. Those savings

will be reflected in our EBITDA margin growth. Ideally, we should, so there are post about 6 quarters once we may complete all investments.

Sameer Gupta: Got it, sir. I will come back in the queue for any follow up.

Moderator: Thank you. The next question comes from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes, good afternoon, sir. Thank you so much for the opportunity. Sir, first question, you you've mentioned a couple of times in the opening remarks with respect to the growth, positive growth for the industry and for us as well. So is it possible to get some more sense in terms of any particular channel or region or a category which is driving this?

V. Vijayaraghavan: So at a broad level, I think all categories have now started coming back to growth. As has been the trend, appliances are actually growing faster than kitchenware. And within kitchenware, cookware is growing faster than cookers. I think in the order of magnitude, that would be appliances followed by cookware followed by cookers. There is a resurgence of cookers that we are seeing for sure, driven by premiumization as well. So I think that's the first one from a category perspective. We are seeing a revival of all categories. All our core categories are reviving. I think that augurs well for us from a growth perspective. In terms of geographies, there is a little bit of a faster growth that we would be expecting in the South markets. That's quite visible and that's been driven a lot more by premiumization of the category and some of the big categories are getting premiumized faster. So that I think would be the way I would look at. As far as channels are concerned, we have seen quick commerce growing faster, followed by e-commerce, followed by large format stores and general trade is sort of bouncing back right now. I think, so that's the way I would put it up.

Achal Lohade: Understood and any particular reason for you know if I look at the growth number, the nonstick cookware has grown 14% while cooker and electrical appliances have grown at 2% and 1% respectively. So any particular reason which you want to highlight and how sustainable is this?

V. Vijayaraghavan: No, so if the numbers that you would probably see are total numbers which includes the impact of MFI or the rural channel as we said, cookers and electrical appliances were key product categories that went into that particular channel disproportionately. So if you were to take that out and look at it, I think it would be reasonable. Of course, like I said, cookware leads the growth. But suffice to say that the numbers that you are looking at from our perspective is including the channel. If you were to take that off and look at it, it would be a significant growth for both cookers, cookers and appliances as well.

Achal Lohade: Would it be possible to get a sense how large was the cooker and electricals in the MFI for the quarter or for the full year?

V. Vijayaraghavan: I think we will probably restrain from that at this point of time. Those are some internal numbers that we work at but they are the impact has been significant for both cookers and appliances.

K. Shankaran: Just to clarify, if you remove these channels which was not there from both last year and this year our growth will be more than 7% or 8% which is exactly equal to the industrial, little better than industrial.

Achal Lohade: Sorry, I am not able to hear you clearly, sir.

V. Vijayaraghavan: Netting-off for the MFI channel, if you were to look at our growth, our growth should be hovering around 7%, which is reasonably good growth in our view.

Achal Lohade: 7% for the Company as a whole, right? At a standalone level?

V. Vijayaraghavan: Yes.

Achal Lohade: Understood. That's very helpful, sir. And one more question I had. In terms of the market share, is it possible to get some sense, let's say, prior to COVID, because COVID did create a swing in terms of positive and afterwards negative in terms of kitchen appliance. But if I were to compare you on your key categories, cooker, cookware, mixers, cooktops, how much fall in the market share we would have seen across these categories. Could that be more of a 100 basis point or could that be 200 to 500 basis point? And what kind of market share gain would we look at over next 3 to 4 years as you implement your strategy, sir?

V. Vijayaraghavan: So we have sort of lost market share. I wouldn't be able to put a number to it. We did lose market share over the few quarters but suffice to say that we started regaining market share and we do believe as we move into the next few quarters with these sort of investments that we are talking also, we should be able to gain market share as we move forward. So we are on a path of regaining the market share.

Achal Lohade: Perfect sir. Just one more question if I may, sir. In terms of new category, you would like to highlight anything which we could imagine or we could see your next, say, 2 to 4 quarters or it's still some time away?

V. Vijayaraghavan: No, absolutely new categories are still some time away. Like I said, I think we are focusing on our core categories. We have also identified a few categories in the appliance segment that could sort of grow as fryers is one, for example, and there are a couple of more categories that would start scaling up as we look at it. Absolutely new category entry, something that probably you would see only after a couple of more quarters.

Achal Lohade: Quarters you mean, right sir? Not the years, right?

V. Vijayaraghavan: You could take a time frame of two years.

Achal Lohade: Two years, understood.

K. Shankaran: I think our announcement in the past, we have very clearly said that we are going to stay strong with the core and any new product will be adjusted with it. We are not trying to get into totally new category like fans or something at this point in time. What we wanted, gap within existing portfolio, how those turns in terms of products or markets or whatever, we will be able to plug in. In fact, we have started seeing these since the last 2 quarters and we are happy to say that we have plugged in quite a few in the distribution area and we have gained market share as compared to what we were last year.

Achal Lohade: Understood, this is very helpful sir, I will fall back in the queue. Thank you so much.

Moderator: Thank you. The next question comes from the line of Resha Mehta from GreenEdge Wealth Services. Please go ahead.

Resha Mehta: Yes, thank you. So just one question. This CAPEX of Rs. 300 crores that we are planning over the next 2 odd years. So if you could specifically highlight, this would be for which product categories would be helpful?

V. Vijayaraghavan: So like we mentioned, this would be across a core category strengthening, our capacities in aluminum are quite strong. There are alternate materials like stainless steel tri-ply which probably would, which are actually growing much faster at 15% to 20% growth and would require CAPEX investments as we move. Also in some of our appliance categories, we would like to invest as well. So a combination of appliances as well as some of the stainless steel tri-ply capacities that we need to build is where the CAPEX would sort of go in. Also in terms of some of the modernization that we would like to bring in, including automation of plants, that would help us gain far more significant cost efficiencies as well. So it's a combination of automation, capacity expansion across new material and also in say kitchenware and appliances both.

Saranyan Rajagopalan: Also including renewable energy as well.

V. Vijayaraghavan: We are also substantially increasing our renewable energy footprint, so that would also sort of help us leverage the CAPEX. The deployment helps us get more benefits on power and fuel.

Resha Mehta: And you know, last time we had mentioned that we had some product gaps in cookware and a few other categories. So have we kind of launched products to fill this product gap? Like for example, cast iron and those kind of things we did not have in our portfolio.

V. Vijayaraghavan: Yes, so like I mentioned, I think two things that have worked for us, one of course the distribution expansion and plugging of the gaps. The second is we have sort of plugged the gaps in terms of a product portfolio, particularly in cookware. like you had mentioned, cast iron, across the category, we have seen multiple material alternatives that are emerging right now. We are actually plugging all the gaps and more or less the gaps have been plugged. So I think by this

quarter we would have seen a full-fledged portfolio of cast iron, stainless steel tri-ply and all other traditional material as well as far as cookware is concerned. As far as cookers are concerned, we meet the category and we have been able to launch a couple of new products as well. Appliances, we continue to sort of focus on small domestic appliances. Air fryers for example is one that I mentioned. That range of air fryers has increased. So overall we have done close to around 191 SKUs that we have launched in the last one year. So we have sort of completed our portfolio. That having been said, we will consistently invest upon new products to be launched in the future as well.

Resha Mehta: And lastly, with this Rs. 200 crore investment that they are planning over the next say 8 quarters, would that mean that our EBITDA margins would also reset to more like a single digit kind of margin?

V. Vijayaraghavan: We wouldn't want to give some guidance on that but it suffices to say that it will be a little diluted than in the past because of these investments coming in the form of OPEX nature. However, progressively we will see the benefits of that also accruing to us through topline growth as well as cost efficiencies getting built in. So, I think you would have to look at it from a perspective where it would remain diluted from the past highs that we have sort of achieved. But those are into investments that will sort of progressively comeback again.

Resha Mehta: Alright. Thank you.

Moderator: Thank you. The next question comes from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

Aniruddha Joshi: Thanks for the opportunity. So in terms of all the investments that we are doing in terms of CAPEX as well as OPEX, both the investments, so these are material investments. And obviously, we would have done the consultancy. So what are the kind of benefits that we are looking in terms of let's say structural improvement in the sales or market shares or in a way margins? So whatever you can share, if you share it will be really helpful.

K. Shankaran: Okay, I can put it very simply, 360 degree benefit we are looking at it. So there will be lag between what we spend now, what we benefit now. That's why you said that by the time the benefits overgrow the cost, it will take at least 4 to 5 quarters. That's why we said we will be proudly dilutive on margin, but we will be not dilutive on growth of the Company as such. But our intent is to not go below what we are declared for this year.

Aniruddha Joshi: Okay and dilutive means how much dilutive we are looking at, let's 200 bps-300 bps if you can indicate, in terms of EBITDA margins?

K. Shankaran: No, what I intent to say is that please watch for our next 2-3-4 quarters result and the explanations we give that will give you, rather than trying to know say something futuristic at this point in time.

Aniruddha Joshi: Okay.

K. Shankaran: As long as we are very positive that the directions we are going in terms of engaging experts from outside to help us out 360 degrees of directional improvement, the results will come out and we are really positive about what we doing at this point in time.

V. Vijayaraghavan: So the way you could look at it is we will definitely start to look at good growth as far as topline is concerned, follow that up with cost efficiencies and I think over a period of time it would start then showing up in the results.

Aniruddha Joshi: Okay, sure sir. Understood. And what is the total CAPEX plus OPEX that you would be incurring? I guess I missed that number.

K. Shankaran: We have put a total outlay of Rs. 500 crores to be spent over 3 years, starting from the last quarter of last Financial Year. So this is spread out as and when we get into that threshold of investing something, we will invest and get back to you with disclosures.

Aniruddha Joshi: Okay. Sure, sir. Understood. Thank you.

Moderator: Thank you. The next question comes from the line of Praneet, an Individual Investor. Please go ahead.

Praneet: Hello, management. Thank you for the opportunity. So I was wondering regarding the Judge brand, how are we planning on scaling it up? Because I understand that is one of the growth levers we want to pull when we want to grow our overall revenue. And you mentioned about the repositioning of the particular brand. Can you tell me what the efforts, what exactly did you do in terms of repositioning it? And in terms of scaling the brand, how are we planning on scaling it in terms of distribution or product range?

V. Vijayaraghavan: The Judge Brand has a certain target audience, which we believe is an extension to the core of what Prestige brand is today. That brand has been clearly positioned in terms of product portfolio and in terms of the distribution approach that we have taken for the brand in particular, the Judge brand in particular. Over the last one year, the portfolios have got very clearly defined for the brand and we are seeing a good offtake therefore from Cookware and from Cookers for the brand. It will continue to grow with a different target audience and a focus on the Tier-2, Tier-3 towns. So, the brand largely would be Tier-2, Tier-3 led. It would have a distribution reach towards those set of geographies. And that, I think would be the key lever for the growth for the brand. And that's what we have been seeing in the last few quarters of the focus that we put on the brand. So it would complement the Prestige brand as far as the consumer segment is concerned and expand the reach into Tier-2, Tier-3 towns for the Company.

Praneet: Understood. So the prestige brand is consciously making a choice of making Prestige brand in to urban focused and Judge brand into a rural focused Tier-2-Tier-3 places, right?

V. Vijayaraghavan: It wouldn't be so clearly defined because we do have different consumers in the urban markets as well, predominantly Tier-2-Tier-3.

K. Shankaran: Yes, it's basically income segment.

V. Vijayaraghavan: It will be income segment based. Geographically, it might have a skew towards Tier-2-Tier-3.

Praneet: But the distribution still goes through general trade and Prestige exclusive stores, or has it been changed a little? What is the split in terms of distribution channel?

V. Vijayaraghavan: No, the distribution channel will be largely general trade.

Praneet: Understood.

V. Vijayaraghavan: Our Prestige exclusive stores sell but they don't sell to too much of judge. Judge would be largely focused upon general trade and e-commerce.

K. Shankaran: Our focus is not to cannibalize Prestige brand which is a lot more premium than this one. The idea is that address those markets which we have not addressed so far in the last 50 years.

Praneet: Understood. That I understood. And one more thing, we noticed is that general trade saw muting performance So ecommerce has been growing significantly. So how has that affected the overall Company's situation, and quick commerce also played a huge role in terms of developing the overall market of e-commerce or online commerce site. What is the percentage of sales that the Company might receive from quick commerce and quick commerce specifically and how do we plan on seeing that grow in terms of that and in terms of market share also...?

V. Vijayaraghavan: Yes, so...Sorry, carry on please.

Praneet: So yes, I was curious upon those, was quick commerce a reason that we lost a little bit of market share previously or and which segment did we lose and gain it back already? So like which product SKUs?

V. Vijayaraghavan: I think loss of market share had nothing to do with quick commerce or e-commerce. That was more a little bit of the competitive scenario that probably changed over the last few years, particularly post COVID and our response to that way. See, our response to multi-channel approach is quite clear. Each channel has got a very clear performance role in our portfolio. And we are quite clear and strong in all the channels; we do very well in e-com; we do well in large format stores; we do well in general trade as well. As an industry, general trade is of slow growth given the cannibalization that's happening at an industry level with e-commerce in particular. But I think that's something that's to stay. E-commerce will continue to grow faster than the other channels and it could have a little bit of a cannibalization effect as far as the industry is concerned. As far as the Company is concerned, we equally focus on all the channels because we believe that each channel has its own growth path that needs to be addressed. The only thing

that we make sure is there are no pricing arbitrage that is available between different channels. So as a Company, we exercise similar pricing across channels so that each of the channels is available. At the end of the day, wherever the consumer goes and buys the brand is available and the brand is available to be serviced. I think that's our philosophy. So we are quite aggressive on e-com. We are quite aggressive on quick commerce, quite aggressive on large format stores and equally invested upon in terms of the general trade market as well. So I think that's the way we would leave it too. The dynamics of various channels is something that we will see play out as it evolves. Quick commerce currently is on a growth path. A lot of investments have gone into quick commerce and therefore that growth is definitely higher. But I think it is only adding to the growth of the categories is in the industry, it's not thought of cannibalizing each other at this point of time. If not anything, it's increasing the distribution reach for the categories.

Praneet: But would you say that there's been a,,,,?

Moderator: Sorry to interrupt, Praneet. Those were your questions. Could you please fall back in the queue?

Praneet: Yes, sure. Thank you.

Moderator: Thank you. The next question comes from the line of Tom Kadavil from Geojit Financial Services. Please go ahead.

Tom Kadavil: Hello, hi. I would like to know the outlook of MFI channel and the current mix of it in the overall channels?

V. Vijayaraghavan: We believe that the MFI channel as far as our categories are concerned probably would continue to remain subdued. Our exposure to this channel has become very limited today and is of immaterial consequence as we move forward. So from our perspective, I think we have taken the hit last year. So to that extent, it's of immaterial consequence to us as we move forward. The channel per se has got structural changes and policies that have been implemented, which we believe probably would make the category remain subdued as far as we are concerned, our industry is concerned.

Tom Kadavil: So, could you give me a sense of the current mix of the channel?

V. Vijayaraghavan: In our perspective, it is very limited. It would be less than 5%.

K. Shankaran: It is as always 3% to 4%. It is immaterial. The MFI versus channel which we became very active from 2017-18 onwards. First movement, we made enough inroads into that. But it stopped because of two reasons. One, the credit delinquency is happening there. Therefore, MFIs are not giving return. There is a policy changes in the regulation. Therefore, they are unable to extend loans. It's fortunate that we have exposed ourselves to almost Rs. 140 crores in the past. We collected each one of them. There was one delinquency the way we dealt with the MFI standards. So it will take a lot of more time. If you look at the rural consumer, there are some who were dependent on loans. That demand will not come back until the refinance happens. The rural

channels which do not depend on this one, they always go to the outlet, and they do buy online also. So that the customers who are otherwise buys will always come back to us. But we don't know whether they are coming to online or offline, we would not know.

Tom Kadavil: Could you give revenue growth guidance for the next 2 years?

V. Vijayaraghavan: As a matter of policy, we don't do that. So I think we will defer from that.

K. Shankaran: We still will give reasonably good growth. So that is what we mentioned in the Director's Reports also.

Tom Kadavil: Thank you.

Moderator: Thank you. The next question comes from the line of Nikhat Koor from Dolat Capital. Please go ahead.

Nikhat Koor: Thank you for the opportunity. Sir, currently our store count stands at 667. So what is the target for the next 2-3 years with respect to store expansion? And this expansion will be into which markets? That is question number one. And question number two is with regards to our contribution of new products. What is the contribution of new products in FY'25 now that we have introduced 191 new SKUs versus FY'24?

V. Vijayaraghavan: So the first question on store expansion, I think we would continue to be aggressive on store expansion. While I don't want to put a number to it, my aspiration would be 1,000 stores over the next few years across the country. And it would be largely skewed towards the top 500-600 towns. So I think that's the model that we would follow. We are on track for that. I wouldn't say a 3-4-year window but 1,000 would be a good number or a good business model from a store expansion perspective and that's a doable number over a period of time, sustainable number. As far as NPD is concerned, we have a significant portion of our growth coming in from NPDs today. I wouldn't be able to spell a number specifically in the call, it would be in the high double digits.

Nikhat Koor: Okay and the store rationalization would continue.

V. Vijayaraghavan: Sorry?

Nikhat Koor: The store rationalization would continue going ahead also?

V. Vijayaraghavan: So over the last few quarters we rationalized our stores. To that extent I think as we move forward it would be more of addition being predominant. However, there would be a little bit of churn that keeps happening as in normal business. But in terms of rationalization of stores is more or less completed. We would be on a far more aggressive growth track as we move forward.

Nikhat Koor: Okay, sir. Thank you and all the best.

Moderator: Thank you. The next question comes from the line of Sameer Gupta from IIFL Capital. Please go ahead.

Sameer Gupta: Hi, sir, and thanks for giving me the opportunity again. On the Judge brand, if you can just help us quantify what are the kind of sales that we achieved in FY'25, and how do you look at it outlook going forward? I am not looking for any particular guidance, but just the growth trajectory of this business.

V. Vijayaraghavan: Like I mentioned, there are two different segments, and we believe that the value for money segment is equally growing faster in the country today. I think we have sort of leveraging that opportunity and we do believe that will be a high growth opportunity for us. It still remains to be a small portion of a topline but we believe as we move forward the growths will be significant and continue to be significant.

Sameer Gupta: But sir, can you give a number?

Saranyan Rajagopalan: Just to add, I think currently our sales is around Rs. 68 crores last year which is almost 43% jump over the '23-'24.

Sameer Gupta: Okay, got it sir. This is helpful. Secondly, sir, just wanted to understand this nature of the soft operational expenses that you have incurred this quarter and going forward that you plan to incur that will hit the P&L. Is it ad spend? What is the nature of these expenses?

V. Vijayaraghavan: So the soft expenses are a combination of investments into R&D capability, into human resources, both across brand, innovation as well as into some of the technical capabilities that we want and of course an increased marketing spend as well as the brand gears up from an overall perspective. So it's a combination of investments into capability like I said investments into some amount of automation processes also go-to-market. So it's a combination all three put together.

Sameer Gupta: And sir is there any guardrail here let's say the topline doesn't come for whatever reasons. Are we then to go slow here or this is irrespective of whatever growth we are achieving in the coming quarters?

V. Vijayaraghavan: These are futuristic in nature. We would not sort of want to do but it's a dynamic decision. However, 100% of this is not something that we would sort of commit to say if the topline doesn't happen. We would exercise our sort of decision on that basis the growth. Some part of this would definitely be futuristic investments because some of these like I said have to be invested. For example, R&D capability, right? Or bringing in talent, some of these or some of the GTM initiatives in terms of distribution expansion. These will have to be done because I think they will definitely bear fruit over a period of time. There might be some areas which probably we would exercise that choice but I think directionally we should say that it is in our confidence that

we will drive the topline growth and a very clear evaluation of the future impact of these investments that we making these investments today.

Sameer Gupta: Got it, sir. Very clear. One last question, if I may squeeze in. Your contribution from the e-commerce channel, e commerce plus quick commerce if you can tell me for FY'25?

Saranyan Rajagopan It is roughly around 19%-20% for the last year.

Sameer Gupta: Great, that's all from me sir, thanks.

Moderator: Thank you. The next question comes from the line of Mustafa Khedwala from Cube Investments. Please go ahead.

Mustafa Khedwala: Thank for the opportunity. So you mentioned 19% to 20% on the revenue contribution from online this year. So what was it last year?

Saranyan Rajagopan See, almost 30% will come between modern format and the e-commerce. So one year the e-commerce will do better, other year the modern format, but between them it's always around 30%-32%. So last year, e-commerce was doing better, which was closer to 19%-20%.

Mustafa Khedwala: And sir, it didn't show that our e-commerce is lesser margin or we have to pass through more. There's nothing of those sorts?

V. Vijayaraghavan: No, as far as margins are concerned, I think it's a high growth channel which needs to be played in a very disciplined, controlled manner, which is what we do.

Mustafa Khedwala: Okay. And sir our cookware segment saw around 13.8% growth for the quarter. So can you just shed some light, what led to this? Is it a one-off or are we seeing some structural demand increase?

V. Vijayaraghavan: So cookware definitely as I said is growing faster. Now this might be sort of a slightly higher number to look at but amongst the categories cookware would definitely grow and I would say from an industry perspective it would probably grow in the region of 10% plus.

Moderator: Sorry to interrupt, Mustafa. Those were your questions. Could you please rejoin the queue?

Mustafa Khedwala: Okay.

Moderator: Thank you. The next question comes from the line of Rahul Agarwal from Ikigai Asset Management. Please go ahead.

Rahul Agarwal: Hi sir, very good evening. Thank you for the opportunity. Sir, couple of questions. Firstly, on the cooker side, you said we are ramping up stainless steel tri-ply capacity. Just wanted to know

what's the revenue mix between tri-ply and aluminium right now and how many cookers did we sell in fiscal'25?

V. Vijayaraghavan :

We are very competitive in stainless steel. What we can say is we are increasingly selling more of tri-ply than normal stainless steel. That is what the market is heading for. Giving numbers would not be in our interest.

Rahul Agarwal:

Okay, got that. And the second question was on the, you know, there's some discussion which are happening around the soft spend and the hard spend you are doing of Rs. 500 crores. Is it possible to give a bit more color on how would you measure, the adequate return on these investments? Essentially the Company traditionally has made, you know, good amount of ROCE, but because of weaker demand and current investments, think those numbers are trending downwards. We just want to regain that confidence that we are looking at least a 20%-25% ROI on whatever numbers we spending of Rs. 500 crores. Would you like to elaborate a bit on how would you measure and as the earlier participant asked, is there a timeline in your mind in terms of how would you go about analyzing the returns on these investments? That's all.

K. Shankaran:

Okay, I would give you a little background. If you look at our Company was Rs. 100 crores and we became Rs. 1,000 crores, we became Rs. 2,000 crores. So we made a lot of investments in terms of people capacity everything and also had some small time control at this point in time. But post COVID and after this startup coming into play, and a lot of innovation taking place in and around, we thought that what took us from 100 crores to 2,800 crores may not take us from 2,800 crores to 5,000 crores. So if we have that objective, we need to do something very differently from what we have been doing so far. That's why we have got expertise being built around everywhere. The investment is supposed to lead us to faster growth as we had in the past and get back our mid-tear margins which we have seen till 2019-'20. So this is what, this is the major investment. So I am able to get like faster growth in topline which itself adds bottom-line and get some cost savings that is coming through, all these should lead me back to the growth which is good double-digit rate and the 14% to 15% EBITDA margin which we were able to sustain in the last 5 years back. I think that is the margin we want to do. I can't calculate the ROI on soft investment and hard investment. We are trying to drive the Company to where it was.

Rahul Agarwal:

Got it, sir. I get that. Thank you so much. I will be back in the queue.

Moderator:

Thank you. The next question comes from the line of Tanay Shah from DAM Capital. Please go ahead.

Tanay Shah:

First question being, we did mention that CSD has been a little slow for us and subdued in this quarter. So what percentage of our sales would be coming from CSD and if you could particularly highlight as to why it is causing this pain for us and is also common phenomenon across the industry, across other kitchen players as well. So if you could just kind of give us some more flavor as to what is causing this problem?

V. Vijayaraghavan: It's not a very materialistic contribution to the total share, but the absolute growth from the channel has sort of got subdued after years of good high growth. Both MFI and CSD have both been high growth channels and highly profitable channels, which have sort of slowed down this year. From our overall contribution perspective, not materialistic and our exposure to them as we move forward is also not too materialistic. So it is a sort of a one-year correction that probably sort of happened. The reason for this happening are different. MFI like I said has a different policy related one. CSD has been more in terms of the internal operation getting rationalized by the department and that I think is an industry wide phenomenon. It is not very specific to TTK Prestige or very specific to a cooker category. It's an industry-wide phenomenon where there have been policy-level operational controls that have been put in in terms of procurement and in terms of servicing some of these stores. So that I think is a more, it is sort of a corrective exercise or it's sort of some corrective exercise that's happened at a government intervention level. So that's the way we would look at it from a CSD perspective.

Tanay Shah: And second question is, we are increasingly focusing our product portfolio towards appliances wherein we are seeing stronger growth out there. So could you possibly explain what could be our mix out there in terms of appliances and could you explain how the competitive intensity is for us in this category given that there are a lot of brands that are present in this space as well?

V. Vijayaraghavan: So our appliances as you would see is 50:50, approximately a 50 percentage of a total turnover and that continues to be sort of a growth lever available. Having said that amongst the three categories appliance is very competitively intensive but I think we stand our own good in terms of our investments that we have made with some of our partners in terms of manufacturing capabilities, in terms of indigenizing some of our categories and that we believe would be a big strength for us as we move forward. In terms of competitive intensity, though it is competitive, it is price sensitive, we would like to differentiate ourselves more from a premiumization perspective in this category like we would like to do with both cookware and cookers as well. So that would be our strategy as we move forward.

Tanay Shah: Sure, sir. And if you could possibly give the mix in appliances?

V. Vijayaraghavan: Sorry?

Tanay Shah: What will be the largest channel of sales for us in appliances?

V. Vijayaraghavan: Appliances as a category generally get sold more through large format stores and through regional chains in general. That's a dominant channel. Having said that, like in any business, general trade would be close to 40%-45% of the business. In any category, general trade would be 40%-45%, that applies to appliances as well. Appliances has a little bit of more leaning towards the large format stores at an industry level.

Tanay Shah: Got it, sir. Thank you so much for your answers.

Moderator: Thank you. The next question comes from the line of Praneet, an Individual Investor. Please go ahead.

Praneet: Yes, thank you for the opportunity again. So I was wondering about in terms of the same smaller appliances, as one of the previous contestants asked. So how are we planning which segments have been the most profitable and in terms of price and we want to premiumize. So we are going to operate with a specific price bracket in mind in terms of expanding our product range and into what extent of the smaller plan does manufacture domestically and import it because recently I have seen that we started importing back from China. I understand we don't do most of it, but can you give me an idea of what percentage of the smaller appliance are actually indigenizing manufacturers or imported? And how is the segment plan growth is going to go? And in terms of volumes, how has it changed in the last 2-3 years and how do we plan on changing going forward?

V. Vijayaraghavan: Small appliances is high growth and we have sort of, so we have done two things. One, there is indigenization happening as far as we are concerned. In our appliances category, indigenizing would be a big sort of a strategic level that we would like to deploy across some of the categories that we would bet upon. So that is something that would be a continuous process. Some of the new categories and some of the new material innovations will sort of come from China and we replicate that and indigenize the production. That's the idea. So we don't want to be left out in certain opportunities that we get. But having said that, our China exposure in terms of products is not very high. We are consciously ensuring that we have a better indigenization ratio that helps us both in terms of cost as well as in terms of control. And that's something that we would follow as we move forward. That's our small domestic appliances strategy.

Praneet: In terms of volumes, how have they fared so far? Because I understand there's a lot of competition in this. How is the overall volume growth in terms of these segments? And where do we plan on growing? I understand we have 190 SKUs; we are growing at a high rate. But what percentage of revenue is this right now? And how do we plan on growing? And what percentage is run through exclusive stores? Because I am curious and understanding most of these happen through e-commerce in detail, right? So what percentage of smaller plans is... What is the split between both of them? And how are we also planning on scaling this particular exclusive band outlets? And what is the product that is going to be inside that? And how are the revenues for that also going to scale?

V. Vijayaraghavan: I think some of the questions are a little... it wouldn't be appropriate for this call to answer some of these questions because these are related to our internal growth matrices as well and for competitive reasons. All I can say is the category is growing well. The category is highly competitive. But it offers enough space for players to play it, if you focus and drive it in a very calculated manner and that's what we intend doing and we have been doing as well. It is profitable. At a broad level it is profitable. So I think that is what I would say as far as these small domestic appliances are concerned. Specific questions I think it would not be appropriate on my part to answer right now.

Praneet: Okay, that's understandable.

Moderator: Praneet, those were your two questions. Kindly rejoin the queue if you have any more. Thank you. The next question comes from the line of Achal Lohade from Nuvama Institutional Equities. Please go ahead.

Achal Lohade: Yes, thank you for the opportunity, sir. Once again, sir. One question I had given whatever we have discussed till now, is it fair to say that we will probably look at more of a high single digit in the year one, which is FY'26 and maybe double digit over next two years as some of these strategies start leading with us?

K. Shankaran: You have stated what we want to do.

Achal Lohade: Sorry?

K. Shankaran: You are stated what we want to do.

V. Vijayaraghavan: I would say, like I said, it would be a diluted position, progressively improving.

Achal Lohade: Sir, just a second question in terms of the margin. You know, once you are done with the investment, did I hear you right that you are talking about going back to 15% of the mid-teens kind of a margin what we had prior to FY'19? Have I heard you right, sir?

K. Shankaran: How do you measure the investment? What is the measurement of investment directed towards going back to mid-teen growths we did in the past and getting back to mid-teen margins? That is the method of success of the investment.

Achal Lohade: Understood. That's all from my end. Thank you so much.

Moderator: Thank you. The next question comes from the line of Praneet, an Individual Investor. Please go ahead.

Praneet: Yes, thank you for giving me the chance again. Just trying to understand the overall strategy in terms of scaling our exclusive brand outlets. So I don't know much idea, like at least with Pestige, what are the segments to be operated, are they the Company-owned, Company-operated ones for franchises? Or which ones do we plan on scaling? And I understand we want to reach to a thousand. How do we do that? Right now, I think we are mostly concentrated in Tier-1 cities and we want to expand into Tier-2 and Tier-3. Are all of these 400 going to be in those segments or are we going to do more in Tier-1 also? And do think there is an saturation in terms of our stores already in the cities? That's why we don't want to scale there. Can you give me a perspective on this?

V. Vijayaraghavan: So, I think the way I would put it is, I think there equal opportunities both given the way the existing markets are expanding, existing cities are expanding, there are enough opportunities for

retail expansion in the current cities as well and also into some of the neighboring smaller towns as we move forward. So store expansion is geographically an opportunity across the country and given the way the country's economy is moving across, I think that's a reality that we would see expansion across the country. I think that would be our approach as far as expansion is concerned.

Praneet: What about like the franchisee situation like are we right now mostly franchisee operated? Can you give me a perspective on how these ownership fluctuates along with the EBOs?

V. Vijayaraghavan: No, I think it's a mix of both own and franchisee I think like I said some of these are very pointed questions probably which would be of competitive sensitivity.

Praneet: Understood. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing remarks.

V. Vijayaraghavan: So, thank you. I think it's been a quite engaging conversation and we would definitely look forward to interact with you as we move forward and good times ahead. Thank you.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.