

August 21, 2024

National Stock Exchange "Exchange Plaza", C-1, Block G, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051.	BSE Limited 27th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.
Scrip Symbol : TTKPRESTIG	Scrip Code : 517506

Dear Sir,

Sub: Chairman's Speech

Please find enclosed a copy of the **Chairman's speech** delivered today at the **68th Annual General Meeting** of our company.

This is for your information and records.

Thanking you,

Yours faithfully,
For TTK Prestige Limited,

Manjula K V
Company Secretary & Compliance Officer

TTK Prestige Limited
Chairman's Speech AGM: 21st August 2024

I have great pleasure in welcoming you all to the 68th Annual General Meeting of your Company.

GENERAL ECONOMIC CLIMATE:

I would like to first focus on the many positives of the Indian economy amongst tepid growth trends and geopolitical disturbances enveloping the global economy.

With strong macroeconomic fundamentals, robust domestic demand, fiscal discipline, high saving rates and demographic trends, India is now the fifth-largest economy in the world with a GDP of over US\$ 3.94 trillion. Today, India's leading economic contributors are traditional and modern agriculture, technology services, the handicraft industry, and business outsourcing.

Additionally, as per the recent data, India will tend to grow at 6.5%-7% in 2024-25. This means India's economic growth next fiscal year will be the fastest among major economies. Therefore, in the upcoming years, rising consumption and investments, both domestic and foreign, will contribute to the nation's growth and may also help India to rank higher in the World GDP Ranking list.

However, the growth in FY 24 was largely driven by services and construction sector while other sectors were by and large muted. While the demand from urban India especially for value added products was robust, the rural demand was somewhat weak. Consumer price inflation impacted the Final Private Consumption affecting the demand for consumer durables and brown goods. The share of wallet was more towards travel, tourism, jewellery, social functions and even in investments in stock markets. There was continued stress on disposable income of middle and lower income groups.

Given the encouraging trends in monsoon and green shoots in rural demand coupled with the focus of the Union Budget being on generating employment and investments in infrastructure, I expect the growth to be more uniform across all sectors in FY 25. I trust that the political developments in the neighbouring countries will not have major adverse impact on our economy.

Let me now briefly cover the FY 24 performance and the plans for the future.

FINANCIAL YEAR 2023-24:

The Annual Report for the year has already been circulated. This Annual Report contains both stand-alone and consolidated financials incorporating the business operations of the UK Subsidiary Horwood Homewares Limited and the Indian subsidiary Ultrafresh Modular Solutions Ltd. The Directors' Report vividly covers the review of performance, the current standing point, outlook, and future strategy. The major points to note are:

- While your Company launched various innovative and premium products across categories to sustain customer interest, largely external economic factors caused a dip in the sales of first half while the second half saw some growth.
- The business decision to rationalize the cleaning solutions portfolio to focus on value added home appliances rather than on low-value items caused some drop in sales as compared to the previous year.
- Pending indigenisation of development in a few product lines and the policy not to depend on imports from China for these, some product opportunities could not be taken advantage of.
- Exports remained static due to global headwinds, though the company expanded its customer base as compared to earlier years.
- Your Company successfully repositioned the Judge brand for lower income segments and revamped the product basket for that brand to clearly maintain the differentiation between Prestige and Judge brands. In this process some revenue was lost in the first half, but the initiative started gradually giving incremental benefits from the 3rd quarter of FY 24. Only part of the addressable market was covered during the financial year. There is more headroom for this brand to grow.
- All channels were active during the year. While the growth was muted in the general trade, the on-line and large formats as well as Prestige Exclusive Network performed better. The competition intensity continued to be strong throughout the year with increased discounting by most brands and online channels. However, your Company did not succumb to these pressures but focussed on value added range and maintained healthy margins.

- The sum and substance of all the above is that against all odds, your Company registered a sale of Rs.2500 crores a drop of around 4.5% as compared to the previous year. Due to judicious pricing and operational efficiencies your Company was able to maintain healthy operating margins and maintain its leadership in core categories. The post tax profit was Rs. 239 crores as against Rs.260 crores in the previous year.
- Your Company successfully completed the first phase of the automation of the Stainless-Steel Pressure Cooker manufacturing unit at the Hosur Plant and expects to complete the remaining parts during FY 25.
- As regards subsidiaries, the UK Subsidiary, Horwood registered a sale of GBP 14.4 million (PY GBP 15.3 million). The subsidiary is better placed as compared to all its peers in the struggling UK economy. Ultrafresh has grown from Rs. 23 crores to Rs. 31 crores. It being a start-up in nature, I expect it to become profitable in the next two years.

BRAND SALIENCE & RECOGNITIONS:

Prestige brand continues to be recognized as the Super Brand in the Kitchen Segment. This recognition stands uninterrupted for the last 17 years. TRA's Brand Trust Report recognized Prestige as India's most trusted Pressure Cooker Brand in 2024. Your Company has also been certified as "Great Place to Work" by Great Place to Work Institute, India for the third year in succession. Various other recognitions for your Company's innovations, its people and stature have been mentioned in the Annual Report. As always, your Company will be investing significant amounts in brand promotion and attractive campaigns as well as product innovation.

GREEN INITIATIVES/ESG:

Your Company has been continuously taking steps to conserve energy, water, and natural resources. These are outlined in the annexures to Directors' Report and BRSR report. Your company has engaged the services of CII to evaluate and put in place Green initiatives in manufacturing plants since last year. During the current financial your Company has received the GreenCo certification for its plant at Karjan, Gujarat. Steps are being taken to achieve the similar certification for the remaining 4 plants during FY 25 and FY 26 and extend the scope to vendor plants gradually.

DIVIDEND:

Your Directors have recommended a dividend of Rs.6.00 per share, the pay-out ratio being 34.8%. (PY Rs.6 per share and pay-out ratio of 32%)

FINANCES:

On a stand-alone basis, your Company is debt-free and carried a free cash of around Rs.1020 Crores (including short-term liquid investments) as on 31.3.2024 after incurring capital expenditure to the tune of Rs.67 crores.

BUYBACK OF SHARES:

Considering the substantial free cash available with your Company, the Board of Directors decided to offer buyback of shares at a price of Rs.1200 per share involving a distribution of around Rs.200 crores to eligible shareholders in accordance with the applicable regulations of SEBI. This offer will open between 21st August 2024 to 27th August 2024 to those shareholders whose name appeared on the registers as on the record date of 14th August 2024. Even after this outflow your Company will have substantial free cash to invest in business opportunities that may arise in the near future.

SUCCESSION MANAGEMENT:

Your Board has been continuously addressing succession management at Board Level as well as professional management level. In the last 18 months three new independent directors have been added to the Board as most of the independent directors will complete their tenures during FY 25. The new directors have been familiarised with various aspects of your Company. One or more Independent Directors may be inducted towards the end of FY25 to comply with the regulations covering Board Composition.

At the professional management at N-1 and N-2 levels succession has been completed by parallel recruitment as well as internal promotions and the transition is satisfactory. The functions covered are manufacturing, sales & marketing, sourcing, channel management, legal and corporate affairs.

Both Mr. Chandru Kalro, Managing Director and Mr. K. Shankaran, Whole Time director are superannuating in the first half of FY 25 after making substantial contributions to the growth and prosperity of your Company for more than three decades. The Board places on record its sincere appreciation for the yeomen service rendered by them. Mr. Shankaran will continue to be available as Advisor to the Board for the next three years.

Mr. Venkatesh Vijayaraghavan current CEO and Mr. R. Saranyan, CFO will be inducted into the Board from 1.9.2024 once the shareholder approvals are in place in the place of Mr. Chandru Kalro and Mr. Shankaran, respectively. These resolutions are already placed before the shareholders for approval at this general meeting.

The succession management carried out by your Board blends experience, youth and additional talents and skill sets and I am sure this will ensure seamless transition and pave way for further growth in the coming years.

LOOKING FORWARD:

As the shareholders are aware, in FY 2019 your Company adopted an expansive Vision – ‘To delight home makers with Innovation’ and ‘To Make Company’s products available at every home’. Ever since FY 19-20 many extreme external factors like Covid, Geo-Political tensions, chequered monsoon patterns, etc interrupted the execution of long-term plans. In the last few years there have been significant changes in every respect – consumer preference, consumer behaviour, innovation and premiumisation, urbanisation, channel-mix, corporate reorganisations, new entrants, some channels trying to commoditise categories and brands, global market preferences etc. The above changes coupled with quite a few external factors have started hindering the growth of the industry in general and in the process the growth of your Company.

Considering the above developments your Board has constituted a Strategy Committee consisting of directors from the promoter group, Independent Directors and a part of senior management. Globally reputed consultants have been engaged to develop a blueprint for the short, medium and long-term. I will share more details with you as and when inputs are received from the consultants.

This committee has already identified certain internal gaps covering rapid innovation and introduction of new products at speed, distribution gaps in specific geographies and channels, product offerings in core categories, cost & quality leadership covering own-manufactured products and sourced products by strengthening processes and upgrading customer service. Steps are being taken to fill these gaps with human resource, digitisation and technology. FY 25 will create a platform for all these areas.

As part of this initiative in order to have direct understanding of the rural markets, your Company has invested Rs 5 Crores in June 2024 and plan to invest another Rs 10 Crores during the current financial year in the start-up, M/s GramyaHaat Rural Tech Pvt Limited. Currently 5 physical stores are in operations and more stores will be added during the current financial year.

All the above will give rise to some costs in the interim and will be absorbed in the financials as per accounting standards in FY 25 and FY 26. I do have a positive outlook for decent growth in FY 25 coupled with healthy margins before providing for these transient costs. These transient costs are soft investments to ensure growth and leadership in every respect.

ACKNOWLEDGEMENT:

Promoters of your Company brought the Prestige brand into India during late 1940s and this brand just completed 75 years with a glorious record with the support of all its stake holders. I will also be completing 50 years of service in TTK Prestige as this calendar year ends. I personally thank all of you for the trust and confidence placed in me over these 5 decades.

I acknowledge the strong support received from the shareholders, employees, suppliers, channel partners and banks and look forward to engaging with them more intensely.

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