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July 27, 2023

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 **67th Annual General Meeting** of our company.

This is for your information and records.

Thanking you,

Yours faithfully,
For TTK Prestige Limited,

K. Shankaran
Wholetime Director & Secretary

TTK Prestige Limited

Chairman's Speech AGM: 27th July 2023

I have great pleasure in welcoming you all to the 67th Annual General Meeting of your Company.

General Economic Climate:

I would like to first focus on the many positives of the Indian economy amongst recessionary trends prevailing around the global economy.

Despite the massive disruptions in both demand and supply-side factors caused by the Covid-19 pandemic since March 2020 followed by Russia-Ukraine conflict since March 2022, India has shown the most consistent improvement in macroeconomic performance among the top ten economies in the world. With a GDP of US\$ 3.75 trillion, India has now moved to the 5th rank ahead of UK and France. India has become the third largest economy in the world based on Purchasing Power Parity. India is the fastest growing economy having registered a GDP growth of 7.2% in FY 23 and is expected to maintain healthy growth rates over the next decade.

The Government's continued thrust on spending on the capital expenditure plans, revival of private capex, revival of rural economy, active travel & hospitality industry, booming construction industry, efforts to internationalize trade in Indian Rupees etc., augur well for growth in the coming years.

The factors that cause concern are:

- a. Consumer price inflation impacting Final Private Consumption especially of consumer durables and brown goods
- b. Continued stress on disposable income of middle and lower income groups
- c. GDP growth is driven largely by Farm and Services sector than by manufacturing sector
- d. Global recession that may impact export business and certain local factors that can slow down the process of India becoming a viable alternative to China for outsourcing.

With the above background I shall proceed to briefly cover the highlights of FY 23 and the steps being taken by your Company to stay stronger.

FINANCIAL YEAR 2022-23

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 and the associate company Ultrafresh Modular Solutions Ltd which became a subsidiary of your Company with effect from January 2023. The Directors' Report vividly covers the review of performance, the current standing point, outlook, and future strategy.

Your company had to face the following headwinds during FY 23:

- Export business which witnessed a surge in FY 22 was severely impacted due to recessionary trends caused by geopolitical disturbances causing 30% drop in exports. The supply chain volatility and high inflation caused high inventories with most customers which was being normalised in the second half of the year.
- Domestic demand was subdued post Q1, due to inflationary trends affecting the disposable incomes of middle class and the share of wallet largely going to other avenues like travel, tourism, jewellery, marriages, etc.
- High value of opening inventory which was built before softening of costs of core input materials
- Allocating capacity utilisation to premium products due to changing customer profile and preferences
- Deep-discounted products of competitors entering online/large format channels far cheaper than entry level products of your Company especially in the second half of the year.

In order to counter the above headwinds your Company followed a pragmatic trade and pricing policy and introduced around 80 new SKUs covering pressure cookers, induction cooktops, mixer grinders, rice cookers, value added gas stoves and other small electric/non-electric appliances. Your Company maintained its leadership position in most of these categories and improved its standing in mixer-grinder category. Your Company further progressed in digitizing various operational processes thus bringing in better leverage and operational efficiencies and widened the customer/distribution base. The Prestige Exclusive Network was consolidated with a strength of 681 stores covering 27 States and 368 towns.

Your Company continuously engaged with its current and potential export customers to augment the future export business.

Against the above backdrop and the large base of the previous year that was aided by pent up demand following covid lockdowns, it is considered commendable that your company, on standalone basis, achieved an all-time high sale of Rs. 2626 crores (PY Rs.2532 crores) and more importantly maintaining healthy operating margins and operating ROCE countering the above headwinds. The net profit after tax was at Rs.260 crores (PY Rs.294 crores).

Your company's UK business through the subsidiary Horwood, went through a tough external economic climate and registered a sale of around GBP 15 million performing better than its comparable peers. The Indian subsidiary Ultrafresh expanded its outlet base from 82 outlets to 142 outlets and registered a sale of Rs.23 crores (PY Rs.14 crores).

Dividend:

Your Directors have recommended Rs.6.00 per share the pay-out ratio being 32%. (PY Rs.6 per share and pay-out ratio of 29%)

Finances:

On a stand-alone basis, your Company is debt-free and carried a free cash of around Rs.840 Crores (including short-term liquid investments) as on 31.3.2023 after incurring capital expenditure and further investments in Ultrafresh Modular Kitchen Solutions aggregating to Rs. 78 crores.

Brand Salience & Recognitions:

Prestige brand continues to be recognized as the Super Brand in the Kitchen Segment. Your Company has also won the 'Most Innovative Product of the Year' for Svachh range pressure cookers and gas stoves from Asia Innovative Congress. From Economic Times Ascent your Company has won the National Award for Marketing Excellence and Brand Leadership. Your Company has also been certified as "Great Place to Work" by Great Place to Work Institute, India for the second year in succession. Various other recognitions for your Company's innovations and stature have been mentioned in the Annual Report. As always, your Company will be investing significant amounts in brand promotion and attractive campaigns.

Ranking:

Your Company is ranked within the Top 350 listed companies of India based on market capitalization.

Going Forward – FY 24 and Beyond:

As regards the first half of FY 24, the prospects of growth are limited due to high base effect and continued stress on disposable income. This was reflected in the Q1 trend while the start of Q2 is encouraging. Your Company will share more details on this after the board meeting to be held on 11th August to consider Q1 earnings.

Taking into account the broad positive economic scenario outlined earlier, your Company has a more positive outlook for the second half of FY 24. Your Company has slated introduction of more than 100 new SKUs during FY 24 which include appliances incorporating AI/IOT features.

Keeping in view the Vision and Long Range Plan of adopted by your Board, FY 24 will lay a strong platform for the following key aspects amongst other initiatives.

- Innovation covering products and processes incorporating AI and IOT features.
- Modernising all manufacturing units with state of the art automation and digitization leading to 'Industry 4.0' level in stages
- Investing in 'sustainability factors' thus enabling Green Certification for facilities and products
- Aggressive approach to expanding customer base including multi-brand strategy and distribution for reaching consumers beyond urban conglomerates
- Leveraging the Ultrafresh and Horwood platforms for growth optimisation
- Strategic Human Resource planning for seamless and effective succession at key levels from Board to N-3 levels
- Entering adjacent categories through green-field or pursuing inorganic opportunities as may be appropriate.

Acknowledgement:

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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