

May 28, 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: Extracts of Board's Report – FY 2023-24

Kindly find enclosed the extracts of Board's Report approved by the Board of Directors for your records.

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
EXTRACT OF BOARD'S REPORT FY 2023-24

FINANCIAL RESULTS (STAND ALONE)

(Rs. in Crores)

		2023-24	2022-23
1	Sales (Net of discounts)	2500.74	2625.72
2	Other Income	75.11	42.85
3	EBITDA (Before Exceptional Items)	386.	402.24
4	Profit Before Tax and Exceptional Items	318.18	349.52
5	Exceptional Items	-	-
6	Profit Before Tax	318.18	349.52
7	Tax Provision	(79.37)	(89.36)
8	Profit After Tax	238.81	260.16
9	Other Comprehensive Income	(3.91)	(1.75)
10	Total Comprehensive Income	234.90	258.41
11	Transfer to General Reserve	(24.00)	(26.00)
12	Surplus carried to Balance Sheet	210.90	232.41

REVIEW OF PERFORMANCE/HIGHLIGHTS

- The growth outlook for global economy continued to remain sluggish throughout the year with the geo-political threat playing a dominant factor with continued and new conflicts. Global players were still nursing inventories bought immediately after Covid causing drop in procurements during FY 24. At latter part of the year geo-political conflicts started impacting the shipping rates along with supply chain delays.
- India's GDP continued to show its resilience despite these headwinds with an estimated growth rate of 7% in FY 24. However, the growth in Indian economy was driven largely by service, travel & tourism, constructions sectors and partly by manufacturing sector. General inflation impacted the growth in consumer durables of the kind dealt in by Your Company. The share of wallet of consumers was deployed more in travel, tourism, jewellery, etc and investments in stock markets.
- Apart from the above general economic trends, Your Company rationalized its cleaning solutions portfolio by retaining only home appliances. This was a planned reduction of a sale of over Rs. 10 crores to ensure a more profitable mix of product range that fits into distribution matrix of Your Company. Pending indigenisation of development in few product lines and the policy not to depend on imports from China for these, some product opportunities could not be taken advantage of. The inflation had higher impact on low-income group than on the middle & high income groups. Under these circumstances the

domestic sales dropped from Rs. 2,556 Crores to Rs 2,430 Crores. The second half saw some growth while the first-half was impacted severely due to factors outlined above.

- All channels were active throughout the year. While the growth was muted in the general trade, the online and large formats as well as Prestige Xclusive channel did better. The competition intensity continued to be high throughout the year with the increased discounting by most brands and online channels.
- Exports continued to face the impact of the headwinds caused by geo-political situation. During the year, by adding a few more customers the export sales saw a marginal increase from Rs. 69.7 Crores to Rs 70.4 Crores.
- Your Company continued its focus on new marketing strategies which helped it to minimize the impact of the tough market conditions and to maintain healthy margins.
- Your Company launched various innovative and premium products across categories during the year. These new launches helped to maintain the momentum in the market.
- Your Company has successfully completed the first phase of the automation of the Stainless Steel Pressure Cooker manufacturing at Hosur Plant which will benefit Your Company with uninterrupted production process, consistent product quality and higher productivity.
- The commodity prices were stable during the year though the prices were at a level higher than the pre-pandemic level. The continued inflationary trends and adverse exchange resulted in increase in certain key raw & packing material costs and in manufacturing costs.
- Notwithstanding overall tepid market conditions Your Company was able to maintain a healthy margin through improved efficiencies in operations. Against the pressures on lower sales growth, increase in cost of operation, your Company delivered EBITDA (before exceptional items) of Rs 386 crores (PY Rs 402 Crores) and Profit before tax at Rs 318 Crores (PY Rs 349 Crores). EBITDA margin was at a healthy level of 15.4% (PY 15.3%) and the Operating EBITDA margin was at 12.8% (PY 14.0%)
- The depreciation charge was higher at Rs 58.9 crores (PY Rs 47.7 Crores) due to investment in fixed assets.
- The Net profit after tax was at Rs 238.8 Crores (PY Rs 260.2 Crores).
- The standalone EPS (face value of Rs 1/-) was at Rs 17.23 (PY Rs 18.77)
- As stated in the past years, your company does not follow a stand-alone margin led policy but is focussed on growth with a fair long-term return on capital employed. Operating ROCE stood at 34.6% (PY 35.9%) on expanded asset base as compared to the previous year.
- The Company is debt-free and carried a comfortable free cash of over Rs 1,020 Crores (including short term Liquid investments) as on March 31, 2024.
- The consolidated turnover and profit before tax of the Company and its subsidiaries amounted to Rs 2678 Crores (PY Rs 2,777 Crores) and Rs 301 Crores (PY Rs 343 Crores) respectively.

Your Board of Directors consider the performance of your Company during the year as good given the recession and inflationary environment. Your Company continues to maintain its leadership in market share both in value & volume terms across major product categories.

Your directors are happy to recommend a dividend of Rs. 6/- per share of face value Rs 1/- each for FY24 (PY: Rs 6.00 per share of face value Rs 1/- each).

MANAGEMENT'S DISCUSSION AND ANALYSIS

A. ECONOMY / INDUSTRY SCENARIO

General Economy: As mentioned in the highlights, through the year the global economy witnessed recessionary and inflationary trends due to increasing geo-political tensions. As in previous year the Indian economy continued to show its resilience due to its strong domestic demand and investment, along with Government's continued emphasis on capital expenditure and remained the fastest growing major economy in the world in 2023-24 fiscal. The domestic demand was driven largely by service, construction sectors and core manufacturing sector. While domestic macro fundamentals are strong and improving, downside risks can arise from global headwinds and uncertainties in weather conditions. The continued inflation and high interest rate trend affected the customer sentiment affecting the market growth especially on the items for day-to-day consumption. The IIP growth rate for FY24 is estimated at modest growth of 5.8% ending better than the previous year in tough global condition. The Private Final Consumption dropped from 6.8% in FY23 to 3% in FY24 reflecting further weakening of consumption momentum in the economy during this year. The exports growth was muted in spite of the low base in last year due to the global headwinds. The service sectors like travel, entertainment and hospitality industries continued to maintain the momentum gained since the last year. RBI maintaining the policy rates during the year helped to contain inflation which helped Indian economy to move ahead of many of the developed nations.

Industry: Your Company primarily operates in the Kitchen Appliances segment with a wide range of product categories. The product categories broadly consist of Pressure Cookers, Cookware, Gas Stoves, Domestic Kitchen Electrical Appliances and select home appliance not being whitegoods outside the Kitchen Segment. The market for all these segments consists of organized national brands, regional brands as well as unorganized players. Except for Pressure Cookers, Cookware and Induction Cooktops, the market for the rest of the key product lines is fragmented and is shared by several players. Over the last five years or so many players both big and small have been entering as well as exiting the appliance categories and the churn is still going on. Reorganization, mergers/acquisitions etc are also seen in this industry over the last few years. With E-Commerce becoming an active channel over the last couple of years it has become a platform for intense competition as even regional and small players could reach out to pan India through this channel. The competitive intensity continued to be high calling for higher sales promotion / increased discounts during this year by most brands and online channels.

Consumer/Channel Scenario: The products coming under discretionary spending share of wallet was a major concern. While there was some softening of inflation at the later part of the year, the same was not reflected in the consumer sentiment as evident from the continued pressures on consumer durables including kitchen and home appliances. With more offices moving to work from office, the home improvement intensity has come down significantly. Value added innovative products continued to do well during the year. The improvement in the real-estate construction industry is aiding demand for new homes which as and when occupied can improve the demand for kitchen and home appliances. The exclusive retail channel has shown a positive growth reflecting a strong presence in the market. However, the general trade has not been growing reflecting the customer sentiment. The e-commerce has been doing well due to discounting by brands / platforms in the low-priced mass product. The large format stores channel has also been doing well as compared to last year. Smaller players were able to get into online platform with lower price points especially with reference to entry level products.

Export Market: Exports from India remained weak with very negligible growth from the low base of last year. This was due to the head winds caused by global recession and unprecedented inflation in the developed markets driven by extended and new geo-political issues. However, India continued to remain high on minds of the global brands as alternate source of supply. Once the global economy improves, India is expected to reap the benefits on exports.

Your Company: Even under these difficult economic conditions your Company maintained its leadership position in key categories like Pressure Cookers, Cookware, Value added Gas Stoves, Induction Cooktop, Kettles, etc and is steadily improving its market share in the Mixer Grinder segment. Company's indigenisation program for some small appliances has stabilized with nil imports of finished goods during the year. The models launched under Svachh platform viz. Pressure Cookers and Gas Stoves, the new IOT enabled products in rice cookers and kitchen hoods and the new value-added models in Cookware did well during the year. Your Company is continuously investing in innovative products with designs that remove the pain points of the consumers, in strengthening its manufacturing capability and sourcing capacities through automation and creating additional facilities. Your Company continues to maintain cordial relations with all its channel partners – whether online or offline and has proactively minimised the conflict among the various channels without compromising on product offerings and without succumbing to predatory pricing pressures. Your Company maintains significant presence in all channels – traditional retail, online, large format stores, rural, institution, CSD etc besides your Company's Prestige Xclusive network of Stores spread across India.

Your Company will continue to focus on product innovation and differentiation coupled with innovative distribution, market expansion and digitalization of sales and marketing processes to stay ahead in the marketplace.

B. ANALYSIS OF PERFORMANCE:

1. KITCHEN & HOME APPLIANCES:

The products include Pressure Cookers, Cookware, Kitchen Electrical Appliances, Gas Stoves, and Home Appliances. The turnover of these product categories is given in the following table:

(Rs.in Crores)

	2023-24			2022-23		
	Domestic	Export	Total	Domestic	Export	Total
Pressure Cookers (including Microwave Pressure Cookers)	762.47	27.26	789.73	800.50	26.77	827.27
Cookware	371.38	27.72	399.107	377.82	40.19	418.01
Gas Stoves	307.31	0.15	307.46	332.60	0.51	333.11
Mixer Grinder	228.44	0.73	229.14	275.01	0.72	275.73
Induction Cooktop	304.02	0.29	304.31	287.44	0.26	287.70
Other Kitchen/ Home Appliances	351.57	0.65	352.22	339.30	0.34	339.64
Cleaning Solutions	3.56	-	3.56	45.06	-	45.06
Others	101.64	13.56	115.19	98.31	0.89	99.20
Total	2430.39	70.36	2500.74	2556.04	69.68	2625.72

- Your Company due to tough external factors as mentioned in the Highlights could not register a growth during the year. The drop in sales was only in the 1st of the half year whereas your Company registered a growth of around 4% in 2nd half over last year through judicious products mix, channel presence and market penetration. While all channels were active during the year, the modern formats, e-commerce, and exclusive stores registered a growth, but the general trade felt the impact of the recession and inflationary pressures. The exports registered a nominal growth of 1% in spite of the continued global slowdown.
- Your Company continued to manage its trade policy with general trade as well as other channels cautiously to improve working capital efficiencies across channels.
- The value-added premium products did better during the year.
- Early this year your Company decided to rationalize the product offerings in Cleaning Solution with more focus on value added products like vacuum cleaners, water purifiers, etc. to improve the focus and for sales growth on long term. This had impact on the sales this year to the tune of Rs. 10 crores this year.
- Pending indigenisation of development 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. Your Company is revisiting its import policy on a case to case basis till the ecosystem improves within India for developing new designs/products at rapid pace.

- f. During the year under report your Company introduced around 170 new SKUs covering Pressure Cookers, Induction Cook tops, Mixer Grinders, Rice Cookers, Gas Stoves, and other Small Electric/Non-Electric Appliances.
- g. Judge brand as a tactical brand is progressing well and contributed around Rs 48 Crores to Sales (PY Rs 46 crores); a growth of 4%. During the 1st quarter of this year Your Company has repositioned the Judge brand. Various new products were launched during the year and Your Company is expanding its distribution network for Judge Brand products. The benefit of this repositioning is expected in the coming years.
- h. Despite various recessionary market conditions and inflationary challenges during the year, various operating ratios were maintained at healthy levels with EBITDA margin (before exceptional items) at 15.4% as against 15.3% in the previous year. None of the key financial ratios (inventory turnover, receivable turnover, net-current asset turnover, margins and return on net worth) had a variance of 25% or more as compared to the previous year.
- i. Operating ROCE stood at 34.6% (PY 35.9%) on expanded manufacturing asset base. Your Company continued to be debt free and carried a sizeable free cash balance of over Rs 1020 Crores at the year-end after payment of dividend, capital expenditures and after deploying sufficient amounts in working capital for a cost-effective supply chain.
- j. Your Company has over the last few years substantially reduced its dependence on imports which has a positive impact on working capital efficiencies.
- k. Prestige Xclusive network was consolidated and rationalized where necessary and new outlets were added. The number of outlets as at 31.03.2024 was 699 (PY 681). The network now covers 27 States and 371 Towns. The spread of the network is also evenly distributed between Metros, Mini-Metros, Tier 1, Tier 2, and Tier 3 cities.
- l. Service network as of 31st Mar 2024 stands at 476 centres (PY - 512 centres).

2. SUBSIDIARY COMPANIES & CONSOLIDATED RESULTS:

a) Horwood Homewares Ltd, United Kingdom

The operating subsidiary Horwood Homewares Limited (Horwood) achieved a sale of £ 14.4 million (PY £15.3 million). The drop in sales was due to slowdown of economy and unprecedented inflation triggered by the extended geo-political situation in UK, Europe, and USA the markets in which they are operating. Operating EBITDA was at £0.02 million (PY £0.3 million). The drop in EBITDA is primarily driven by increase in global supply chain issues, increase in operational cost due to inflation and reduced operating leverage due to lower sales. With the recession and inflation existing throughout the year, Horwood has taken all necessary steps to manage this tough period through optimization of costs and through improved operational efficiencies.

b) Ultrafresh Modular Solutions Limited, India

During the last quarter of FY22, your Company made strategic investment of around 41% in Ultrafresh Modular Solutions Ltd (Ultrafresh) engaged in the business of Modular Kitchens

and kitchen appliances having many franchisee outlets across India. In Jan 2023 your Company further invested in Ultrafresh and increased its shareholding to 51% and Ultrafresh became subsidiary of your Company from that date. Accordingly, the consolidated financial statement for the previous year includes the profit / loss of Ultrafresh as an associate for the period up to December 2022 and as Subsidiary from January 2023.

Ultrafresh achieved a turnover of Rs 31.2 Crores during the year (PY Rs 23.0 Crores) with an EBITDA of Rs (6.0) Crores (PY: Rs (9.9) Crores).

Being an Associate Company up to December 2022, the net loss of Ultrafresh for the period from 1st April to 31st Dec 2022 proportionate to the share holding up to that period viz. Rs (2.22) Crores is consolidated appropriately in the Consolidated Financials. For the period from Jan 23 to Mar 23 the net loss of Rs (3.3) Crores is considered in the Consolidated Financials as applicable to Subsidiary. In FY24, the net loss of Ultrafresh for full year viz Rs (8.6) Crores is considered in the Consolidated Financials as applicable to Subsidiary.

The consolidated financials are attached to this Annual Report separately.

C. OUTLOOK & OPPORTUNITIES:

- a. Despite the deteriorating global situation, India is one of the fastest growing economies post covid pandemic and is poised to become the 3rd largest economy in the world in the next few years.
- b. The Reserve Bank of India has projected a GDP growth of 7% in real terms for FY 25 driven by resilient activity in services and manufacturing industry and estimated the CPI inflation at 4.5%. The growth is expected to be more broad based than the skew towards a few sectors in the last year.
- c. The growth in consumer spending post pandemic has been fluctuating between categories and amongst categories between premium products and entry products. The fluctuation is also seen among income groups and geographies – urban and non-urban. With larger State spends in non-urban areas and expected increase in middle income group, private final consumption is expected to improve and broad-based. The new homes built in the last few years are expected to reach occupation levels which will provide impetus to the demand for kitchen and home appliances.
- d. In order to tap the expected increase in private final consumption, your Company has put in place appropriate initiatives to introduce new products across categories, channel / geography specific initiatives to consolidate leadership and improve market share in categories as well as channels. Onetime sizable investments will be made in this direction in the six quarters commencing from Q1 of FY 24.
- e. The shifting sizable portion of the manufacturing by the global brands to Country outside China will benefit India. Your Company's export customers continue to show much interest to increase their sourcing from the Company during FY24 and we expect this to further strengthen during FY25 subject to no further impact in the global economy.

- f. Your Company, as always, focuses on improvement in efficiencies and management of critical costs to deliver decent profits even if planned growth is impaired due to external factors like geo-political or climatic disturbances.
- g. Your company is comparatively better placed owing to its brand salience, exclusive retail network across India besides strong presence in every other channel that reaches the end consumer.
- h. Your company is debt-free, and all its manufacturing and sourcing facilities with adequate capacities and human infrastructures can increase supplies to the market at short notice.
- i. India's economy is performing well amid global challenges. Addressing concerns such as declining exports and sluggish private investment will be crucial for sustaining growth momentum in the future. India's underlying economic fundamentals are strong and despite this turbulence the impact on the long-term outlook will be marginal. If the projected GDP growth of 7% is realized, your Company is confident of returning to growth path with stable operating margins.

D. MEDIUM & LONG-TERM STRATEGY:

- a. Few years back your Company has adopted an expansive Vision – To Delight Home Makers with Innovation and To Make Company's products available at Every Home. Your Company is in the process of redrawing its blueprint for the long-term taking into account the rapid changes in economic scenarios both domestic and global, emerging opportunities, etc. Globally reputed consultants will be assisting the company in this process.
- b. Your Company has successfully managed the transition in operating management at key levels with a blend of experience and diverse skill sets and has put in place long term incentive plans to maintain and attract talent.
- c. Your Company operates out of its core strengths of brand, innovation, design, manufacturing, distribution, sourcing, and service capabilities and more importantly 'Customer Engagement' and will continue its efforts to further fortify these strengths.
- d. In the medium and long-term, your Company expects to maintain growth levels surpassing the GDP with healthy operating EBITDA margin and Return on Capital Employed subject to any unforeseen external factors beyond control.

E. THREATS

The domestic market has vast opportunities with the increase in customer base year after year. However, threats in the form of new entrants or existing regional brands causing disruptions through unrealistically low prices due to pressure from some channels can continue to exist. Consolidation of big-format and online channels in a few hands can cause disruptions in the short-term both for traditional small retail players and organized national brands. Any delay in innovation of new and differentiated products can impact growth due to these developments. Fluctuation in the commodity prices is also a major threat as it may not be possible for Your Company to pass on the impact of cost increases to consumers in full. The increased geo-political tension may have adverse impact on the commodity pricing and the supply chain costs. The

dynamic cost management process adopted by Your Company will ensure healthy margins at EBITDA levels as demonstrated in the last few years.

SUSTAINABILITY - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Your Company has been proactive in implementing various projects to address global environmental issues such as climate change, global warming, etc. Some of the products of your Company such as pressure cookers, induction cooktops, etc., are designed to save energy as well as protect environment.

Continuous design improvements, investments in efficient manufacturing processes, solar power and green environment in manufacturing locations are directed to reduce the consumption of basic metals like aluminium, steel etc besides utilities like water, power, and fuel.

During the year, your Company's factory at Karjan was certified by CII – Sohrabji Godrej Green Business Centre with **GreenCo Silver rating** which is valid for a period of 3 years up to 18th February 2027. Your Company is in the process of improving this rating further in the coming years. In addition, your Company has also developed a road map to obtain similar certification for the other factories in the coming years.

FUTURISTIC STATEMENTS

This Directors' Report and the Management Discussion and Analysis included therein 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 in realizing these goals depends on numerous 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.

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