Operator: Ladies and gentlemen, good day and welcome to the TTK Prestige Limited Q1 FY27 earnings conference call, hosted by 361 Capital Market 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Arjit Shah from 361 Capital Market Private Limited. Thank you and over to you, sir.

Arjit Shah – 361 Capital: Thank you, Tanya. Hello everyone, and welcome to the TTK Prestige Limited Q1 FY27 earnings call. From the management side, today we have Mr. Venkatesh Vijayaraghavan, Managing Director and CEO; Mr. K. Sankaran, Advisor to the Board; and Mr. R. Saranyan, Whole-time Director and Chief Financial Officer. I would now like to hand over the call to the management for the opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, sir.

Management: Good evening. This is Saranyan here. I welcome you all for the TTK Prestige earnings call for Q1. Before I hand over the proceedings to our Managing Director, Mr. Venkatesh, I just want to remind the participants about the safe harbor clause. The presentation and 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 in 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. Over to you, Venkatesh.

Management: Good afternoon, this is Venkatesh here. As we begin this quarter call, let me take you through our view on the general economy and then the specifics of our industry and company. This quarter again we did face issues around the global uncertainties of Middle East political tensions and also higher energy prices as a follow-up to that. We also saw higher commodity pricing in a large number of industry segments. Overall, the quarter continues to be characterized by a bit of uncertainty driven by global issues and increased regional divergences that are happening. This seems to be having a bearing as we look at some of our costs and supply chain related areas as well.

Exports continue to be a little muted because of this supply chain disruption. I am sure that is not specific to our industry but is occurring across the country and in other areas as well. The Indian rupee weakening has its impact, and I think that is something that needs to be watched out for. Amidst this, I would say from the view of the overall economy, I believe the country is certainly going through a little bit of turbulence from global volatility but is standing out in terms of its resilience and its ability to respond to these changes. I think that augurs well for industry people and we believe it would probably continue to be a cornerstone for many industries and for us as well as we move forward.

Specific to the industry, the quarter has been good. Following what happened in Q4, Q1 has been a very robust quarter which has seen significant demand generation for the industry. This has been across channels and across categories. It has brought back a robust demand generation curve to

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the industry and I hope this augurs well for the future. There have been challenges on the cost side, with mounting pressures on commodity pricing and therefore input pricing, particularly in kitchenware and across some commodities in appliances as well. These mounting pressures are significant and would be impacting some of the cost structures. At large, I think the industry is passing on the cost increase to the consumers. We have seen this in the past and I think that would continue. The impact of that on volumes remains to be seen, but the current quarter has been very robust on demand. This was partially driven by a situation where people have upgraded their kitchens, gone for accelerated purchase of cookware in particular, and appliances as well. As appliances start selling more, the "smartification" of kitchens continues to be an agenda that is strongly occurring, followed by "kitchenization" as well. That is the perspective from an industry level.

Specific to the company, I think we have had a very good quarter. We have been able to capitalize on the opportunity of the demand generated. We believe we have been able to do justice to fulfilling that demand. The work that we have done over the last 2 years in terms of process transformations, product transformation, and increasing our internal capabilities is holding us in good stead in meeting this demand surge very efficiently. This is reflecting in the numbers for the quarter.

Overall, it has been a very good and balanced quarter across categories including cookers, cookware, and appliances. Some parts of the appliance segment have seen a little bit of muted growth, but that is quite natural given the way the categories operate. At large, the growth has been significantly high. At the company, we have also seen that some of the benefits of the cost initiatives we have driven in the last few quarters consciously are starting to yield results. We believe the scale of this will continue to increase. So, on one side, while we have pressures on the cost because of input margins, we are working against them through our own internal cost initiatives across functions and meeting the demand with a robust supply chain transformation. We hope this would continue, though we believe this is not a sustainable, consistent demand at this specific peak. The demand will probably settle at a slightly higher level than before in our view, and I think that would augur well for us and for the industry as well. With that, I will open up the conversation. Given that the numbers are available with everybody to read, we will take up the questions and answer some of the financial numbers through the questions as well. Over to you. Thank you.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Parth Soda from Trinethra Asset Manager. Please go ahead.

Parth Soda – Trinethra Asset Manager: Am I audible? Hello?

Management: Yes, you are audible. Go ahead.

Parth Soda – Trinethra Asset Manager: Good evening and thank you for the opportunity. The company now has over 870 crores of free cash despite ongoing investments. Beyond the announced capex, how should investors think about the capital allocation over the next 2-3 years?

Management: If you remember, 1 year back we announced a total investment of 500 crores covering both soft and hard expenditure. We have spent only about 1 crore till now. So the balance

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will be spent over the next 2 years. Of course, there are cash accretions as well, and in these cases, it is better to keep some cash free with us. Allocation will be on the items already referred to earlier for that 500 crores.

Parth Soda – Trinethra Asset Manager: Got it. Thank you so much.

Operator: Thank you. The next question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta – India Infoline: Hi, good afternoon and congratulations on a very good set of numbers. Thanks for taking my question. There has been steady commodity inflation across the board. What is the quantum of price hikes that you have taken in this quarter? Also, how much of this 33% growth is coming from price hikes and how much of the current inflation you are seeing was already expensed out in Q1?

Management: Regarding the price hike, we have implemented them during this quarter, but the impact is minimal during this specific quarter primarily because those price increases reaching the market happened only during the fag end of the quarter. Out of this 34% growth you are seeing, only around 3% is actually from the price hike; the rest is all volume growth. That is consistent across all the categories. There is also some impact due to the mix change because we are seeing some of the value-added products selling better during this quarter.

Sameer Gupta – India Infoline: Even if it is only 3% for this quarter, what is the total price hike quantum overall and what is the kind of raw material inflation you are facing for your overall basket?

Management: It depends on the product. It is anywhere between 5% and 8% depending on the category. The average raw material inflation is approximately around 8%.

Sameer Gupta – India Infoline: On the growth this quarter, there were specific categories which might have seen higher demand specific to the geopolitical and LPG issues. If we were to strip out those, like induction cooktops, what would the revenue growth be? Can you give some general color on this?

Management: While I do not want to be very specific, if you look at the numbers, unlike the last quarter where there was a disproportionate growth impact because of induction, this quarter the growth has been significantly distributed across categories. Induction cooktops, small domestic appliances, air fryers, cookware, and cookers have all seen uniformly distributed growth across categories.

Sameer Gupta – India Infoline: Is it a case of channel upstocking before impending price hikes? This is a fast acceleration in growth and normally, unless there are exceptional circumstances, what should be the reason for this acceleration?

Management: Our belief is that there is a minimal impact from upstocking. We are not saying that upstocking is completely ruled out, but for the quantum of growth you are seeing, upstocking is not the primary driver. I would say only a part of this growth can be attributed to that. I think what we believe is that while consumers have walked in to buy induction cooktops, they have also looked at the new set of cookware and the new set of appliances. This has been a vibrant industry where

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competitive index is high. Prestige, after almost a very significant gap in the last 1.5 years, has introduced close to 400-500 SKUs. We believe the walk-ins and the service have increased, leading to more buying combinations of cookware and appliances for the kitchen.

We believe that what I mentioned is not a sustainable, permanent growth rate at this exact level. It has been triggered by consumer behavior and a one-time effort by consumers to refurbish their kitchens. What started as just the induction cooktop has spread across all categories. Having said that, categories that are not necessarily impulsive in nature have not seen the same significant growth. To that extent, this is consumer-driven rather than upstocking in our view.

Sameer Gupta – India Infoline: Got it, sir. I will come back in the queue. Thank you.

Operator: Thank you. The next question is from the line of Fenik from SK Investment. Please go ahead.

Fenik – SK Investment: Hi sir. Thanks for the opportunity. You mentioned that there is a lot more product availability and that consumers are increasing their wallet spend at Prestige. What exactly is the company doing to get higher footfalls? Introducing 400-500 products over the last 1.5 years is one thing, but what changed specifically in this quarter to increase visibility?

Management: I would not see this as a one-quarter blip but as a consistent effort that is gaining visibility now. We have strengthened our counter shares across large outlets where we previously had a diluted presence due to portfolio or distribution gaps. We have increased our reach for many categories. While cookers have been well-distributed, we have used that cooker channel to increase the reach of all sub-categories in cookware and appliances.

Thirdly, it is the full impact of the portfolio being made available. Launching a new product and getting it distributed across the length and breadth of the team takes time, and those initiatives have now fallen into place. We are also demonstrating robust growth in e-commerce and modern trade. Our omni-channel focus with a ramp-up in general trade has helped us sustain this growth.

Fenik – SK Investment: Where do you think you will end up in terms of volume and value growth? Would we continue the current trend or would it be a little lower?

Management: We do not want to give forward guidance. We are confident of robust growth, but I would leave it at that. Directionally, for the industry, the growth rate would likely be lower than this peak, but definitely better than last year.

Fenik – SK Investment: In terms of competitive intensity, are we focusing on price or portfolio?

Management: Our focus is very clearly on premiumizing our portfolio. We have focused on six to seven core categories where we are either leaders or potential leaders. Pricing is not our primary lever in terms of discounting or schemes. We are using the power of the Prestige brand and new designs to justify the premiumization. We would expect value growth to be higher than volume growth over a period of time, and volume growth should definitely be higher than inflation.

Fenik – SK Investment: When you are premiumizing, can we expect higher margins than the 14-15% seen in the past?

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Management: Our focus currently is not so much on the specific profitability bands as it is on stabilizing the business and premiumizing the portfolio. Our principle is to invest in the right direction. As Mr. Sankaran said, we will continue these investments over the next 1.5 to 2 years.

Fenik – SK Investment: Regarding the UK subsidiary, what are the plans? Do you want to scale it or potentially close operations?

Management: They are doing their best given the conditions in the UK and Europe. They are expanding to other markets as well and are doing much better than many of their peers in the UK. At this point, there are no other thoughts. They are being managed by a professional team and are not taking away management resources from us.

Fenik – SK Investment: And regarding the kitchen business in India, do you want to scale it substantially?

Management: We will come back on this specifically a little later.

Fenik – SK Investment: Understood, sir. Thank you.

Operator: Thank you. The next question is from the line of Aniruddh Joshi from ICICI Securities. Please go ahead.

Aniruddh Joshi – ICICI Securities: Thanks for the opportunity. Regarding market share, where did TTK end the June quarter and what is the indicative industry growth? Also, has the similar revenue growth trend continued in July? Secondly, with the steep increase in commodity prices and price hikes, has that impacted affordability? Could continued price hikes hurt volumes at the bottom end of the pyramid in H2?

Management: Our market share has steadily increased, and we believe we gained market share in specific segments this quarter. The industry growth has been robust, similar to Q4. We are consciously driving market share as a cornerstone of our strategy.

On the cost side, there has been a 5% to 8% increase in overall pricing which is being passed on to consumers in a phased manner. Some segments can absorb it better than others. While there might be a slight short-term impact on volume, it should even out. Large parts of industry growth are driven by premiumization and upgrades, and Prestige operates in those mid-to-high segments rather than the deep-cut price points of the rural or mass market. Those mass-market players might face more volume pressure. Regarding July, we will not give forward-looking statements, but demand has remained robust.

Aniruddh Joshi – ICICI Securities: Many thanks.

Operator: Thank you. The next question is from the line of Pratik Kheda from Lucky Investment. Please go ahead.

Pratik Kheda – Lucky Investment: Do you see the continuation of footfalls on account of induction cooktops? Bulk of this demand push was due to people being forced to buy induction cooktops. Will that continue?

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Management: For the category as a whole, induction cooktops have seen continued robust growth. The last 4-5 months have been a cornerstone for the category. Penetration is still low, so we believe this event has propelled awareness and adoption. It continues to be a reason why consumers walk into stores or retail channels. Combined with cookware premiumization, it is pushing volumes. It may not be as aggressive as this specific quarter, but it will definitely continue to push volumes. It has become a trigger point for consumers who might have otherwise required a discount to be brought in.

Pratik Kheda – Lucky Investment: Regarding pricing after the GST changes and the recent raw material cost rises, are we at a higher price than pre-GST levels or have we largely recouped everything?

Management: The current price increase has taken the prices a little higher than the GST rate change because the commodity prices have gone up by 8% to 10% on average. We are more or less at the pre-GST change pricing. This is not a very price-elastic product. It is a necessity in the kitchen space, so these kinds of price increases generally do not trigger a drop in purchase.

Pratik Kheda – Lucky Investment: Thank you, sir.

Operator: Thank you. The next question is from the line of Kunal from 361 Capital. Please go ahead.

Kunal – 361 Capital: Thanks for the opportunity. While this quarter had some alleviation and 400 new SKUs, what is the steady-state growth we can look at over the next 12-18 months?

Management: We do not want to give guidance, but directionally, it should be better than the past. Our endeavor is to gain market share by focusing on consumer experience, premiumization, and innovative products across six to seven categories. This should result in us growing faster than the market.

Kunal – 361 Capital: When we say the share of Prestige products, what is that currently as a percentage?

Management: Prestige operates largely in mass-premium pricing. Our presence in the "mass" pricing segment is very low by design. We focus on the middle and top end of the market, where we are at a premium even compared to some competition. We believe the brand has the strength to sustain that.

Kunal – 361 Capital: Thank you and best of luck.

Operator: Thank you. The next question is from the line of Nikat from Daulat Capital. Please go ahead.

Nikat – Daulat Capital: Thank you. Has there been a recovery in the CSD channel? Also, what is the contribution of exclusive retail outlets and induction cooktops to overall sales?

Management: We haven't seen the demand fully come back in the CSD channel, but it has stabilized following previous drops. CSD is still undergoing internal restructuring regarding suppliers.

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Regarding our exclusive stores, which we call Prestige Xclusive, they contribute approximately 18% to 20% of our sales. Induction cooktops currently contribute about 8% to 10% of our sales, up from about 5% a year ago.

Operator: Thank you. The next follow-up question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta – India Infoline: Hi sir. There have been minimum wage hikes announced, including in Karnataka. What kind of impact do you foresee on staff costs and the raw material basket given vendor costs?

Management: Minimum wage increases have been happening across various states. We do not have major operations in Karnataka, but in other states where we are present, we have implemented the corrected wages. For our permanent workmen and even contractors, we are already well above the minimum wage, but the wages increase has been substantial this time. We are mitigating these through internal cost initiatives and efficiency drives.

Sameer Gupta – India Infoline: Regarding the 12.4 crore amount within other expenses, there was a steep decline. Is this a strategy change or just a quarterly variation to offset inflation?

Management: That 12.4 crore relates to strategic expenses. This is not a fixed amount that we incur every quarter. It may go up or down. We have budgeted to spend around 200 crores over a 3-year period.

Sameer Gupta – India Infoline: Very clear, sir. Thanks.

Operator: Thank you. The next question is from the line of Anant Mudra from Shore Wealth. Please go ahead.

Anant Mudra – Shore Wealth: Good evening, sir. Regarding the 200 crore extra expenditure over 3 years, how much is routed through the P&L and why is it not considered a regular routine expense?

Management: We budgeted 500 crores in total over 3 years to strengthen the company for future growth. Out of that, 300 crores is for capex, including automation and digitization in factories. The remaining 200 crores is opex for external support to strengthen innovation, go-to-market, and cost efficiencies. This is a one-time project, not a permanent addition to our regular operating expenses. We have spent close to 20 or 30 crores in the last 14 months, and the balance will be spent during the remainder of the project. It is an indicative number that might vary based on requirements.

Anant Mudra – Shore Wealth: What will the company achieve after this? Any target EBITDA margins?

Management: We have internal KPIs that we are working toward but we do not want to share specific numbers. We expect the company to get better than it used to be, aiming for levels in the 13% or 13%-plus range.

Anant Mudra – Shore Wealth: Is the growth in this quarter partly due to the GST cut in cookers leading to an unorganized-to-organized shift?

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Management: Across categories, particularly cookware and cookers, we are seeing a shortened replacement cycle. Consumers are moving to stainless steel and tri-ply materials, which is an upgrade. In appliances, people are moving toward convenience and smartification of the kitchen. This includes small domestic appliances and brand-new categories beyond mixer grinders. We believe this material upgrade and innovation-driven demand is accelerating growth.

Anant Mudra – Shore Wealth: Regarding induction cooktops, how do you see sustainability now that the immediate LPG crisis has hopefully stabilized?

Management: We think it will be much better than it was in the past. This trigger has opened up category awareness and established the need for induction. The penetration curve will start to accelerate. It will certainly replace configurations where people previously used only cylinders or gas stoves. Over a period of time, it is a significant growth area and one of our key product categories.

Anant Mudra – Shore Wealth: Thank you, sir.

Operator: As there are no further questions, I hand the conference back to management for closing comments.

Management: Thank you for a very engaging conversation. We are quite happy with the results we have been able to display. These efforts have borne fruit through internal transformation, consumer-focused initiatives, and our go-to-market drive. It augurs well and we believe this will continue. Thank you and all the best.

Operator: On behalf of 361 Capital Market Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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