



“TTK Prestige Limited
3QFY2025-26 Earnings Conference Call”
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MODERATOR: **MR. YASH JAIN – AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to TTK Prestige Earnings Call 3QFY2025-26. 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 touch-tone phone. Please note that this conference is being recorded.

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

Yash Jain: Thank you. Hello, everyone. Welcome to TTK Prestige 3QFY26 Earnings Call. From the management side today, we have Mr. Venkatesh Vijayaraghavan, Managing Director and CEO; Mr. Shankaran, Advisor to the Board; and Mr. Saranyan, the Whole Time Director and CFO. Thank you, and over to you, sir, for your opening remarks.

R. Saranyan: Good evening. This is Saranyan here. Welcome you all for today's discussion. Before I hand over to our Managing Director, Mr. Venkatesh, I just want to remind the participants that the discussions 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, we request the investors to make their own independent judgments by considering all relevant factors before taking any investment decisions. Thank you. Over to you, Venky.

Venkatesh V: Good afternoon. This is Venkatesh. So let me start with sort of an overview from a global perspective and the industry perspective and then zoom in on to our conversations around our company performance. I think the year that went by and the last few months have seen a little bit of turbulence as far as the global scenario is concerned related to some of the economic issues related to some of the policy-related issues at a very macro level.

So despite there being turbulence in the global overview, its not having much impact internally in the country in our view. But I think some of these global unsettling issues are sort of leading to a little bit of slowdown, which probably would get addressed as we move forward.

From an inflation perspective, I think that is something that sort-of starting to ease out over a period of time. That should help in terms of exports as we move in. From our country's perspective and some of the policy-related changes have had a bearing in terms of a few areas around exports, which we believe should get sorted out and that should help as we move forward.

From a country perspective, we are quite strong believing that country continues to grow on a strong path in the region of around 7.3% to 7.4% GDP, backed by a strong demand and also in terms of both services and industrial activity. The Q2 FY26 GDP, as we all know, is around 8.2%, a 6-quarter high as well. This sort of zooms out well for us in terms of demand, in terms of a stronger resilient industry, and that's probably also reflecting in a few areas in our industry as well as we speak about the quarter that's just gone by.

From an industry perspective, we believe that we are sort of bouncing. In the last few quarters, we've been starting to bounce back. And industry as a whole seems to be stabilizing reasonably well across both the categories of appliances and kitchenware. We do, however, see that there are cost-related pressures that are coming in. Input costs have been drastically increasing in the last few quarters and months in specific.

And this is where some of the global disturbances are also impacting us. That is something that we would be worried about. And that we believe would also continue into the reasonable future, and that's something that would get addressed as we move forward as we discuss. For the quarter gone by, I think we've had a reasonably good quarter, which has been supported by a very significant festive uplift.

We also are seeing a lot of premiumization happening like we've mentioned in the previous discussions, we're seeing a very strong premiumization trend in certain geography and an equal volume growth-led market growth in some of the Tier 2, Tier 3 towns as well.

So I think a combination of premiumization and mass-market growth is what we see sort of pushing the category. And we are well poised to take charge of this opportunity, and I think we're demonstrating that in the reasonable quarters that have gone by. And this quarter has been sort of resilient on that basis as well.

In terms of channels, we see that there's been a strong growth push that's happened from quick commerce, e-commerce, and the large-format stores. Obviously, the growth of these channels is putting a little bit of pressure on the general trade, as it has been in the past. But we do believe there are some corrective actions that we could take to help sort of stabilize this growth as far as the general trade channel is concerned.

Our own channel of Prestige Xclusive, which is our own channels of retail stores that we have seen a reasonable growth, I would say, at an overall level. So overall, we do believe that this growth is balanced across channels. And there are certain growth engines as far as e-commerce is concerned and quick commerce is concerned.

And as a combination, we are seeing an omnichannel growth happening across. So that's from a quarter perspective. As we mentioned earlier, there are cost pressures, which are sort of getting addressed as we move forward, and they continue to remain for a reasonable future in our mind.

We are buoyed by the fact that this growth is being pushed or sustained by a demand push across geography, and it is across category. We do, however, believe that there are a few categories where we are seeing pricing challenges coming in as a combination of heightened competition and also as a combination of a large number of new brands coming in as well.

Some parts of the appliance business are going through this pressure. We believe that it might be transient in nature and will get addressed in the right way. And that's the way we look at some of our appliance categories as well. So overall, it's been a reasonably good quarter for us, backed by sustained investments that we continue to make into our capex as well as into our opex to build capabilities, particularly on the R&D side and on the brand side.

And we continue to expand our capacities, both in cookware as well as cookers, and also have the capacities from our partners expanded in appliances as well. So we are well-positioned also to be able to address some of these growth demands from a back-end perspective, including a supply chain, as we move forward.

So all in all, I think a reasonably good performance from our side, a very confident position that we are in right now. And we do believe, as we move forward, we would be able to sustain some of these opportunities that are available in the industry and continue to grow. That's from my side overall. Open to questions.

Moderator: Thank you very much. The first question is from the line of Sameer Gupta from India Infoline. Please go ahead.

Sameer Gupta: Hi, good afternoon, sir, and thanks for taking my question. Firstly, sir, double-digit revenue growth for past 2 quarters. Underlying, we are still seeing the subduedness in demand overall. I'm not talking about your company, but in general across all retail channels. I understand that you wouldn't want to divulge details, but any sense you can provide as to how much of this growth can be attributable to the GTM changes that you would have done over these past few quarters? And what would be growth excluding these? Or simply put, what would be the consumer level sales growth that you are seeing, or secondary sales growth? Any number would be helpful.

Venkatesh V: I think it will be too early for us to comment on that. But I would give you the comfort saying that there is a significant amount of GTM-related initiatives that are going in. Hopefully, that will also reflect over a period of time in our market share movement. So we do believe that there is input on the GTM, particularly on channel-related initiatives that are going in. It might be too early for us to comment on this at this point in time.

Sameer Gupta: Got it, sir. Just a follow-up here. If this is GTM related, is it a correct understanding that post anniversary of these initiatives in 2Q of next year, it would be more dependent on end demand picking up, or is it a continuing ongoing thing, which will last beyond the anniversary also?

Venkatesh V: No. We would like to believe that this is sustainable. These initiatives are not one-time corrective initiatives, but they have process corrections and efficiency corrections that we're also doing. Plus, we are also doing a bit in terms of energizing some of the channels from our perspective.

So we do believe that this is sustainable growth. Having said that, there is always the larger factor of demand that will always be there because at an overall level, we are better than the industry or we would like to be better than the industry. I think from that perspective, some of these initiatives will help us stay ahead of the industry over a period of time and sustainable over a period of time.

Sameer Gupta: Got it, sir. Just a clarification here. The point I'm trying to make is that this 11%, 10% growth may not be completely reflective of the end consumer demand at this point.

- Venkatesh V:** You're partially right. Yes, there is an element of individual company performance on this, which I think we should be able to sort of work on that. But the larger point in terms of a significant growth is also buoyed by the festive demand that we've had. So I don't want to sort of underwrite it off completely. We do believe that there is demand resurgence or a festive demand that's worked in specific categories for us. But there is the added layer of our own initiatives that have come.
- Sameer Gupta:** Got it, sir. This is helpful. Second question, sir, is on the commodities. So, aluminum prices have been up 20% in the past 6 months, and I'm sure copper is also trending in a similar trajectory. I believe that it is yet to hit the P&L given that you have a 70-75 days of inventory on sales?
- So firstly, what would be the salience of aluminum and copper in your cost basket? And are there plans to take price hikes in the immediate future to mitigate the impact or we would look at other means?
- Venkatesh V:** It would be a combination of other means and also a price hike. We don't rule out a price hike. Like has been in the past, we would also evaluate price hike as relevant, but it would not be sort of deviating much from the industry to that extent. We don't want to be a loner in terms of price strategy.
- I think the current scenario of cost warrants that there is a price correction across the board, and that should be visible in the coming months. Some of them have been initiated. Some will get initiated. There would be price corrections that would happen based on the current cost pressures that we have. The only thing that we would like to be very clear is that we wouldn't be a lone ranger in this.
- Sameer Gupta:** Got it. And the percentage of salience of aluminum, copper in our cost basket, sir?
- R. Saranyan:** It will be 20% to 30% depending on the product to product.
- Moderator:** The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers.
- Rehan Saiyyed:** Most of my questions you have answered already. And I have left with two questions. So first of all, I want to understand regarding you said that modern trade and e-commerce continue to lead growth. So I want to understand how does profitability in these channels compared to general trade? And how are you managing discounting pressure in online platforms?
- Venkatesh V:** Is your question specifically related to profitability of these channels?
- Rehan Saiyyed:** Yes,
- Venkatesh V:** No, I think we view e-comm as a high-growth channel with reasonable profitability. It's a business model that we have mastered over a period of time, I would say, reasonably mastered over a period of time, despite competitive challenges that the channel might have.

I think our belief is the e-comm channel is here to stay. It is a high-growth channel. At a profitability level, we do not see too much dilution at a channel level. I think there are some costs that are neutralized. There are some costs that are picked up.

Net-net, I would say that it is a channel of reasonable profitability and a sustained growth in the channel would not impact our P&L. It would help us from a growth perspective. The challenge is to make sure that the pricing across channels remains the same, and that's something that we have strategically addressed.

We would like to make sure that general trade as well as the e-comm channel, the pricing is maintained, and that's something that we've internally worked with our partners, work with the e-comm partners as well to make sure the dilution does not sort of impact the growth. So the channel would continue to be high growth for us and would be reasonably placed for us on the profitability curve as well.

Rehan Saiyyed:

Okay. Okay. That's a fair understanding. And last one more question is regarding the -- you have put that 45 SKUs launched in quarter 3 and another is planned 40 in quarter 4. So how do you balance SKU expansion with the need for inventory discipline and working capital efficiency going forward?

Venkatesh V:

No, new products in some of our categories that we operate and largely in kitchenware and appliances, even if you were to look at, I think new products is definitely a lever of growth and consumers' preferences in terms of aesthetics, consumer preferences in terms of new design in the kitchen, making the kitchen look much more beautiful.

I think there is a continuous need for us to keep reinventing some of these SKUs. The inventory management is a function of volume projections, is a function of very rigorous focus on low-volume SKUs. Some of them get phased out over a period of time. Some of them get reinvigorated, and that's the way we manage.

So I wouldn't -- so in my view, I think the numbers that you're talking about are something that this category would continue to see for many more quarters to come. The nature of the product might change up and down depending on the category. But I think at a company level, we would lay a larger emphasis on introducing new SKUs based on design, based on aesthetics, based on functionalities as well. And they get managed through a systematic way across different channels.

Moderator:

The next question is from the line of Shreyans Jain from Svan Investments.

Shreyans Jain:

Congratulations on a good set of numbers. Sir, my first question is, when I look at the appliances piece of your business, the growth is largely below the overall company, 3% growth. And if I look at the last 4 years, Q3, the proportion of sales has also come down, 200 bps, it has gone down. So what really is happening in this category? And why do we see such low growth rates in this category?

Venkatesh V:

Yes. Like I mentioned, I think yes, I would see this in two parts. I think there is a very strong resurgence of the kitchenware category, which bodes well from an industry perspective and from a company perspective. I think there's reasonable, robust demand-backed growth in the kitchenware backed by a lot of SKU introductions that are happening, material upgradation that's happening, geographical expansion that's also happening, right?

On the appliance side, I think all of these are happening, but we've had issues around pricing. We do believe that there are pricing pressures that are happening in the industry today. And that sort of is leading to a depletion on value, and that's probably one of the reasons the growth seems to be sharply reflecting what you had mentioned, right?

So the appliance category has sort of two challenges. One, there is a pricing challenge driven by a few sets of channels. And a lot of new brands are entering these categories and are sort of playing tactical pricing at this point in time.

So my belief is that these categories -- some of our categories will go through this pricing challenge. The only way that we would address this is by premiumizing and continuing to stay on our path of premiumization. And we would also focus on introducing a lot of small domestic appliances, which we believe is also now sort of becoming an impulse category equivalent.

Consumers are sort of testing out a lot of new categories of smaller value, thanks to quick commerce, thanks to e-commerce. That is something that we are focused on. So we are taking a two-pronged approach. Appliances, we will continue to focus on premiumizing our portfolio, building our brand portfolio for Prestige. Second is to look at some of the smaller appliances of relevance to consumers and start sort of loading them.

So it goes back to the previous question also. Therefore, you will see a lot more SKUs coming in, a lot more category -- subcategory introductions that will happen. But in general, our view, I think the appliance business is going through a pricing war or a sort of pricing aggression at this point in time. We do believe that it is transient in nature, and it should sort of play out over a period of time. And therefore, we don't want to abruptly respond to some of this.

We will take a call as we move forward and see a few more or maybe a couple of quarters, before we really sort of change if it is required. In comparison, the demand seems to be small, lesser for appliances compared to kitchenware.

Shreyans Jain:

Okay. Sir, my second question is, can you help us with the channel mix for us? Why I'm asking this is because as we expand our TTK Prestige EBOs, how do you sort of compete with the GT? Because typically, our business used to be heavy on the GT. And now when you go out and open EBOs, isn't there a channel conflict, the GT guys seeing cannibalization of sales happening? So how do you sort of balance that between your EBO strategy as well as the GT?

Venkatesh V:

It's not a new strategy. I think, see, we -- over the years, we built 700 stores, right? And we are only accelerating the pace of that growth as we move forward. So, as a fundamental philosophy, we believe that the 2 channels are not cannibalizing each other. There might be some structural cannibalization.

But given that we've operated these stores over the last so many years, structurally, I think they talk to 2 different sets of consumers, one. Second, I think the product portfolio, we see very clear differences. And we do believe that they coexist and they complement and they don't sort of necessarily cannibalize in a view.

In our view, it's a good strategy that has played out for the success of the company in the last few years. We have repositioned -- we are sort of becoming more aggressive in this channel as we move forward, placing our confidence in the channel. So the 2 channels in our mind don't conflict with each other in terms of consumer preference, in terms of type of consumer profiles that are getting addressed, and also, to a large extent, the portfolio sales that happen as well. I think it works well in our mind.

Shreyans Jain: And is this EBO channel slightly more profitable for you?

Venkatesh V: I think they are more or less the same between general trade and Prestige Xclusive because there are some things -- like I said, each channel has got its own dynamics in terms of the way that we spend money. But having said that, I think each of the channels today are reasonably well placed from a profitability perspective in our mind.

Shreyans Jain: And sir, just the mix of channels for us?

R. Saranyan: It will be roughly -- general trade will be around 40%. Our EBO is around 15%. The large format and the e-commerce will do around 30% to 32%. The rest will be the institutions and others.

Shreyans Jain: Okay. And sir, just the last question. We've seen strong growth in Judge portfolio. So, just trying to get some sense, is it just because of some internal changes that we've done? Or do you think that price point, the market seems to be picking up, and the whole market has sort of turned for the better? Can you give us some sense there at those price points, what is actually happening in the industry?

Venkatesh V: So like I said, I think we are seeing growth across price points. In some of the higher price points, it's being driven by value upgradation. In the lower price points, it's being driven by volume growth. So Judge is playing in the mass market pricing driven by volume growth.

And I think it's a combination of the two that's working. So Judge play is at large around the growth that we are seeing from the mass market price points and the mass market expansion in terms of Tier 2, Tier 3 towns.

Shreyans Jain: Got it. I have one more question. Can I ask that?

Venkatesh V: Please go ahead.

Shreyans Jain: Sir, one question I had was the cooker and cookware have seemed to have done well, and you also mentioned in your commentary, slightly because of the GST impact. So can you just quantify ex of that, what would have been growth rates for us in Q3?

R. Saranyan: That will be very difficult for us to quantify and mention that.

Venkatesh V: Yes, I would -- the narrative would be larger that I think it's being buoyed by demand. There is a certain impact of GST, but I would not place a very large impact on that. I think it's been a sort of a demand regeneration and upgradation as two key levers for growth in this category.

Shreyans Jain: But do you see this sustaining? For the last 3 years, the whole cooker, cookware category sort of didn't do that well. So, do you think this actually sustains going forward? Obviously, last 2 quarters, we've done well. But do you think the next 2, 2.5 years, this category and overall kitchen should do well for the industry?

Venkatesh V: The growth rates may not be similar. It can be a little bit up and down. I don't want to hazard a guess on that. But directionally, I do believe that the category has got enough headroom and enough opportunities that are sort of pushing the growth compared to what the last 3 years would have been.

Shreyans Jain: Can you call that out? What specifics are you seeing?

Venkatesh V: So we are very clearly seeing -- like I mentioned, we are very clearly seeing value upgrade. Value upgrade is being driven in two forms: one, material upgrade from aluminum to stainless steel triply, cast iron of the world from a cooker, cookware perspective, or a cookware perspective at large.

Second, I think it is also -- we are also seeing a lot of premiumization happening around the form factors in terms of aesthetics. That's also helping us drive some of the value up. So I think there is a very clear demarked performance as far as premiumization is concerned in the top towns.

And as far as the volume growth is happening in the Tier 2, Tier 3 towns. So I think these two trends continue to be mega trends that are driving this growth. They will be reasonably consistent in this for the next few years to come to mind. I mean, will it be as high or will it be low? That I don't want to give a guess. But I think it will be a reasonable band of growth that the industry would see from this perspective.

Moderator: The next question is from the line of Resha Mehta from GreenEdge Wealth.

Resha Mehta: Sir, just extending the previous participant's question on cookers and cookware. So the GST impact would largely -- the bump up in demand would probably have settled by the end of December. So are we seeing a similar kind of buoyancy continuing even in Jan? Just trying to understand whether structurally, the demand for cookers, which is a mature category, looks robust even after the GST changes would have settled, and even cookware?

Venkatesh V: Like I mentioned, probably I don't want to put a number to it, but yes, it is reasonably better than in the past, I would say.

Resha Mehta: Sir, for cookers and cookware, I mean, sustainably, is it possible that cookers grow in high single digits and cookers, let's say, somewhere in the low double digits? Is that cookware at low double digits? Is that a possibility?

- Venkatesh V:** There's a little bit of disturbance on the line. We're not able to hear you fully.
- Resha Mehta:** Is it better?
- Venkatesh V:** Yes, please.
- Resha Mehta:** Yes. So I'll just repeat. So is it possible that going forward, cookers continues -- can possibly grow at, let's say, 7%, 8% because it's a mature category, while cookware can probably grow in the 10%, 12% range. Is that possible?
- Venkatesh V:** Yes. I think reasonably possible. And our belief is because of two macro trends. That's not very specific to our company, but from an industry perspective. I think there's a lot of replacements that are happening. The replacement-led growth in both these categories is fairly high at this point in time. I think if we're reaching a critical momentum in terms of the portfolio, that it would help growth.
- So you're right, from a highly penetrated category like cookers, I would see it very similar to some of the other categories that you would have probably seen in consumer durables. This category is also going through a significant replacement cycle driven by the need to make the kitchen even more beautiful, driven by the need to make the kitchen smarter, and also in terms of being able to drive some of the new material innovations in the market.
- So I think that replacement cycle is what is driving between a new user growth and replacement cycle, I would place a larger emphasis on the replacement cycle. The cookware category, I think the cookware category on the contrast has got the benefit of both. It is going through user growth expansion, and it is from unorganized sectors into organized sectors.
- It is also going through a sort of a replacement cycle in terms of material upgradation that is happening. So all in all, my belief is that when an economy of our size starts moving in a certain direction and a part of our Indian economy will behave in a similar manner. This category happens to be one of the categories benefiting from a macro trend of this nature. And I think we would see this happen for some more time to come.
- Resha Mehta:** Because of the muted growth in appliances, right, and you called out the high competition there, would you say that we would have lost some market share there in the last, say, 1-odd years?
- Venkatesh V:** No. So we've not lost market share there. We've responded where need be. Like I said, I think we choose the battles just to play. This is one place that we've probably seen it more from a perspective of category to category.
- In some categories, we've responded well. In some categories, we've reserved our sort of efforts at this point in time. But suffice to say that at a larger level, we've not lost -- we wouldn't have lost market share in our core.
- Resha Mehta:** And which products come in the others category?

- Venkatesh V:** Other category would be largely around your small items like kettles, that could be smaller items like...
- R. Saranyan:** Sorry, others will have your kitchen tools.
- Venkatesh V:** Others, yes. That is a small portion.
- R. Saranyan:** Others primarily includes Small kitchen tools, accessories, etc.,
- Venkatesh V:** So these are accessories and small kitchen tools.
- Resha Mehta:** And gross margins, so you did speak about that. But typically, like what is the -- how many inventory days do we hold for aluminum, copper and steel?
- R. Saranyan:** That is all a little more confidential. We don't want to reveal that in an open forum.
- Resha Mehta:** Okay. Okay. And this opex of INR200 crores, which we had envisaged when we began the strategic transformation, of that, roughly INR90 crores is done. So safe to assume that only the balance INR110 crores is remaining here? Or can we see some more opex going forward above the planned INR200 crores number?
- R. Saranyan:** So we have estimated close to around INR300 crores. That's more of an estimate we have put in. I think we are in the process of assessing what is required and when it is to be deployed. This will happen over a period 3 years. It may be around INR300 crores or less than or more than around that number.
- Resha Mehta:** But I think opex was INR200 crores and capex was INR300 crores?
- R. Saranyan:** Opex was INR200 crores and capex was INR300 crores.
- R. Saranyan:** You're talking about opex or capex, sorry, I got it wrong.
- Resha Mehta:** My question was on the opex. So what time period, how much time is left, and...
- R. Saranyan:** We have 3 years, that's what we have indicated. We have just completed a year. For in another couple of years, will continue.
- Resha Mehta:** Understood. And we've kept launching a lot of SKUs, new products, right? So if any metric you can share that, let's say, the products that you have launched in the last 2 years, how much are they contributing to our overall revenues? Or any colour if you can provide on this?
- Venkatesh V:** No, that would be a little too micro in detail. I think -- but suffice to say that these -- the new products that we are launching are also part of the reason for the growth that we are seeing today. I think they are clearly playing an accelerated role. And that is something that we can be confident about, and we will continue to stay invested in. Very specific contribution, I think we'll reserve our comments there.
- Resha Mehta:** Would it be like a single-digit number?

- Venkatesh V:** No, I wouldn't want to sort of put a number to that, ma'am, right now.
- Resha Mehta:** Sure. And just the last question on the exports. So, in view of the U.S. tariffs, right, how is our outlook on the exports? I see that we've grown well. And any benefits from this India, U.K. FTA that we are seeing?
- R. Saranyan:** There are benefits both in India -U.K. FTA and also we expect that in the India-EU FTA as well, but that will take some time for us to get these benefits. There are certain products may be exempted from duty when you are sending it from here.
- So some categories of items will get some benefit. But we have to wait and see how that's -- everything gets rolled out, but we are confident that we will get some reasonable exports because of that, but we have to wait and see.
- Venkatesh V:** The U.S. market remains challenged. U.S. market still is a challenge.
- Moderator:** The next question is from the line of Sahil from Cosma Ventures.
- Sahil:** Yes. I have a question regarding appliances segment. So actually, we could see growth in cookers and cookware. But among the newer appliances categories such as like air fryers, chimneys and hobs, could you highlight which products are currently gaining tractions and which ones have the potential to scale up materially over the next few years?
- Venkatesh V:** So I think if you were to look at the appliance businesses, a reasonable set of growth is happening, like you said, from air fryers and hoods and hobs. We also are seeing growth -- we are also seeing growth offshoots in mixer grinders as well, driven by premiumization.
- We are also seeing growth in cooktops as well. So cooktops have been slight -- amongst all cooktops have been a little muted. But I think the growth is being driven by the mid-sized appliances in the kitchen. The pressure is coming on the smaller appliances, which are lower in value but high in volume.
- Sahil:** Okay. Understood. So the highest growing products would be air fryers, hobs, and mixer grinders, right?
- Venkatesh V:** Yes.
- Moderator:** The next question is from the line of Rama Krishna Neti from ZEN Wealth Management Services.
- Rama Krishna Neti:** I have a couple of questions. The first one is like in your opening remarks, you mentioned that there has been pricing pressure and challenges because of the onset of new brands and new companies. So, I just wanted to understand which are the categories are actually seeing heightened competitive intensity. If you can throw some light on that.
- Second point is from a value migration perspective, like you were mentioning earlier as part of the answer to the previous question, that there is value migration happening from aluminum to

steel. So theoretically, just trying to understand the percentage composition between aluminum cookware or steel cookware, what was it a few quarters back and a few years back and what is it now? So, if you can just help us understand these two aspects?

Venkatesh V:

Okay. I -- again, the numbers that I'm talking about are not about the company. I think at an industry level, if you were to look at cookers, the aluminum category for cookers at an industry level would be around 50%. The balance 50% is a combination of stainless steel and triply growth in favour of stainless steel triply.

That's for the industry, we see that clearly. In terms of cookware, we do see that the stainless steel triply bucket is growing faster. It could be in the region of around 35% to 40% for the industry. I think that's the point.

In terms of brands, we are seeing a lot of brands enter into small domestic appliance based on China sourcing. And that is largely being sort of facilitated in the e-commerce channels at this point of time.

So that's probably where. So in the mid-sized appliances and high-value appliances, we don't see this pressure. We see this pressure on smaller appliances, which are driven by pricing, which are driven by e-commerce channels. A lot of new brands have come in. Some of them have reasonably placed themselves. A large part of them is probably a little bit of disturbance in the industry at this point in time.

Rama Krishna Neti:

This helps. Can I ask one more question, if it's okay?

Venkatesh V:

Please go ahead.

Rama Krishna Neti:

Yes. So just wanted to understand if you have taken any price hikes in the previous quarter?

Venkatesh V:

We don't want to specifically comment on it, but price hikes will be in the pipeline.

Moderator:

The next question is from the line of Mustafa Khedwala from Cube Investments.

Mustafa Khedwala:

Sir, in the mass and the mass premium segment, I'm assuming, sir, the pain that we are feeling in the raw materials, even our competition would be feeling. So sir, if we are the market leader and we are not passing on the cost, and if we don't hike prices soon, how will this -- I mean, the smaller players compete? I mean, won't they lose market share if they also don't raise prices?

Venkatesh V:

I think it's a very strategic question, which probably you will get to see our actions. I don't want to sort of pre-empt the conversation here on that. But I think the current round of pricing is very aggressive for all of us to respond. I don't think -- like I said, we are also. Some amount of pricing correction is due.

So we will do that, right? So that is something that we would sort of respond to. There are some areas where I think we will need to take a call basis how the category is looking at and how is it that we can respond. Directionally, there will be cost -- there will be price increases happening.

- Mustafa Khedwala:** Would that be more associated with the cooker, cookware segment or in appliances, sir, you see where the need of a price hike is more?
- Venkatesh V:** In both categories, we see the price hike reasonably to be done.
- R. Saranyan:** Because not only just aluminium, it's copper that is also going, in some cases nickel is also going up. So the impact is across the categories.
- Mustafa Khedwala:** Right, sir. Actually, sir, in the starting statement only, you said that you don't want to be the lone wolf increasing prices, and you are also hoping that -- so is that understanding correct that you are looking for an industry-wide consensus before you raise prices?
- Venkatesh V:** No. I think I would like to pre-empt that understanding. There's nothing that way. I think it is more about responding category. I sort of want to re clarify that. It is about responding category by category.
- R. Saranyan:** This industry is so fragmented with so many people that you cannot have any cartel or anything like that. I'm just saying this on the lighter side.
- Mustafa Khedwala:** No, no. My apologies. I wasn't assuming that the cartel is in place, sir. What my -- where I'm coming from is, sir, that this competition, which is leading to this price erosion and less pricing power, if the largest player in the segment, if they are not increasing prices and waiting for leadership from the smaller players first, I mean, that's the ambiguity that I can't understand, sir. That means, sir, larger players will take a price hikes.
- Venkatesh V:** No, that is what I clarified. That would be category by category. So I think probably if that statement of mind is sort of creating this ambiguity, we will do this category by category. There might be certain specific categories where we probably would be a little more later to respond, but I think price hikes will be taken.
- Moderator:** The next question is from the line of Unni from Geojit Investments Limited.
- Unni:** My questions they've been already answered.
- Moderator:** A follow-up question is from the line of Mustafa Khedwala from Cube Investments.
- Mustafa Khedwala:** Sir, if you look at our performance, if you just look at the cooker and cookware segment, sir, post corona, the high that we had in sales for the festive season, we have just crossed that, sir, this festive season again, sir. So what is the reason for this, vis-a-vis when I compare it to your closest competitor, they seem to have grown in high teens versus our growth of, let's say, like 3%, 4%. So, sir, what is the reason for this, sir, you would say?
- Venkatesh V:** No, no. We couldn't get your question. What -- I mean, if you could repeat the question?
- Mustafa Khedwala:** Sir, in FY '22, '23, sir, during the festive season of Q2, Q3, if you add up the sales, sir, our festive sale has barely crossed that level this festive season, sir. Whereas when I compare it to your competitors, they seem to have grown almost 18% to 20% versus FY '23. So sir, I'm trying to

understand, sir, what is the reason that we have been unable to grow in cooker and cookware segment as much as our nearest competitor?

Shankaran: The two periods are not comparable because that is several factors. The base cannot be right for me, and that is one. The base of somebody would have been lower, therefore, they can show a better growth. My base would have been higher.

Venkatesh V: So I think it's reasonable to look at the last year.

Shankaran: We cannot see any quarter isolation and then try to make a decision out of it.

Mustafa Khedwala: Sir, I've taken Q2, Q3, which is the festive season, Diwali?

Shankaran: No, it was talking about...

Venkatesh V: COVID period.

Shankaran: COVID period, that is 4 years away, much water has flown after that. So COVID period ignore. You'll have to take what we are doing from last year to this year.

Mustafa Khedwala: Actually, our sales have been falling, sir. So that's the reason why I wanted to understand, but okay, sir. No problem. Thank you.

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

Venkatesh V: So thank you. I think -- thank you for your engaging questions, and it sort of encourages us as we see a lot more of these questions and interest. As we said, I think we've sort of embarked on a journey, and the journey seems to be reasonably well placed in terms of a transition across the management and stabilization of that and some of the growth offshoots that we've seen in the last few quarters. And we do hope that we will consistently stay focused and on the growth path as we move forward. Thank you once again for all your questions and an engaging session. Thank you.

Moderator: On behalf of Ambit Capital Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.