



“TTK Prestige Limited 1Q & FY26 Earnings Conference Call”

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MODERATOR: **MR. YASH JAIN - AMBIT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the TTK Prestige Limited Q1 & FY26 Earnings Conference Call.

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 the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

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

Yash Jain: Thank you. Hello, everyone. Welcome to TTK Prestige Q1FY26 Earnings Call. From the management side, today we have Mr. Venkatesh Vijayaraghavan – Managing Director & CEO, Mr. Shankaran – Advisor to the Board, and Mr. Saranyan Rajagopalan – Whole-Time Director & CFO.

Thank you and over to you, sir, for your opening remarks.

Saranyan Rajagopalan: Good evening, everyone. Thanks for joining the call today. Before I hand over the proceedings to our Managing Director – Mr. Venkatesh, I just want to remind the participants about the Safe Harbour Clause. 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. 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.

Over to you, Venkatesh.

V. Vijayaraghavan: Good evening. Before I get on to the specifics, I will brief a view of what's happening overall business and across.

From an economic perspective, if you were to look at it, I think this quarter or the last few quarters have been a little challenging where economic growth across geographies have been sort of muted, a lot of uncertainties around inter-geographical tariffs and other areas that have been in play for the last few weeks or so. Overall, there seems to be a very muted growth across the globe in terms of some of the key geographies and the key markets. Also, adding to this and having linkages to our business as well as to our country overall, there have been issues around the global supply disruptions that have happened due to some of these macro conflicts that are happening across geographies. In this scenario, if you were to look at our view, I think has been very positive about India in overall one, which we believe is continuing to be at a robust 6% GDP growth and continues to be among the fastest growing economies as well. Having said that, there have been business-related disruptions due to this global uncertainty, particularly in the space of supply chain, shortages around containers for some of our businesses, both exports as

well as for some of the imports of our input raw materials as well. I think this continues to be a challenge and that is something that we would watch out for as we move forward.

So, a robust economy, we believe, would sort of reflect as we move forward in the specific category growths and the industry growth as well. Specific to the company, the quarter has seen a lot of growth, specifically on our channels across general trade, e-commerce, modern trade and we have seen robust growth led by e-commerce followed by the general trade. As we said in the past, we had a little bit of challenges around the MFI driven rural market that continues to be a challenge from last year and there is no sign of revival as we speak from that particular channel. However, the rest of the businesses, the rest of the channels seem to be on track, giving us good growth, particularly with e-commerce leading the pack and we see a slightly renewed positive trend in the general trade as well.

From a pricing perspective, opportunities opening up at the lower end of the market, a lot more competition evolving with new players coming in and there have been pressures on the pricing as well. But as a company, we believe that we are operating in the right space of premiumization route and we continue to be able to increase our value growth through premiumization as a central anchor strategy. There have been relatively easing of the input material prices, but we do believe that given the current volatility around the geographies and the global scenario, input prices will continue to be under pressure as we move forward and that is something that we are factoring in as we move forward in terms of our approach to the market as well.

Exports have been encouraging, but we do believe that there have been a little bit of overhang because of the uncertainty around tariff surrounding the US market and a couple of other markets and therefore, while there have been sort of green offshoots in terms of business growth, we are seeing sort of slowdown in terms of fulfilling orders as a combination of uncertainty and also as a combination of supply chain disruptions that I earlier sort of highlighted. So overall, the quarter in our view seems to be in the right direction as we set it out to be with robust growth coming in from the key channels of general trade, e-commerce, large format stores. The challenges around MFI continue to be there, but we do believe that that is sort of play out as we move forward in the coming quarters.

The overall numbers we have shared it in the gist and I probably wouldn't want to go back to the specific numbers again, but our domestic sales is now registering a growth of 4.7% year-on-year on a like-to-like basis from the quarter perspective.

In terms of operating margins, our operating EBITDA seems to be moving in the right direction. We are, as we have highlighted earlier, making substantial investments into strategic initiatives which are futuristic in nature, both in terms of capability building, in terms of investment into specific parts of the market, and also in terms of building the teams as well. And that is what you would see reflecting also in some amount of the EBITDA changes that we have projected for the quarter. As we had mentioned before, this is a transition phase in which we would like to

continue to keep invested upon and grow the topline as well as our cost efficiencies as we move forward.

We have had a very specific thrust around our Prestige Exclusive Stores. The channel seems to be doing very well. It is helping us in the premiumization strategy, and we are now ramping up our expansion of Prestige Exclusive Stores as we go forward for the next set of quarters.

The other initiative that we have been focused upon and yielding us good results is the Judge brand. The Judge brand post is repositioning in the market, continues to grow well and add to both our top line as well as to our efficiencies in terms of managing the distribution chain. So overall, I think we would see this quarter where we have sort of seen a resurgence in the general trade market. We do believe that we are doing a good job in that channel. We continue to be robustly growing in the e-commerce channel in strong double digits, and we are now able to sort of consolidate and move forward in the Judge brand as well, additionally, adding to the current strength that we have in our Prestige Exclusive Outlets.

We have introduced around 38 new SKUs during this quarter across all categories. We have been able to successfully sort of look at the entire cookware range, the cooker range and some of the small domestic appliance range. Over the last few quarters, we have substantially increased our presence in terms of both the quantum of SKUs as well as the portfolio that needs to be sort of arrived at. As we speak today, I think we have sort of ramped up our portfolio across all the new products and specifically small domestic appliances, cookware, also in terms of being able to bring in a new category growth across with air fryers as well. Overall, we seem to be in a comfortable space, and we do believe that we are doing the right things that would sort of help us leapfrog as we move forward.

The commodity prices have been stable during the quarter and like I mentioned, probably there would be a little bit of pressure as we move forward which we do believe we will be able to mitigate through internal efficiencies as we move forward. So, that is the overall story that I would say specific to the domestic market, and we continue to be invested upon like I mentioned in terms of capability building, capacity expansion as well as in terms of go-to-market investment that could help us sort of enhance the market shares as well.

So, that is the broad summary that I would like to leave the group with and open to questions.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Aniruddha Joshi from ICICI Securities. Please proceed.

Aniruddha Joshi:

Yes, thanks for the opportunity. So, in the presentation, we have written that MFI channel continues to face the challenges, but I guess we have already discontinued this channel almost 4 to 5 quarters ago. So, do we still generate any sales from this and what is the revenue percentage share from MFI channel for us in this quarter versus last year, June quarter? That is question number 1. In terms of question number 2, sir, we have seen that the e-commerce business has

done relatively better, but if you can also indicate the strategy for quick commerce for us and what will be revenue salience of e-commerce, general trade, MFI, CSD and quick commerce, all the 5 channels. Yes, thanks.

Saranyan Rajagopalan: Right. I will just take the first question. This is on the MFI channel. MFI channel, yes, you are right. I think in the last 4 quarters itself, we have seen the numbers coming down. The number for the first quarter is much lower than the previous quarter. For this Q1, it is not very significant. It is around 0.5% of the total sales, whereas it was around 1.2% last year. So, it is not very significant both in the last Q1 as well as this Q1. So, that answers. You want to add on the e-commerce?

V. Vijayaraghavan: Yes. So, I think while I would not be at mercy to be able to completely give you the contributions at different channels, suffice to say that we have substantial contribution across all the channels. It is not like one channel is dominant versus the other. Of course, general trade has a lion's share, but I think we are uniquely placed that we have a significant presence across e-commerce, across large format stores, and across quick commerce as well. Quick commerce continues to be in a very hyper growth phase. Overall, I think for the industry, quick commerce is probably around a 50% plus growth. It continues to be in a hyper phase growth. It continues to lead the overall e-commerce growth channel as well, and we are aggressively present. So, I would leave you not with specific numbers, but very clearly that we are dominantly present and our contribution of sales comes sort of well spread between the three channels of e-commerce, large format stores, and quick commerce now building upon. General trade, of course, continues to be a dominant portion of our overall contribution of sales. The MFI channel, we do believe that with this quarter more or less is gone. There would have been a little bit of an impact of the MFI channel in this quarter's reporting, but I think over from last Q2 onwards, we've sort of negated that and we don't foresee that channel to be dominant as we move forward.

Aniruddha Joshi: Okay. Sure, sir. So, just one more question. Now, with the new change in strategy, whether the company is also investing in hiring of senior management people, and what will be the key hire done till now, if you can elaborate on that front? Yes, thanks.

V. Vijayaraghavan: No, I think with the last 1-1.5 years, more or less the senior management has sort of been transitioned from the old guard to the new guard, and in this process, we've also sort of strengthened each function. Well, I don't want to put a number to it at this point of time. Almost all the senior functions have been staffed really well at this point of time. We are also bolstering the support systems where required in terms of people as well as in terms of technology as well. So, I think we are now fairly constant now in terms of some of the leadership positions. We are currently having all the leadership positions filled as we speak.

Aniruddha Joshi: Okay. Sure, sir. That's helpful. Thank you.

Moderator: Thank you. The next question is from the line of Lokesh Maru from Nippon. Please proceed.

- Lokesh Maru:** Hi, thanks for giving the opportunity. A few questions from my side. First one would be, sir, in the presentation, we have mentioned that general trade and exclusive stores had an average growth of around 6%, right? And then modern format and e-commerce together registered double-digit growth. So, the confusion remains that on an average, if MFI channel is just 1% today or less than 1% today and had been the same, had been sold like 1.5%, like you mentioned, same time last year, the average growth looking at this statement comes out at least around 9%-10%. So, what am I missing in this 5%-6% odd bridge?
- V. Vijayaraghavan:** Like I mentioned, last year Q1, we had a substantial portion of MFI. From Q2 onwards, it started receding down. So, this would be the last quarter you see this impact.
- Lokesh Maru:** Perfect. Exactly. I wanted to understand that. So, this would be the last quarter?
- V. Vijayaraghavan:** Quarter would have an impact of that. This would be the last quarter you see that impact.
- Lokesh Maru:** Until last year, if I am not wrong, this would be around 7%-8% odd, right? Of the overall sales. Same time last year.
- Saranyan Rajagopalan:** This would be 7%-8%. You are right.
- V. Vijayaraghavan:** Okay. Perfect.
- Lokesh Maru:** Thank you. The second question is, last quarter we had mentioned in our PPT that new SKUs would be 118 right? For Q1. So, what we have launched this time is 38, as highlighted in PPT again. So, anything we are missing, any rollovers that we will see in Q2, a substantial amount, is it?
- V. Vijayaraghavan:** No. So, two things. One, of course, last year, like I said, we were on a rampage to get the portfolio gaps completely addressed. We are sort of now consolidating that and focusing on getting some of the NPDs of last year also to scale up. So, you will see a steady flow of NPDs as we move forward. We are now sort of consolidating some of the NPDs so that we don't miss out in terms of growth from the portfolio as well. So, I am assuming you are referring to the last year's numbers.
- Saranyan Rajagopalan:** Your point was last time we had indicated 119 SKUs will be launched in Q1. You are right. But as part of the conscious decisions, we have decided to defer some to the subsequent quarters. We didn't want to flood the market with too many SKUs. That is based on the ongoing discussions we are having. That's why you see a lower number that got launched in Q1 versus what has been projected before. But you will see some of those coming up in the subsequent quarters.
- Lokesh Maru:** But yes, it is quite evident that even this number of 38 is quite an accelerated number compared to what we had last three years. So, good to see that again. So, the last question from my side is, gross margin has been quite high this time, right? 44%. If on a steady state annual basis, if you

could guide, 40% to 43%, any rough-cut number that you have in mind that one should pen down as an assumption on gross margin?

Saranyan Rajagopalan: It's very difficult to give you any guidance on the gross margin. That primarily depends on how the commodity prices go up and down. This quarter, we had the commodity price was a little stable. So, that's why we had seen that. I think we will not be able to give you, but it should be around this number. It should not go far away. Because if there is any decrease in the gross margin, we will definitely go for any price increase as well, as appropriate.

Lokesh Maru: Sure, sir. Also, lastly, it's good to see that our E-com sales are going well, but gross margin is holding up. So, that's all from my side. Thanks

V. Vijayaraghavan: Thank you.

Moderator: Thanks. The next question is from the line of Sameer Gupta from India Infoline. Please proceed.

Sameer Gupta: Hi, everyone. Good evening and thanks for taking my question. Most of them have been answered. Just one on the EBITDA margin front. So, I mean, you've mentioned that gross margins are expected to be more or less in this range. Plus, this quarter also includes around 18 crore expenses, which is attributable to the ongoing efforts. And sequentially, in terms of sales, this is the weakest quarter. So, would it be a fair assumption then that 8.6% EBITDA margin on a standalone level, this is the bottom of the margins and from here on, we can expect it to inch up in subsequent quarters?

Saranyan Rajagopalan: See, Sameer, that depends on the growth, because as we had mentioned before, the next few quarters, we also mentioned that in the gist, we will be spending a good amount of money on the futuristic nature for various synergies we are looking at to go to the next level. So, that impact will always be there for the next few quarters. Post that, I think once those exercises are done and then the actions are implemented, we should start seeing the EBITDA going back to the original, what used to be there before around 13% plus.

Sameer Gupta: That is fair, sir. But if that's Rs. 18 crore number that you have spent on these efforts is not going to increase further on an absolute basis. Then if the sales goes up, as in, in absolute terms and gross margin remains the same. Technically then it should reflect...

Saranyan Rajagopalan: It should reflect. That all depends on, what are the spends in that quarter. We have committed to spend around Rs. 200 crores. That's what we had mentioned early this year, in January. So, that Rs. 200 crores spend will happen over the next 3 years. So, how much, what will be spent in each quarter, that depends on how the numbers look. But obviously, if the sales goes up, ramps up, definitely the EBITDA margin will definitely improve.

Sameer Gupta: Thanks a lot, sir. That's all from me. I will come back in the queue for follow-ups.

- Moderator:** Thank you. The next question is from the line of Vishal from Trinetra Asset Manager. Please proceed.
- Vishal:** Thank you for the opportunity. So, I have a similar question on the macro side. So, while weak rural demand continues to weigh on overall volume growth, are you seeing any structural shift in the demand for more transition in premium activities across Tier 1 and Tier 2 cities?
- V. Vijayaraghavan:** So, one of the very clear defining trends that we are seeing, particularly in the large towns, the top, maybe the 50 towns to 70 towns, we are very clearly seeing that there is a marked movement towards slightly higher value products and therefore, premiumization as a trend is very clearly visible in some of the big markets. So, I think we are running a twin-pronged strategy where there are certain geographies where we would play the mass pricing and therefore distribution expansion, while in some geographies, very clearly, there is a scope for premiumization and that's playing out well. So, I would say the top 100 towns, probably the premiumization trend is quite visible by way of shift into better material-led pricing and also in terms of aesthetics as well. So, I think the market very clearly is sort of seeing a little bit of premiumization trends and this is also being facilitated by our own stores as well as we look at it.
- Vishal:** Okay. That's it from me. The rest of the question was answered already. Thank you.
- Moderator:** Thank you. The next question is from the line of Natasha Jain from Phillip Capital. Please proceed.
- Natasha Jain:** Thank you for the opportunity and good evening, gentlemen. I just have one question. So, what I have observed in the past couple of quarters is a lot of regional players have taken some feet in terms of getting very, very aggressive on marketing in terms of distribution engagement and that has kind of affected listed players' market share. Because if I see the industry is still growing at a mid to high single digit. So, your annual report also mentioned, but there it was mentioned that on the lower price point is where the competition is. But when I go on the ground, I also see a lot of premium players who are regional players not listed and they are doing very well, especially on the distributor incentive and that is why probably their products are moving faster than your listed players. So, any comment on that? How do you see this competition mushrooming in the coming quarters? That's it. Thank you.
- V. Vijayaraghavan:** So, you're right. I think. So, like we said, there is this premiumization wave that is also leading to specific geography led regional players sort of scaling up. I would say this is not unique to this category. This is something that you would see across categories across industries where there have been a new set of players who have come in very aggressively. Good product at the end of the day. Don't want to discount competition at any point of time. But I think there has been a very aggressive stance being taken at some specific channel level. We are evaluating that on a specific case-to-case basis, geography-by-geography basis. While we do believe long term, it is not something that is sustainable for some of the players. They may be sort of working it out on different priorities. So, to us, I think it's more important that we focus on our core and

that's what we are doing today by way of expanded distribution, by way of ensuring that we don't lose our counter shares in some of the big players, by way of ensuring that our portfolios are all complete today, premiumizing some of our categories. So, some of the internal actions that we have taken will ensure that we are able to hold versus some of these players. The question is, I think, of sustainability over a period of time. And of course, some priorities of business that each player would work with. So, to us, at the end of the day, it is a challenge, and I think we are working the challenge from both a geography perspective and a channel perspective. We don't see a concern in some of the specific areas around this because I think eventually this will play out in our view. Of course, it adds to competitive intensity, but that is something that every industry in the country today is going through by way of either DTC brands or by way of specific brands getting launched. So, I think our template is there to play against some of these competitions. I would say that good competition raises the bar and that is what we are working at. Suffice to say that we have been able to hold our ground and improve performance in specific areas while there has been pressure in this. But the pricing-led market growth opportunity definitely is at the bottom end in my view.

Natasha Jain:

Understood, sir. Thank you very much and all the very best.

Moderator:

Thank you. The next question is from the line of Reshma Mehta from GreenEdge Wealth. Please proceed.

Reshma Mehta:

Good evening. Thank you. So, I have a couple of questions. The first is on the appliances. So, if we see the growth in appliances category has been far more under pressure versus the other cookers and cookware category for us. So, is there any specific reason you are maybe at an industry level or maybe specifically for us?

V. Vijayaraghavan:

No, I think the appliance category, there has been a little bit of pressure in 1 or 2 subcategories which is probably why the number looks a little subdued. I think it is more tactical and time-bound in my view. We do believe that appliances continue to have a robust growth trajectory as we move forward. Specific quarter, there could have been a little bit of up and down that is happening. But our sense is that the appliance categories will continue to grow in double digits as we move forward, for the categories, for the industry as a whole.

Reshma Mehta:

Right. So, my observation was pertaining to the last few quarters and not just maybe the Q1. So, if I look at the last 4-5 odd quarters, it has been a lot more under pressure.

V. Vijayaraghavan:

No, that is very specific because of the quantum of the volumes that MFI channel has on appliances, which is why you are seeing that number very specific to us. If you were to have a look at outside of the MFI category, this seems to be robust.

Reshma Mehta:

Understood.

V. Vijayaraghavan:

Because MFI used to run disproportionately on appliances as well.

- Reshma Mehta:** And in terms of demand, are you seeing any divergence between, let's say, the South and non-South?
- V. Vijayaraghavan:** Not so much that we are looking at. Of course, within geographies, there are some geographies which are sort of outpacing. So, I think there are some geography-specific bright spots that I would say. South versus North, I wouldn't sort of, there is not much of discrimination that I could see in our categories per se. However, the premiumization trend is much stronger in South.
- Reshma Mehta:** Right. So, you know, in premiumization, a couple of quarters back we had articulated this ambition to perhaps launch a premium brand. So, where are we on that or is that still on the drawing board or is it something that we are not planning to go ahead with, considering that premiumization is a big trend going ahead?
- V. Vijayaraghavan:** Right now, we are consolidating our efforts with Prestige and Judge and our efforts to sharply define the portfolios and move Prestige up the ladder as well. An exclusive premium brand above Prestige is not something that is in the... it is in the works, but not right now.
- Reshma Mehta:** Got it. And, as far as channels go, CSD channel has been under pressure for quite some time because of the cut down of the government subsidies and inventory rationalization. So, do you think that these problems are kind of behind us and things have bottomed out there or are we not there yet as far as CSD channel goes?
- V. Vijayaraghavan:** We wouldn't be able to hazard a guess, but our sense is I think we are still not out of the woods yet as far as this channel is concerned.
- Reshma Mehta:** So, are inventory rationalization efforts still ongoing there? I mean, overall for the channels?
- V. Vijayaraghavan:** Yes. At the industry level, yes.
- Reshma Mehta:** Got it. And the other part was, you spoke about expanding, you know, the PSK stores that we have. That has largely been more or less stable over the last few years, if we see. So, what kind of pushing us to expand the number of stores and because what we understood from the past was that largely south we had kind of saturated or exhausted, we were well penetrated as far as our PSK stores were concerned. So, can you just elaborate like in terms of distribution expansion for your PSK stores? Is it largely going to be non-south or it's across India? And what's the change of thought here to kind of again focus is back on this channel?
- V. Vijayaraghavan:** So, two things. I think the channel; we believe that the competitive mode and we have been good at managing this channel. We, in fact, could call ourselves a retailer managing close to 700 or 675 plus stores. So, I think it's a substantial competitive differentiation that we believe can be well enhanced as we move forward. In terms of expansion, we are looking at it both from south and non-south. Of course, on a long-term basis, there will be a disproportionate growth coming from non-south markets. But south markets have enough leeway that is available for us to grow. So, in our minds, I think it's a combination of, for example, a large number of the big towns or

big markets. I wouldn't call south non-south. Big cities, for example, have significantly expanded their geographical boundaries. We are actually plotting some of those gaps that you would have had in these expansions. It could be Bangalore, it could be Chennai, it could be Delhi. So, I think a combination of focus on big metros, combination of focus on some of the mid-tier towns that's the focus right now. Would we go into very deep tier-2, tier-3 towns? The answer is no. Focused on probably the top 200-300 towns; we have enough scope for us to expand. On a long-term basis, disproportionate additions would come from the non-south markets.

Reshma Mehta: Understood. And just the last two questions. Would the India-UK FTA help us directly in any form and if yes, in what shape? And also, exports, do we have any direct exposure to exports to the US market?

Saranyan Rajagopalan: We do have a good amount of exposure to the US market, but these are all not our products. It's primarily a third-party contract manufacturing in their white-label brand. That's where Mr. Venkatesh was also mentioning in the initial opening remarks, saying that that has got some impact on our exports as well. The customers wait and watch there and wait and watch more to take the consignments. So, yes, that is there and that will have some impact. Not significant, but that definitely has some impact on our exports. With respect to UK-India FTA, it's too early to say, but definitely there will be some benefits, especially for the export of stainless-steel cookware from India to UK. We are seeing some benefits, but we have to wait for some more time before we see these benefits.

Reshma Mehta: And if you could quantify the exports to the US in the form of white labeling?

Saranyan Rajagopalan: When you say quantify, you want a percentage?

Reshma Mehta: Like as a percentage of revenue, like in FY25, what was it?

Saranyan Rajagopalan: It will be roughly, out of total exports, 15%-20% will be, around 20. But I don't want to divulge so much of information also here being competitive, but it's roughly around 20%.

Reshma Mehta: Of the exports?

Saranyan Rajagopalan: Yes.

Reshma Mehta: Got it. Alright, thank you so much.

Moderator: Thank you. The next question is from the line of Sumit, an Individual Investor. Please proceed.

Sumit: Good evening. I just wanted to know, the UK subsidiary had an impairment charge last quarter. No charges this quarter. Do you expect that trend to continue? And the UK FTA agreement, is that net positive for your UK subsidiary or does it make a difference? I don't know what falls --

- Saranyan Rajagopalan:** Right. We do review the impairment on a quarterly basis. I think we have done a review in March and we have already provided for and at this point in time, there is no need for any further impairment. With respect to the UK FTA, as I did mention, we have to wait for some time. We do see some benefits in export of SS cookware. They are buying some of the stainless-steel cookware from India. Currently, it is not that significant. But once we ramp up, I think that will benefit them. But it is too early to give any number on what exactly the benefit is at this point of time.
- Sumit:** Alright, thank you.
- Moderator:** Thank you. The next question is from the line of Praneet, an Individual Investor. Please proceed.
- Praneet:** Hello, thank you for the opportunity. I was wondering about the export strategy you wanted to follow. Are we actually looking at exports as a major revenue driver going forward? If yes, how are we planning on scaling up the revenues, especially with the contract manufacturing part of it?
- V. Vijayaraghavan:** So, on the export side, I think we are working vigorously to look at how do we sort of leverage some of the opportunities coming in. It would be largely around the white label exports that we would be focused on. Having said that, in the immediate next few quarters, we do not see this to be a strategic lever for growth. We are investing in capacity. We are investing in knowledge upgradation. We are investing in some of the quality-related systems that is required. We do believe that it is a reasonably profitable business combined with the current infrastructure that we have. But it is not of immediate short-term focus. Long-term, this would be one of the growth drivers that we look at. But when I say short-term, maybe the next 3 to 4 quarters, we would not be sort of focused on this so much.
- Praneet:** So, what we do see for exports is mostly the cookware category, right? In terms of cookers and rest of the ceramic-coated pans and all of that? Or would it be appliances part of it?
- V. Vijayaraghavan:** No. Exports will be largely cookware pivoted for us.
- Praneet:** Understood. And in the commentary in your presentation, you also mentioned the fact that there has been a lot of competition in terms of the market. So, did we have to take any pricing discounts and all of that? And how do you see, as the competition continues to grow, do we see any sort of price reductions in our overall strategy? Or how do we see our overall pricing strategy going forward?
- V. Vijayaraghavan:** No, like we mentioned, we would play it as a two-prong strategy. One, which we leverage pricing as a strategic lever to grow some of the volumes in specific target markets. The other one, we are quite clear that we would play the space with reasonable pricing, which will be competitive in nature. We wouldn't sort of look at dilution of pricing as a lever in the long term. So, I think while there is competition, like I mentioned, I think each player has got their own way of looking

at it. Overall, we do believe that given the premiumization trend, there is enough scope for us to balance the pricing as we move forward. We don't see the category sort of getting under pressure from an overall pricing perspective outside of raw material. Competitive intensities will be handled by their own merit. That's the way I would look at it, channel-specific action, specific reactions, what need be from a portfolio perspective. But on an overall basis, I think we are reasonably placed to be able to play the market the way we think is right to play.

Praneet: Understood. So, we expect the margins to remain consistent going forward or do we see a slight increase or how is it going to be?

V. Vijayaraghavan: I wouldn't want to give directions at this point of time. But we would ideally aspire to hold it where it is today.

Praneet: Understood. And one more thing regarding the market. So, basically, the urban market has been facing distress, at least that's what the commentary has been mentioned by the FMCG companies. Do we also see that and rural coming back? Or how does Prestige see these markets at this moment of time? Is there stress in the urban markets or how is it for Prestige?

V. Vijayaraghavan: There is a little bit of stress, I would say, on volume. The growth is being driven, like I said, from value. Volume, if I were to linearly look at volume growth, there is a little bit of a stress across categories and across the geographies, I would say. Robust volume growth is just picking up in my view. So, from a volume growth perspective, there is pressure both across rural and urban.

Praneet: Understood. Got it. That's it from my side. Thank you.

V. Vijayaraghavan: Okay, thank you.

Moderator: Thank you. As there are no further questions, I would now hand the conference over to the management for the closing comments. Over to you, sir.

V. Vijayaraghavan: Thank you. Thank you for a very engaged conversation. We look forward and I think we have been constantly for the last few quarters, the organization has gone through a massive transition in terms of leadership, stabilized and we've invested in the right places. We continue to stay invested in opportunities and to focus on, like I said, capacity building, capability building, which augurs well for us as we move forward. We look forward to much more better quarters. Thank you.

Saranyan Rajagopalan: Thank you.

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