

## "TTK Prestige Limited 3QFY18 Results Conference Call"

January 24, 2018







ANALYST: MR. ANUJ BANSAL - AMBIT CAPITAL PRIVATE LIMITED

MANAGEMENT: Mr. T T JAGANNATHAN - CHAIRMAN - TTK PRESTIGE

LIMITED

MR. CHANDRU KALRO - MANAGING DIRECTOR - TTK

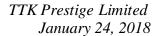
PRESTIGE LIMITED

MR. K. SHANKARAN – DIRECTOR (CORPORATE AFFAIRS) -

TTK PRESTIGE LIMITED

Mr. V. Sundaresan - Chief Financial Officer - TTK

PRESTIGE LIMITED





**Moderator:** 

Ladies and gentlemen, good day and welcome to the TTK Prestige Limited 3QFY2018 post results conference call hosted by Ambit Capital. 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 the 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. Anuj Bansal from Ambit Capital. Thank you and over to you Sir!

Anuj Bansal:

Thank you. We would like to welcome and thank senior management team of TTK Prestige led by Mr. Jagannathan for the 3QFY2018 earnings call, so I hand over the call to Mr. Jagannathan for opening remarks and for question and answer to follow after that. Over to you Sir!

T.T. Jagannathan:

Thank you Anuj. The quarter has been reasonably good. We effectively grew the topline at 14% adjusting per GST and the bottomline at 40%. Good expansion in margins due to various reasons, one the denominator was lower because of the way the sales are reported. Two we had good foreign exchange positions of our imports cheaper. Three, interest income in this quarter as opposed to same quarter last year where it was an expense. Fourth model mix was better, we saw more high value ticket items and last the capacity utilization was very good, so we have made some gains there, so the margins expanded and topline growths were reasonable and if you take two quarters put together that is the second and third topline growth was as high as 20% taking into account GST, so it has been a reasonably good period. Thank you. I love to look forward to your questions.

**Moderator:** 

Thank you. Ladies and gentlemen we will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We take the first question from the line of Avi Mehta from India Infoline. Please go ahead.

Avi Mehta:

Sir essentially just wanted to ask, if you could share the category-wise net sales growth, please?

T.T. Jagannathan:

Anyway, I will repeat it for you. For the quarter, cookers grew by 9%, cookware degrew by 4%, appliances grew by 14%.

Avi Mehta:

This is taking gross sales in the base and net sales, I was basically asking for the adjusted number?

T.T. Jagannathan:

Adjusted number. Category-wise I do not have that now.

V Sundaresan:

Category-wise probably we have got some numbers worked out. It is about 18% in pressure cookers, 2% in cookware and appliances around 20%.

Avi Mehta:

Sir I am just kind of taking versus the last quarter if I kind of see the last quarter we had indicated we were expecting a very strong third quarter, a reasonable growth in third quarter essentially



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because the pricing differential had kind of reduced, there was competition and kind of increased price and hence the expectation of full year number of about 15% growth how should we look at that now Sir?

**T.T. Jagannathan:** 15% adjusted per-GST. Post-GST numbers are reported lower than the last year number, so we

adjusted per GST, but it will look again 15% topline growth and probably 30% bottomline.

Avi Mehta: You said 15% growth is adjusted per GST, now the second question was Sir even you had

indicated guidance on margins, which looks very low now 13%.

**T.T. Jagannathan:** Yes because we are selling higher, which margin are you talking about EBITDA or PBT?

**Avi Mehta:** For EBITDA you had given 13%, which is?

**V Sundaresan:** Not 13, we said 30% growth.

Avi Mehta: This gross margin trajectory has been extremely healthy congratulations for that, would it be fair

that this is driven on the back of a new innovations and Judge brand and hence it should continue

at this rate?

**T.T. Jagannathan:** Partly.

**Avi Mehta:** So part of this kind of should sustain is what would be your fair estimate?

T.T. Jagannathan: The denominator is lower because the way it has the report under GST, so that increase is the

margin. Foreign exchange was benign, so we had some earnings improvement in imports and our interest income was positive this quarter as opposed to same quarter last year was negative. So

that was a big swing and also the capacity utilization was better.

Avi Mehta: No Sir because what I meant is that even on a absolute basis you have actually done a

phenomenal job in terms of gross margin that is why I was trying to understand how should I take this going forward, it is almost in QoQ basis, which is GST to GST. There is still a very

sharp moderation?

T.T. Jagannathan: That is because the second quarter because of the carry forward stock that we had from the first

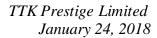
quarter we had lost the GST awarded cost.

V. Sundaresan: We have to give transition credits to the trade that was the expense that we had shown in the

second quarter.

Avi Mehta: But that was in the other expenses right Sir?

V. Sundaresan: It was in both. Partly in other expenses, partly in material cost.





**T.T. Jagannathan:** About 7.25 and 3.25.

V. Sundaresan: About Rs11 Crores went.

**Avi Mehta:** 7.25 Sir was in other expenses?

**V. Sundaresan:** It was in material cost, expense 3.25.

Avi Mehta: I will come back in the queue for other questions. Thank you.

Moderator: Thank you. We take the next question from the line of Ravi Swaminathan from Spark Capital.

Please go ahead.

Ravi Swaminathan: Congrats on a good set of numbers. Sir just wanted to know how much of the revenue growth

that we had seen would be from volume growth and price increases and can you give us flavour on how the growth has been in south and non-south markets for you? If you can breakup the revenue growth between volume growth and price increases we have lot of products in SKUs, but on a ballpark range how much would have been because of volume growth and price increase?

V. Sundaresan: Overall it is largely due to the volume growth and the better product mix.

**Ravi Swaminathan:** So ticket size might have gone up, but?

V. Sundaresan: Yes.

Ravi Swaminathan: Input costs have also gone up, so is there a possibility of a price increase over the next three to

six months that we can see?

V. Sundaresan: We will have to wait and see what happens to input prices, but if it continues in trajectory there

will be (inaudible) 8:31.

Ravi Swaminathan: Got it Sir, got it and if you can give a flavour on south and non-south market growth how it was

and especially in south key states like Tamil Nadu, etc., how the growth has been?

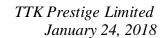
V. Sundaresan: The south actually grew quite well this quarter unlike the first half, the south growth was quite

robust, the non-south has been growing quite well anyway, so it has been overall quite a good

performance.

**Ravi Swaminathan:** Even TN, how is the growth?

V. Sundaresan: TN is starting to bounce back.





Ravi Swaminathan: It has been quite a while since GST has been implemented are you seeing signs of shift from

unorganized to organized or it might take some more time for all the e-way bill also to be

implemented to see a definite shift what you feel on that?

V. Sundaresan: You are absolutely right for the full impact to hit, we will need the e-way bill and the entire GST

to come in. Until then what we are definitely seeing is there is a growth in the customer base itself in the sense that there is a buoyant market there. The market is not looking bad at all and there is some shift that we are seeing already towards brands. We are likely to see more of it once

the e-way bill comes through.

Ravi Swaminathan: Got it Sir, got it and in terms of our own efforts Judge and Stellar how is the progress in terms of

touch points reach and what would be the kind of revenue or percentage share of the revenue

target that we have over the next two to three years?

V. Sundaresan: At this moment we have not launched the Stellar brand, we have only launched this Judge brand.

We have already appointed distribution in eight states it is still very new. We could not supply Judge fully because of the demand in Prestige itself as we said our capacity utilizations have been much better this quarter, but I think the initial response has been decent. We would be able to tell

you more specific on Judge after a couple of quarters.

Ravi Swaminathan: Got it and the distribution reach, will there be an overlap in Prestige or it would be like

completely it will be separate?

V. Sundaresan: Some will be overlap because the final retailers might overlap, but largely we are also looking at

getting the lower end of the customers, so there might be some difference as well.

Ravi Swaminathan: But the addressable market size, will it be as big as the one that Prestige or potentially can it be

as big for Judge also?

V. Sundaresan: Yes.

Ravi Swaminathan: Last question how was the January month so far in terms of traction Sir?

V. Sundaresan: It is looking good.

**Ravi Swaminathan:** Thanks a lot for your answers.

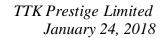
Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go

ahead.

Achal Lohade: Thank you for the opportunity Sir. My apology if I am probably repeating the same. You have

said 18% revenue growth in cookers, 2% in cookware and 20% in appliances, possible to share

the absolute numbers for the quarter?





V. Sundaresan: We are actually talking about GST adjusted. We were talking about at old VAT rates and the new

GST rates. Do you want those numbers?

**T.T. Jagannathan:** Achal I think everybody is asking on this GST adjusted price. What we have to look at is, is the

company growing in volume, since we are growing in volume in good double digits in every category, if that is what we are really looking at. In order to ensure that you get some flavour of this absolute values we are trying to factoring the GST factoring the growth and say it grown about 15% in domestic that is beyond that I am unable to share any major data with you. We are focusing on volume growth, on model mix and most importantly growing our EBITDA in

absolute numbers.

**Achal Lohade:** Fair point Sir.

T.T. Jagannathan: I think that is more important for the market than tinkering with the numbers here and there, it

does not make any sense to anyone of us.

Achal Lohade: Fair point Sir. Second question I had was with respect to A&P spend, would it be possible to

share the A&P for the quarter, absolute number?

V. Sundaresan: A&P we have been saying this again and again is being largely we have covered all seasons,

roughly our expenditure is similar in terms of percentage to sales and that is how we normally conduct the advertising through the year and our advertising is about close to between 6.5% and

7% of topline.

Achal Lohade: Right, that is on annual basis, I presume there would be some seasonality out there.

V. Sundaresan: Marginal seasonality because all the four quarters we advertise. In this time for example a lot of

advertising got preponed into Q2 also because Diwali was earlier as you know, so the differences

are not very large in fact.

**T.T. Jagannathan:** Plus or minus half a percent in any quarter.

Achal Lohade: Third question I had was with respect to how the appliances have done, you said 20% overall I

presume gas stoves contribute the most in terms of the appliances, so is the growth similar or is

there any difference out there?

V. Sundaresan: In fact gas stoves have grown very well and what is very heartening is that even the mixer

grinders have grown exceedingly well this quarter.

**T.T. Jagannathan:** And small appliances.

**V. Sundaresan:** And the small appliances.



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Achal Lohade: Right, so it is possible to share any number and also I presume then there is a market share gain,

do you believe that is it from the unorganized or you think it is all about the other peers in the

organized actually losing out on the market share?

V. Sundaresan: I think we would have taken some shares from the other peers the way we have done things, in

fact we have had a couple of good model launches, we have had a national advertising campaign for mixer grinders, which has also helped us and that is why we have got this business. And even in gas stoves we are seeing the figures, today in gas stoves we are by far number one in the

market.

Achal Lohade: Possible to share market share we have in case of gas stoves and mixer grinder just a ballpark

numbers at least for last year let us say FY2017?

V. Sundaresan: I will share that separately with you.

Achal Lohade: Just last question in terms of the revenue growth or any margin guidance you would like to share

based on the new format of disclosure, the post GST numbers?

**V. Sundaresan:** We are looking at current trends continuing in the fourth quarter.

Achal Lohade: I was asking more for next two years that kind of. I do not have the GDP growth number in mind

Sir?

**T.T. Jagannathan:** I do not think even the finance minister has the GDP number.

**K Shankaran:** (inaudible) 15:52 is very bullish about it, if that is the kind of growth we are talking about we

should be (inaudible) 15:56 all the way for the next two years.

V. Sundaresan: But if you are just trying to get some trends, I think the trends are good towards brands. I think

we are well positioned to take growth from the market and we have done a few things right and

few of those things going forward as well, so we are looking at a good phase.

Achal Lohade: In terms of the capacity utilization at our Gujarat plant how is it shaping up now and how much

is we exporting out of that facility for Horwood?

V. Sundaresan: The Horwood export is by itself quite small, but the good news is that we are close to fructify

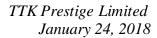
with a few big clients as we go along, which could take substantial chunk of our capacity from

the Gujarat plant.

Achal Lohade: Right and what is the utilisation at present?

V. Sundaresan: At present, we are looking at actually the next round of expansion we are working on that right

now, so we are almost to the brim.





Achal Lohade: That is great Sir. Wish you all the best. I will come back in the queue.

Moderator: Thank you. The next question is from the line of Naveen Trivedi from HDFC Securities. Please

go ahead.

Naveen Trivedi: Good afternoon everyone and congratulation for a strong numbers to the team. Sir coming back

to you as you mentioned that the capex would be there in the coming two years, so if you can give us some number how much you are building up in your estimates for the next two years?

V. Sundaresan: We are working on this, but I think we have been in a better position to give you that in the next

one quarter because we are a) in the process of making some kind of plan for the next couple of years, b) we will have a better view of the export numbers as we speak in this quarter and then

accordingly build the capacity. It will not be in one shot it has been a phased manner.

Naveen Trivedi: Last quarter you said around Rs.10, Rs.15 Crores kind of capex this year, so if I have to take as a

number for the next, I assume that you are saying it will take some time, but will there is a very

huge capex, which would be required for the next two years?

**T.T. Jagannathan:** What is the meaning of the word huge?

Naveen Trivedi: Like Rs15 Crores was the last year's number, last concall you had mentioned.

**T.T. Jagannathan:** That is no longer valid because our capacity utilizations are now above 85%.

V. Sundaresan: So, okay let me put it this way. There are enough cash flows in the company to fund that capex

and..

**K Shankaran:** It would not be as high as Rs400 Crores, which is spent in 2012-13 and 2011-12, it will be

largely larger because already got enough plan, enough building. We have got two types of investor looking at one is debottlenecking, which may not be very expensive, which will happen in the first year and then fresh adding capacities will happen, so that we have to estimate only

after we get into that nuts and bolts in the next quarter.

Naveen Trivedi: Fair point Sir and if you can give some colour like you mentioned in your press release that the

 $non-urban\ market\ has\ grown\ faster\ than\ the\ rest\ of\ the\ market,\ so\ do\ you\ also\ think\ your\ business$ 

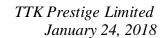
into urban and non-urban and if it is that then can you give us a breakup of TTK business

between these two markets?

V. Sundaresan: I think what was said in that press release, which you are referring to was that the rural markets

are now looking both accessible and quite like for us to address those markets and therefore for us the rate of growth from rural markets would be quite robust, given that we have variant

addressing it so much in the past and I do not believe that with so much infrastructure and so





much going into the rural economy the market are also quite buoyant towards brands in those market, so we will look at rural as growth opportunity going forward.

Naveen Trivedi: Fair point Sir. Thank you so much. That is all from my side.

**Moderator:** Thank you. We take the next question from the line of Varun Balachandran from Catamaran.

Please go ahead.

Varun Balachandran: Good evening Sir. Thank you for taking my question. The question on the Prestige Smart

Kitchen, so today we have about 531 outlets and we added about 12 in the last one year, so just wanted to understand the thinking in terms of the plans to kind of expand PSK going forward, how much of it is Tier 1 versus Tier 2 and as you mentioned the real opportunity is quite attractive and how do you plan to kind of expand, any plans to expand there and second was if you talk a bit about the same store sales growth for the PSK and any kind of spikes in particular

categories in the PSK?

V. Sundaresan: In terms of the PSK we are actually working towards tinkering with the format and the look and

feel of the store itself because we have done some research and I think we need to upgrade the stores, which is the reason why we have gone slow in the last one year or so in terms of store expansion. Our first new concept store two or three have already opened this quarter and I think we are looking at now aggressively coming up with plans for expansion on the PSK itself. Having said that even this year our same store growths are in very much in line with our overall

growth that you are seeing that we have reported in our topline.

Varun Balachandran: Got it and in terms of distribution of the PSKs as of today if you could talk a bit about the mix of

where they are today?

**V. Sundaresan:** I think yes it is about 40, 30 and 30 in terms of metro, Tier 1, Tier 2 and then lower than that.

Varun Balachandran: In terms of plans going forward, the plan to add these new format stores more so in tier 2, 3

versus metros what is your thinking on that?

V. Sundaresan: I think there would be more proportionated market requirements for us, for example we are little

underrepresented in the non-south, obviously we would look at opening more stores in the non-

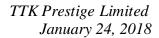
south than in the south at this point in time.

Varun Balachandran: Apart from that any kind of product types within the PSK itself you mentioned the gas stoves are

moving well, is that the case more so with the PSK and other?

T.T. Jagannathan: All the high ticket item move well in the PSK, whether it is high value gas stove or clip on, high

value pressure cooker, anything of high value moves better in the PSK.





Varun Balachandran: Just one other question on the cleaning solutions that we could talk a bit about traction that we

gained in the cleaning solution and in terms of the distribution reach or other (inaudible) 22:46

this particular category?

V. Sundaresan: At this moment we divide our cleaning solutions into three large pieces, one is the non-electric

cleaning solutions, the other is electric and lastly is the water purification. Now the water purification is looking quite exciting. We made very good headway with the non-electrics. In eight markets we have gone after distribution, we made very good headway in those markets with the distribution of non-electrics. For the non-electrics right now we are aggressively expanding the product portfolio itself aside of expanding distribution and we have come up with a fantastic

range of water purification products, so that side is also looking quite good.

Varun Balachandran: Understood Sir, great and just one last question if I may just on the cookwares you mentioned

that the growth is 2%, any kind of activity on the component of funds, which had a bearing on

the numbers or was it just more seasonality or anything else?

V. Sundaresan: No, you have to look at the two quarters together because Diwali this year was early October, so

the store really happened in the last quarter. If you take the combined of both two quarters, the

volume growth is about 10%.

**Varun Balachandran:** That in line with the longer term savings from this particular category?

**Management:** Yes.

**Varun Balachandran:** Alright. Thank you so much Sir.

Moderator: Thank you. We take the next question from the line of Niket Shah from Motilal Oswal Securities.

Please go ahead.

Niket Shah: Sir two, three questions. First on the home cleaning solution category that you have launched in

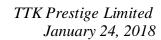
the last quarter you had mentioned that you were in process of launching the entire range, has that entire range been launched and if yes then how much time would it take to spread out across

the whole distribution network?

V. Sundaresan: No, I do not think we can cay we have launched the entire range, we have added a few

subcategories in non-electrics last year, we continue to do that this quarter and I think till the next two quarters we will continue to add to the non-electrics range. In the same breath in the water purifiers as well we have launched the new Tattva range of water purifiers, which are completely differentiated from whatever is available, that is now being rolled out to the various markets as we speak. We then look at how to expand the water purification portfolio. The electrics by itself have been slow to begin with, we actually setting up demo and experienced kiosks across the key

cities to see how those workout.





**Niket Shah:** The second question was on the inventory part of it before I think if you look at a couple of years

may be a year back there were years where the inventory holding at the retailer or at the distributor end would have come down substantially, is it now filling back or is it still at those

lower levels?

V. Sundaresan: Actually what we definitely know is there was a huge de-stocking pre-GST leading to a lot of

pressures in the channel to restock as well. I do not think that the stocks will ever go back to the old levels, but they are at reasonable levels today and we are quite happy with the way the stocks

are in the market.

Niket Shah: Sure, so it generally means that the turns are extremely faster as far as the retailers are concerned

because when you said in your opening remarks the momentum is very strong and the ground it

means the turns are faster?

**V. Sundaresan:** Yes, they have made a faster turns this year.

**Niket Shah:** Got the point, perfect. Thank you so much and I will come back in the queue.

Moderator: Thank you. We take the next question from the line of Mitul Mehta from Lucky Investment

Managers. Please go ahead.

Mitul Mehta: Just wanted to get some sense on the overall demand on the induction cooktop here, if you can

throw some light I believe we were down in the bottom and then we have recovered and how is

the current demand in the market and what is happening on the replacement side?

**V. Sundaresan:** The induction demand is quite good, given that the power saver is also quite good in various

markets, people have got used to the induction idea after they were forced into it initially. What we are also seeing is a very robust replacement demand today because people who bought it three years back are all coming back for replacement. So the market today I think is a stable market like any other one of those other categories that we are in and you can look at between 8% and

12% growth between good and bad year.

**Mitul Mehta:** How big would be the induction market at this point of time?

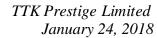
**V. Sundaresan:** It will be about Rs700, Rs800 Crores as it is today.

**Mitul Mehta:** What market share would we have in?

**V. Sundaresan:** We will be number one there, we have about 27%, 28% market share there.

Mitul Mehta: This induction cooktop market for us not I am saying for the industry, but we are growing in this

market now?





V. Sundaresan: Yes quite robust.

Mitul Mehta: Volume growth is there double digit?

V. Sundaresan: Yes.

Mitul Mehta: Thank you very much Sir.

Moderator: Thank you. We take the next question from the line of Avi Mehta from India Infoline. Please go

ahead.

Avi Mehta: Just referring to your comment on Judge that you are looking at partly same channel as well, are

you worried about there being any kind of cannibalization of sales from Prestige that especially

lower in Prestige for Judge?

V. Sundaresan: We have put this in a few stores where both are available. At this point in time we do believe that

the brand Prestige carries a far, far higher traction than what Judge is carrying, given that there is hardly any advertising behind Judge and Prestige is promoted, what Judge is aim to fight it and it is fighting with is the lower end regional players and the lower end market and I think that is

doing pretty well. I could not worry too much about cannibalization if that is the question.

Avi Mehta: No, I just wanted to kind of take your thought and secondly just kind of redoing, coming back on

the gross margins while you have highlighted that value added debt very well the fact remains that it is looking like more a structural kind of improvement in gross margins for the last two quarters, would you not argue that there has been more change in the portfolio, which is driving this or I am something Sir? For last two quarters you have done very good gross margin similar way you had done, GM is broadly similar for the last two quarters both in Q2 and Q3 that it is not

got to do with seasonality, which is got to do more with portfolio structure actually improving?

V. Sundaresan: Which is what we are saying because if you remember we launched the Clip On pressure cooker

last year and that has been a huge marketing success as we speak. The Clip On pressure cooker is more expensive than the normal pressure cooker, which is because of its structure and the way it

is build and as you sell more and more Clip On your A&Ps will go up.

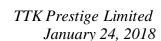
**Avi Mehta:** So that value added?

V. Sundaresan: Gas stove, in last year we moved a large portfolio to short glass and gave a lifetime warranty on

the glass, which no one else does and so there has been a shift that side as well. So you are right when you say structural portfolio shifts, but it is not pertaining to these two quarters. I think for

the last four or five quarters.

**Avi Mehta:** No, perfect, I just wanted to reconfirm that. That is all from my side Sir. Thank you very much.





Moderator: Thank you. We take the next question from the line of Snigdha Sharma from Axis Capital. Please

go ahead.

Snigdha Sharma: Thanks for taking my questions. Quickly one, we are running at high utilization across our plants,

when is the capacity expansion expected to come through?

**T T Jagannathan:** In FY2018-19.

**Snigdha Sharma:** So first half, second half, any timelines to that?

T T Jagannathan: It will be reserved for whole year, you cannot expand capacities on, on April 28, 2018 I will

expand capacity you cannot do these things it will take time.

K Shankaran: Unit by unit we have got eight units for this one. Where is a debottlenecking we will take that

and it will happen over a period of four quarters.

Snigdha Sharma: Understood and secondly Sir just again on the margin front we have done really well in the last

two quarters, if you can highlight what could be the margin levels going forward as well for us?

**K Shankaran:** We should be able to maintain the Q3 margin levels across at every level whether it is gross

margin or net margin or PBT margin or EBITDA margin wherever you talk about?

**Snigdha Sharma:** Great. That is very helpful Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Chirag Sidhwa from ICICI Securities. Please go

ahead.

Chirag Sidhwa: Thank you for the opportunity. Just wanted to know that how much the cleaning segment

contributed in terms of revenues for this nine month FY2018 period?

V Sundaresan: About Rs17 Crores odd.

Chirag Sidhwa: Rs17 Crores.

V Sundaresan: Yes.

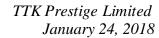
Chirag Sidhwa: How much would you intend to scale it up in the next two-three years as a percentage of total

topline?

**V Sundaresan:** You are looking at this being between 7% and 10% of topline.

**Chirag Sidhwa:** This would be contributed mainly from, it will be a mix up, your water purifier, electric mop?

V Sundaresan: Yes.





**Chirag Sidhwa:** The margin profile for these products are similar as 13%, 14%?

V Sundaresan: Yes.

Chirag Sidhwa: Thank you Sir.

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

go ahead.

Neeraj Prakash: I just had one question regarding the increasing capacity in the future, so when you increase the

capacity does it generally ramp up really fast or do we expect kind of a lag and then moderation

of margins when the new capacity comes on?

T T Jagannathan: No, we are going to add only additional capacity that should ramp up quite fast, it is not a new

factory we were just adding machines to ensure that we are able to smooth around any bottleneck

there.

**Neeraj Prakash:** Sure, it is just Brownfield expansion?

T T Jagannathan: Yes.

Neeraj Prakash: Thank you Sir.

Moderator: Thank you. The next question is from the line of Mitul Mehta from Lucky Investment Managers.

Please go ahead.

Mitul Mehta: Just wanted to ask you about the raw material situation what we have seen in the last three, five

months all the prices are up between 25% to 40%, so are we kind of feeling about rise in raw

material prices?

**T T Jagannathan:** Well actually our raw materials both aluminium and stainless steel have not gone up by 35%,

40%, they have gone up by about 10% and we will have to take the call by increase the prices

next quarter.

Mitul Mehta: Plan to increase the price next quarter.

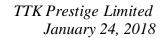
T T Jagannathan: Yes.

**Mitul Mehta:** The entire raw material increase?

V Sundaresan: Well if we are increasing the price, which we said we will try and take a call at the end of this

quarter, it will obviously be to cover up the entire price increase.

Mitul Mehta: Thank you very much.





V Sundaresan: We need some friends there to understand what we need to do, which is what we still waiting.

Mitul Mehta: Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Achal Lohade from JM Financial. Please go

ahead.

**Achal Lohade:** Thank you for the follow-up opportunity Sir. Just wanted to understand in terms of the Horwood

performance how do we look at it, it has been fairly volatile in the past, now it seems to be stabilizing, but the margins are still much lower than what we have seen in the past, so how do

we look at it from a medium term perspective in terms of?

T T Jagannathan: If you look at the Horwood performance, it has been impacted by Brexit, in fact our peers in UK

have lost money, we have not lost money, we are still making money till Brexit settle down market will be little unsettled and hopefully everything should get smoothened out by end of this

calendar year.

Achal Lohade: One can say that whatever we have reported for nine months or third quarter it may be continued

till the time Brexit issue is completely resolved?

**T T Jagannathan:** It may be yes.

Achal Lohade: Understood. That is great Sir. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to

Mr. Anuj Bansal for his closing comments.

Anuj Bansal: We would just like to thank Mr. Jagannathan and senior management team of TTK Prestige again

for sparing time for this call. Over to you Sir for any closing remarks if you may have?

T. T. Jagannathan: Those were very good questions. Let us hope the next quarter could be as good as we have done

better in this quarter. Thank you.

**Moderator:** Ladies and gentlemen on behalf of Ambit Capital that concludes today's conference. Thank you

for joining us. You may now disconnect your lines.