

GENERAL BACKDROP FOR Q2 OF FY 2014-15

A. GENERAL ECONOMY

THE CONSUMER SENTIMENT THOUGH POSITIVE IS NOT RESULTING IN GREATER DEMAND

INSPIRE OF CATCHING UP IN AUGUST AND SEPTEMBER, THE DEFICIT IN MONSSON HAS BEEN THE HIGHEST IN THE PAST FIVE YEARS AND PARTS OF CENTRAL INDIA ARE WITNESSING NEAR DROUGHT CONDITIONS

SUDDEN BURST IN 'E TAILING' IS CREATING CHANNEL CONFLICTS RESULTING IN LOWER STOCKING UP BY TRADITIONAL TRADE CHANNELS

WHILE THE DEMAND FOR PREMIUM PRODUCTS IS COMPARATIVELY SLUGGISH, DEMAND FOR NON-PREMIUM PRODUCTS IS ENCOURAGING.

B. SPECIFIC TO COMPANY

KEY SOUTH MARKETS ARE IMPROVING

POWER SITUATION IN TAMIL NADU IS COMPARTIVELY BETTER

OTHER THAN MONSOON DEIFICT REGIONS, NON-SOUTH MARKETS ARE GROWING

KEY PERFORMANCE HIGH LIGHTS OF 2ND QUARTER ENDED 30th SEPTEMBER 2014

(AS COMPARED TO Q2 OF PREVIOUS YEAR)

TOTAL SALES GREW BY ABOUT 11% from Rs. 353 Cr to Rs. 391 Cr

DOMESTIC SALES GREW BY ABOUT 14% FROM Rs. 335 Cr to Rs. 382 Cr(AS AGAINST 8.28% GROWTH OF Q1 FY 14-15 OVER Q1 13-14)

EXPORT SALES DROPPED FROM Rs. 18.26 Cr TO Rs. 9.16 Cr

GROWTH RATE FOR Q2 OVER PREVIOUS YEAR FY 14-15 Q2

EBIDTA WAS 47.29 Cr (PY Q2 : Rs.47.02Cr)

NET PROFIT AFTER TAX WAS Rs. 27.98 Cr. (PY Q2 30.30Cr.)

EPS WAS Rs. 24.04 (PY Q2 Rs.26.03)

EBIDTA MARGIN STOOD AT 12.08% AS COMPARTED TO PY ANNUAL AVERAGE OF 12.7%

KEY PERFORMANCE HIGH LIGHTS OF I HALF YEAR

(AS COMPARED TO I HALF OF PREVIOUS YEAR)

SALES FOR THE I HALF YEAR GREW BY 10.4% FROM RS.666 CR TO 735 CR

DOMESTIC SALES GREW BY 11.5% FROM Rs.637 Cr to Rs.710 Cr.

EXPORTS DROPPED FROM Rs.29.73 Cr to Rs.25.52 Cr

EBIDTA MARGIN STOOD AT 12.17% AS COMPARED TO PREVIOUS YEAR ANNUAL AVERAGE OF 12.7%

NET PROFIT AFTER TAX FOR THE I HALF YEAR WAS RS.54.5 CR AS COMPARED TO RS.56.09 CR OF PREVIOUS YEAR I HALF

EPS FOR THE 1ST HALF WAS Rs.46.82 (PY Rs.48.18)

KEY BUSINESS FACTS FOR Q2 OF 2014-15

TRADITIONAL PRODUCTS LIKE PRESSURE COOKERS & COOKWARE HAVE REGISTERED GOOD GROWTH AIDED BY OFFERING OF NEW AND IMPROVED RANGE. GROWTH IN APPLIANCE CATEGORY APPEARS LOW DUE TO THE BASE EFFECT OF INDUCTION COOKTOPS AND ALSO DUE TO THE PREFERENCE OF CONSUMERS FOR LOWER PRICED RANGES OVER HIGH-END RANGES. THE REALISATION MIX HAS THEREFORE IMPACTED THE TOP LINE.

PRICE INCREASE TOOK EFFECT FROM SEPTEMBER 2014 AND HENCE INCREASED RAW MATERIAL COSTS HAD TO BE ABSORBED IN OLD PRICES DURING THE PREVIOUS MONTHS. THIS HAD AN IMPACT ON THE MARGIN FOR Q2.

WHILE THE NEW FACILITIES ARE PUT TO GREATER USE, IT WILL TAKE A WHILE TO COMPLETELY STABILISE AND ABSORB THE ADDITIONAL OVERHEAD AND IN THE TRANSITION STAGE THIS IMPACTS THE MARGIN TO AN EXTENT.

DELAY IN LAUNCH OF NEW PRODUCTS HAS IMPACTED EXPORT SALES

THE NEW CATEGORY 'WATER FILTERS' IS IN INITIAL LAUNCH PHASE IN SELECT MARKETS

NET ADDITION TO PRESTIGE SMART KITCHEN NETWORK WAS 12 TAKING THE TOTAL TO 558

INVENTORY LEVELS AS ON 30TH SEPTEMBER WAS HIGHER DUE TO BUILD UP FOR Q3 FESTIVE SEASON RESULTING IN TRANSITIONAL BORROWINGS OF RS.55 CRORES.

SALES BREAK UP (RS CRORES)

	Q2		GROWTH	I HALF		GROWTH
	FY 14-15	FY 13-14		FY 14-15	FY 13-14	
COOKERS	146	128	14%	270	243	11%
MICROWAVE CKRS	2	10	-80%	14	14	0%
COOKWARE	74	56	32%	130	104	25%
APPLIANCES	155	150	3%	295	288	2%
OTHERS	14	9	56%	27	18	50%
TOTAL	391	353	11%	736	667	10%

PROPORTION TO SALES	Q2		I HALF	
	FY 14-15	FY 13-14	FY 14-15	FY 13-14
COOKERS	37.3%	36.3%	36.7%	36.4%
MICROWAVE CKRS	0.5%	2.6%	3.6%	3.6%
COOKWARE	18.9%	15.9%	17.7%	15.6%
APPLIANCES	39.6%	42.5%	40.1%	43.2%
OTHERS	3.6%	2.5%	3.7%	2.7%
TOTAL	100.0%	100.0%	100.0%	100.0%

GOING FORWARD

Q3 FESTIVE SEASON IS LIKELY TO BE MORE BUOYANT THAN THE PREVIOUS YEAR

GENERAL ECONOMIC RECOVERY IS STILL AT A FLUID STAGE AND HENCE IT IS DIFFICULT TO PROVIDE ANY CONCRETE GUIDANCE AT THIS STAGE. HOWEVER GROWTH IN THE SECOND HALF IS LIKELY TO BE BETTER THAN THE 1ST HALF