



“TTK Prestige Limited 4QFY24 Earnings Conference  
Call”

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**MODERATORS:** **MR. DHRUV JAIN – AMBIT CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to TTK Prestige Limited 4Q & FY24 Earnings Conference Call hosted by Ambit Capital Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

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

**Dhruv Jain:** Thank you. Hello everyone. Welcome to TTK Prestige 4QFY24 Earnings Call. From the management side today, we have with us Mr. Chandru Kalro – Managing Director; Mr. K. Shankaran – Whole-Time Director; Mr. Venkatesh Vijayaraghavan – Chief Executive Officer, and Mr. R. Saranyan, Chief Financial Officer.

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

**Chandru Kalro:** Yes, this is Chandru Kalro here and good afternoon everybody and thanks for joining the analyst call. Before I do anything, Mr. Saranyan will read out the safe harbor before we start.

**R. Saranyan:** Good evening, everyone. Welcome to our Earnings Call.

Before we start the discussion, I just want to remind all the participants that discussion today may contain certain statements which are futuristic in nature. Such statements represent the intentions of the management and the efforts being put in by them to realize certain goals. The success in realizing these goals depends on various factors, both internal and external. Therefore, we request all the investors to make their own independent judgements by considering all relevant factors before taking any investment decision.

Over to you, Chandru.

**Chandru Kalro:** Yes, thank you, Saranyan.

Just to give you an overview of the quarter that just went by, we had a marginal growth of 2.5% in topline and about a proportional increase in our PBT also. I think overall, given the challenging market conditions on our category particularly, I think we've done reasonably well. Most of the newer channels have done well. The general trade continues to struggle, as most of our peers have also been reporting to you. So, the online modern format and e-commerce and our own exclusive retail channel has done well. As we go along, I think one of the biggest things that we believe in a tough environment like this what we have achieved is to keep the balance sheet metrics absolutely strong and robust. Our working capital situation is very, very good. The cash position is very good and we've actually made things more efficient than before. And as we go along, I think these will be very handy in taking on any new growth initiatives that we require and the Company is in great shape to do that.

I now leave the floor open to any questions that the analysts or participants might have. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Sameer Gupta from India Infoline. Please go ahead.

**Sameer Gupta:** Firstly, the Company has seen a very subdued quarter despite the benefit of a poor base and in line competitor, Stovekraft, they have reported a 17% growth. Now I know, I mean they have their own business model but just wanted to understand since they operate in a lower price brand called Pigeon. Is this a kind of a trend of down trading that we are seeing in the market? Or when the slowdown started specifically, it was the low price segment which is struggling. Now they are seeing a turnaround. Just your thoughts on this?

**Chandru Kalro:** So, I don't want to comment on what Stovekraft did, but I believe their regular business may not have grown in their regular channels. I do believe that our

brand is absolutely strong. You know that we have come out with the Judge brand, which we are building over a period of time, which is precisely for this trend, if it might become seriously big. As of now, what we are seeing is for our product category, the affordability of a prestige product is not in question. What is in question is the share of wallet that seems to be coming back slowly but surely but has not yet come back fully. I wouldn't worry too much about competition, but would say that we've more than done well for the way we've done in this Q4.

**Sameer Gupta:** But you're not seeing any trend of down trading was my question.

**Chandru Kalro:** Nothing serious. See that it has been the same for a long time. If it's a mature category where the penetration levels of that particular durable are high, if there is no major innovation in that category, down trading is a natural thing that might happen. Unless there is an upgrade opportunity which is created within the same category. So, that truth of the category has not changed.

**Sameer Gupta:** Okay, got it sir. Secondly sir, just looking at the granular details of the topline, I see there is a large decline in appliances and if I'll just look at the history, this particular segment has seen kind of a very volatile performance. So, two quarters back, there was a 20% decline which was also standing out, now there's a 4% decline. So, is this some issue with the subcategory or are we as a Company specifically doing something which is causing this?

**Chandru Kalro:** No, in fact most of our peers have also reported very similar trends, you will see, especially in categories, large categories like mixer grinders where growths have been very challenged. And the other thing is, we are a multi-channel operation. There are always one or two channels that do not perform to the extent and some of them are very heavily dependent on certain product categories and in this case that is what seems to have happened.

**Sameer Gupta:** Got it sir, but still I mean this one particular category is seeing more volatility than others, just wanted some clarity on that aspect. I understand that the

channel operations are there but that would be similar for all other categories as well right?

**Chandru Kalro:** No, there are some channels where we operate have a larger play earlier in terms of the base. For example, the MFI channel was a very big mixer grinder thing at that one point in time and with the elections and the MFIs being regulated the way they are, that channel has not performed as much as it should have.

**Moderator:** Thank you. The next question is from the line of Aniruddha Joshi from ICICI Securities. Please go ahead.

**Aniruddha Joshi:** Sir, two, three questions. One, now with Mr. Venkatesh taking over, so what are the three key KRAs on which he's going to work on? And essentially, what will be the targets that he is looking at in next 3 years' perspective? Secondly, the Company had articulated a strategy earlier that they do not want to do any discounting at the Prestige level brand. So, they have introduced a judge brand at the low end of the market. And there will also be a launch of premium brand pretty soon. We are yet to see the launch. But will there be any change in this strategy and in terms of the new brand launch at the top? And so what are the current thinking in this regard of the new management also and overall now strategy of the Company?

**Chandru Kalro:** Mr. Venkatesh Vijayaraghavan will take forward the rich legacy of TTK Prestige of sustained profitable growth and that is his KRA. And he will look for any new opportunities of growth either within organic categories or some inorganic categories and that is something that he will be seized with. As regards the multi-brand strategy, definitely one brand has been launched, the multi-brand strategy is being drawn up. Segmentation and brand architecture will be done and that is a work in progress at this point in time.

**Aniruddha Joshi:** So, any timelines that you can share for the launch of the top premium end of the market brand?

**Chandru Kalro:** I don't think we are ready to do that today. Maybe at a later date we might be able to share something if there are anything that is being worked out. It's a little premature and competitively sensitive for us to release any such information at this point in time.

**Aniruddha Joshi:** Understood. In terms of market shares, how do you see the market share over the past 2 years because it's very difficult to get any market related data in the industry per se. Based on your own judgment, what would be the market share of TTK Prestige let's say two years ago versus now? And if you can indicate any region wise trends, let's say rural versus urban or North, South, East, West, that will be very helpful.

**Chandru Kalro:** Granular data in terms of geography, I think I will not be wanting to give you. But in terms of market share, let me tell you, there are certain key categories, six of them actually, where we track market share on a quarterly basis and give or take within 10 or 20 basis points, I think we have maintained market share in most of these key categories that we are seeing. We are seeing certain trends of further segmentation in subcategories which we are trying to take advantage of, which is what we want to segment the market further, either through a brand or through some category and that is what we are now seeing.

**Moderator:** Thank you. The next question is from the line of Mustafa Khedwala from Cube Investments. Please go ahead.

**Mustafa Khedwala:** Sir, if one compares our cookware segment to another competitor, Hawkins basically, while they have basically been flat, we have experienced a de-growth. So, sir, what are we doing differently or what are they doing that we are unable to do?

**Chandru Kalro:** I won't comment on what they are doing, I can tell you what we are doing. What we are doing is trying to ensure that our product development is in line with the new trends. In the last one year, actually, what they seem to have done is to have been aggressively launching many products in missing

subcategories, which is why they are showing some growth. Most of those categories we already had products. And since they are filling up category, they seem to be growing and we have already got those categories. What we are now doing is to further segment them and to see how we can accelerate the growth.

**Mustafa Khedwala:** Is it a fair conclusion that in the cookware segment we have basically populated all the SKUs possible, for that we have saturated the segment. Now there is no more further scope.

**Chandru Kalro:** No, that is not true. But most of the segments we already had, I think SKUs can always be added, upgraded and refurbished and that is already there. For example, let me give you the example. We had non-stick cookware, anodized cookware, anodized non-stick cookware, stainless steel cookware, tri-ply cookware and cast iron cookware and cast aluminium cookware. We already had this. What Hawkins has done in the last 15 months, they largely were in anodized cookware and anodized non-stick cookware. The balance segments they have come with. So, those are these new launches that you would have seen in the last 15 months. That's what I meant. Will Hawkins not launch new products or will I not launch new products, definitely we will.

**Mustafa Khedwala:** So, sir ceramic, die-cast and all these other segments also we intend to launch more products?

**Chandru Kalro:** Yes, we have die-cast cookware already. There are more cookware, there are more products in the anvil, things like that.

**Mustafa Khedwala:** And sir, another data point one, it looks that Hawkins having one third of our turnover is outspending us in R&D. So, why have we reduced our spend for developing future products? I mean, I think it was Rs. 5.5, Rs. 5.7 crore last year, our R&D spend. And Hawkins is Rs. 6.5 crores.

**Chandru Kalro:** No, see the R&D spend that we spend on manufactured products is what is getting reported, we are about 50% higher than them in terms of topline. And given the fact that I just gave you in terms of details as to what we already

had and what they are coming up with, since they have aggressively launched products, probably they have to spend more money, that's all. We must have spent it earlier, now they are spending, that's all. And our intention is to continue to invest. In fact, I'm very happy to tell you that just 12 months back, we have refurbished our entire tool room, which is in-house, with the latest equipment. There's a lot of software and design software that we've bought. We've invested in people in the last few months, exactly for this.

**Mustafa Khedwala:** That is a great news sir. Sir, last point sir, there are some channel checks that suggest that Hawkins initially did not have a lot of focus on the southern market which is our bread and butter market and now they have deployed a lot of resources over there in sales etc. So, have we lost some market share down South?

**Chandru Kalro:** No.

**Mustafa Khedwala:** Neither in cooker nor in cookware?

**Chandru Kalro:** No, we have not lost.

**Moderator:** Thank you. There is a question from the line of Punit Patni. Please go ahead.

**Punit Patni:** My question is regarding the growth rate. So, if we compare two decades from 2004 to 2014, the first decade, your growth rate was around 25% CAGR and from 2014 to 2024, it is around 7%. So, I would like to know the slowdown in growth is due to maturing of the category or is there something culturally different in the two decades?

**Chandru Kalro:** No, the base was very different. I mean 2004 we were a Rs. 100 odd crore Company and we grew at 27.65% CAGR up to 2013. There were several things that we did during that period which contributed to that growth. We were largely a cooker and cookware Company with a few appliances. We are going to total kitchen solutions and that story is known to everybody. And we started the retail initiative. We started inner lid cookers. We went for our geographical expansion in that. All of that was done. We went into channel



expansion. Multiple initiatives were done. Now, the period between 2015 and now, which is the 7.1% which you are talking about has been volatile for various reasons. Our own base has been expanded quite considerably as compared to many of our peers where you are comparing it on terms of percentage growth. Now if you look at absolute growth, I don't think you will have the same kind of situation, but percentages being there, the way the base effect is, that's what it's looking at. Culturally, the Company is continuing to look at sustained profitable growth with all stakeholders being taken alongside us with a win-win philosophy. That cultural value or ethos has not shifted at all.

**Punit Patni:** I am asking that from 2014 to 2024, there was the IT boom. And I might be wrong. What I can say, home cooking culture is reducing? That's what I'm trying to understand.

**Chandru Kalro:** No, there are no major shifts in trends like that, that has happened in the market. There was a very large shift in share of wallet during COVID or just after COVID. There is a large shift in share of wallet that has happened post that period. And those period of pre-COVID, post-COVID, many categories have faced this volatility, which is what we are also seeing. In terms of cooking habits, kitchen habits, I don't think there's any major cultural shift in the market.

**Moderator:** Thank you. The next question is from the line of Mustafa Khedwala from Cube Investments. Please go ahead.

**Mustafa Khedwala:** Sir, I just have two questions. In the previous television appearance, our promoter had indicated that we were expecting a better performance in terms of exports this year, sir. So, apart from the Red Sea problem, sir, what has stopped us from giving a better performance?

**Chandru Kalro:** I think what he meant was from an FY25 perspective, if you look at that television interview and that I think we are on course to make that happen. I don't think there's any change there.

- Mustafa Khedwala:** How much are we expecting for this year FY25, our exports?
- Chandru Kalro:** See, I don't want to give guidance. We are looking at aggressively adding to our list of customers in European markets and developed markets. And that effect has actually happened. I'm happy to tell you in the first quarter, we have onboarded new customers as well, but I can't tell you beyond that at this point in time.
- Mustafa Khedwala:** So, I just want to know more color, I mean is it all white label products that we export sir or is it are we exporting TTK branded products?
- Chandru Kalro:** No, it is white label.
- Mustafa Khedwala:** 100%?
- Chandru Kalro:** Yes, almost 100%. No, there is some Prestige product which we export under license with the brand owner and that is about 20%-25% of our total export business, the balance 75% is right here.
- Mustafa Khedwala:** And lastly sir, real estate sales have been growing really well, especially the premium segment. So, sir, I understand that our product gets bought at the fag-end of the ownership of a flat when a person actually moves in. So, are we seeing any trends towards the same, sir? Are we seeing any green shoots because the last post-COVID performance has been quite poor, I mean, relative to our past performance.
- Chandru Kalro:** No, just after COVID, if you see our numbers, we grew over 22.5%. After that, we grew around 5% on top of that 22.5% plus. And now we are looking at a minus 5% on that peak sale. That is the statement of fact. Coming back to your question, the real estate sale is a lead indicator. Our sale will be a lag indicator and that we are seeing. Already you have seen some of our peers because of the onset of early summer as well as because of the deliveries of flats. Categories like fans, water heaters, etc. have seen robust growth in the Q4. I think once people like you correctly said start moving into those flats, we are

going to see that coming to us. And already those green shoots are visible in our stores.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

**Chandru Kalro:** Well, first of all, thank you everybody for participating in the conference. And I can assure you that under some very challenging conditions, we've made the Company in this very strong position from a balance sheet perspective and from a P&L perspective. The growth has been challenged, and that's precisely what we are handling. And I think in the near future, that's what you'll see us talk about. Thank you once again.

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