

CHAIRMAN'S SPEECH

I have great pleasure in welcoming you all to the 62nd Annual General Meeting of your Company.

General Economic Scenario:

At the outset I would like to share with you the positive vibes on the general economic front.

The transient disruptions seen in the two-successive preceding Financial Years on account of the two major initiatives – Demonetization and GST introduction have by and large smoothened out, and the economy is now put on a stronger platform.

FY 17-18 witnessed a satisfactory monsoon except for a few regions in the South. Coupled with the good monsoon, focused implementation of various projects by the State – rural infrastructure, building of highways, direct transfer of cash benefits, agriculture/farmer friendly policies, etc.- , have started generating significant demand from rural areas across the country. Both farm income and non-farm income in many non-urban areas are on the increase aiding such rural consumption for consumer products. Schemes like Ujwala yojana, affordable housing, etc., are giving rise to demand for kitchen and home appliances. A robust rural economy coupled with pay commission's recommended pay increases are expected to have a positive impact on the Final Private Consumption Expenditure in urban areas.

Concerns do exist on account of increasing fuel prices which may push up inflation and trade protection policies of USA which can have an impact on exports and costs of imports.

According to IMF reports, there has been a synchronized cyclical recovery in global growth since late 2016 and is continuing to firm up. This trend will throw up export opportunities for developing countries based on competitiveness. Thus, prospects have brightened a tad for exports from India.

All in all, one can expect a GDP growth in excess of 7.5% in the coming years.

FINANCIAL YEAR 2017-18

The Annual Report for the year has already been circulated. This Annual Report contains both stand-alone and consolidated financials incorporating the business operations of the UK Subsidiaries.

Your company was back to double-digit growth notwithstanding the disruption caused during the first quarter of the year on account of GST introduction. Overall domestic volume growth was impressive across product categories – value added pressure cookers, cookware, mixer-grinders, induction cook-tops, gas stoves and rice-cookers – ranging from 10% to 30%.

Your company registered an all-time high turnover of Rs.1849 crores with an all-time operating EBITDA of Rs.249 crores. The operating EBITDA margin improved by 165 basis points from 11.9% to 13.5% aided largely by higher productivity and improvement in operating efficiencies. After taking in to account the one-time exceptional income of Rs.129 crores from monetization of development rights over the Dooravani Nagar property, your company registered a net profit of Rs.257 crores. EPS before exceptional income was Rs.129 reflecting a growth of 36.3% over the previous year's comparable EPS of Rs.94.

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The consolidated turnover was Rs.1982 crores with consolidated operating EBITDA of Rs.260 Crores.

The new segment 'Cleaning Solutions' is progressing satisfactorily in the markets in which products under this category have been launched. Rural market penetration is also progressing on expected lines and is yielding significant revenues.

Your company has commenced a plan for sprucing up the Prestige Smart Kitchen chain. All the outlets are being refreshed, reformatted and rechristened as "Prestige Xclusive"

Overall performance of your company was better than that of comparable peers and your company maintained or improved its market share in all key product categories.

DIVIDEND:

Your Directors have recommended a dividend of Rs.30 per share as compared to Rs.27 per share paid in the previous year, entailing an outflow of Rs.34.65 crores by way of dividend and Rs.7.12 crores by way of Dividend Distribution Tax.

Finances:

On a stand-alone basis, your Company is debt-free and carried a free cash of around Rs. 250 Crores as on 31.3.2018 after incurring Rs.70 crores on buy-back of shares.

Brand Salience & Recognitions

Prestige brand continues to be recognized as the Super Brand in the Kitchen Segment. Various recognitions for your company's innovations and stature have been mentioned in the Annual Report. I am happy to share that Brand Equity of Economic Times recognizes Prestige as the 5th most trusted brand of India in the consumer durable industry.

With a view to further fortify the brand salience your Company has roped in well-known celebrity Ms. Vidya Balan as Brand Ambassador.

As always, your company will be investing significant amounts in brand promotion and attractive campaigns.

Ranking:

Your Company is now ranked within the Top 300 listed companies of India based on market capitalization.

CRISIL continues to rate your Company as 5/5 in terms of fundamentals.

Financial Year 2018-19

Your company started the financial year with an impressive double-digit growth in excess 17% in the first quarter backed by a strong volume growth. There was all-round improvement in efficiencies and hence margins. Based on the economic scenario outlined earlier, your Company does have a positive outlook for the rest of the year.

Revisioning and Long-term Strategy:

Your company revisited the current vision of 'A Prestige in every Indian Kitchen' in the light of Company's strategic plans to enter into segments adjacent to kitchen and enlarge its presence in the larger domain of 'home' that engages the target consumers' mindshare. After vigorous brain-storming session aided by external consultants of repute the following vision was adopted:

“To Delight Home Makers with Innovation”

This vision is expansive as it does not limit the Company to one domain, one brand and one country. However, your Company continues to nurture its ambition of being in every Kitchen/Home and this is incorporated in the vision for distribution:

“To make available Company's Products to Every Home”.

Your company has clear cut vision for each of the main functions in line with the above core vision statements and all these elements of vision are being internalized with exhaustive behavioral competency/ capability improvement initiatives covering all layers of management.

In line with the Long Rang Plan, your company is being geared to double its current domestic turnover in 5 years and also to pro-actively look for inorganic opportunities both within and outside of India which coupled with exports can add Rs.1000 crores to domestic turnover by 2022 without compromising on healthy return on investments. Your company has enough financial capability to support these plans.

As part of the Long-Term strategy your Company has a capex plan of Rs.250 crores to increase capacities and improve manufacturing facilities.

I will be sharing with you the progress being made and steps being taken to realize the above goals.

CONCLUSION

I acknowledge the support received from the shareholders, employees, channel partners and banks in putting the Company into the track of sustainable growth.

