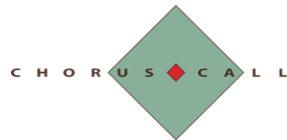




“TTK Prestige Limited
Q1 FY27 Earnings Conference Call”
July 28, 2026



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MODERATOR: **MR. ARCHIT SHAH – 360 ONE CAPITAL MARKETS
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Moderator: Ladies and gentlemen, good day, and welcome to TTK Prestige Limited Q1 FY27 Earnings Conference Call hosted by 360 ONE Capital Markets 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Archit Shah from 360 ONE Capital Markets Private Limited. Thank you, and over to you, sir.

Archit Shah: Thank you, Tanya. Hello, everyone, and welcome to TTK Prestige Limited Q1 FY27 Earnings Call. From the management side today, we have Mr. Venkatesh V, Managing Director and CEO; Mr. K. Shankaran, Advisor to the Board; and Mr. R. Saranyan, Whole Time Director and Chief Financial Officer.

I would now like to hand over the call to the management for the opening remarks, post which we'll open the floor for Q&A. Thank you, and over to you, sir.

R. Saranyan: Good evening. This is Saranyan here. I welcome you all for TTK Prestige Earnings Call for Q1. Before I hand over the proceedings to our Managing Director, Mr. Venkatesh, I just want to remind the participants about the safe harbor clause.

The discussion and the presentations 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, the investors are requested to make their own independent judgments by considering all relevant factors before taking any investment decision.

Thank you. Over to you, Venkatesh.

Venkatesh V: Good afternoon. This is Venkatesh here. As we get into the quarter call, let me take you through our view on the general economy and then specifics of our industry and company. This quarter, again, we did face issues around the global uncertainties of Middle East political tensions and also higher energy prices as a follow-out of that.

Also in terms of higher commodity pricing in a large number of industry segments as well. Overall, the quarter continues to be across the industry seems to be a little bit of uncertainty driven by global uncertainties, increased regional divergences that are happening, and that seems to be having a bearing as we look at some of our costs and supply chain-related areas as well.

Exports continues to be a little muted because of this in terms of supply chain disruptions. I'm sure that's not specific to our industry, but that's across the country as well and in other areas as well. The Indian rupee weakening has its impact, and I think that's something that needs to be watched out for.

Amongst this, I would say that personally and also from a view of overall, I do believe that the country is certainly going through a little bit of turbulence from a global volatility, but is standing out in terms of its resilience and its ability to be able to sort of respond to some of these changes. I think that sort of augurs well for industry people, and that we believe would probably continue to be a cornerstone for many industries and for us as well as we move forward.

Specific to the industry, the quarter has been a good quarter for the industry. On the follow-up of what happened in Q4, Q1 has been a very robust quarter, which has seen a significant demand generation for the industry, and this has been across channels, across categories. It sort of has brought back a robust demand generation curve to the industry, and I hope this augurs well for the future as well.

There have been challenges on the cost side, mounting pressures on commodity pricing and therefore, input pricing, particularly in kitchenware and also across some of the commodities in appliances as well. These mounting pressures are significant and would be impacting some of the cost structures. At large, I think the industry is passing on the cost increase to the consumers, and that's something that we've seen in the past, and I think that would sort of continue.

The impact of that on volumes is to be seen. But the current quarter, if you were to go by, seems to be very robust on demand, partially driven by a situation where people have sort of upgraded their kitchen, gone for accelerated purchase of cookware in particular and appliances in particular.

As appliances start getting sold more, I think the smartification of the kitchen continue to be one agenda that is strongly happening, followed by premiumization as well. That's from an industry perspective. Specific to the company, I think we've had a very good quarter. We've been able to capitalize on the opportunity of demand generated. We do believe that we've been able to do justice to fulfilling the demand.

The work that we've done over the last two years in terms of process transformations, product transformation, also in terms of increasing our internal capabilities is holding us in good stead in meeting this demand surge very efficiently, and that's probably reflecting in the numbers as we speak for the quarter.

Overall, the quarter has been a very good quarter, a very balanced quarter across categories, including cookers, cookware, appliances. Some part of appliances have been a little bit of a muted growth, but that's quite natural given the way the categories are placed. But at large, the growth has been significantly high.

As a company, we've also seen that some of the benefits of the cost initiatives that we have driven in the last few quarters consciously are starting to yield results. We do believe the scale of which will continue to happen.

On one side, while we have pressures on the cost because of input margins, we're sort of holding them to be able to work against them by our own internal cost initiatives across functions and

also be able to meet the demand with a robust supply chain transformation, and that's probably leading us to the growth as well.

We do hope that this would continue. While we do believe that this is not a sustainable consistent demand, the demand would probably settle at a slightly higher level than before in our view, and that, I think, would augur well for us and for the industry as well.

With that, I'll probably open up the conversation given that the numbers are available with everybody to read. We would probably take up the questions and answer some of the financial numbers also through the questions as well.

Over to you. Thank you.

Moderator: Thank you. Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Parth Sodha from Trinetra Asset Manager.

Parth Sodha: My question is like the company has over INR870 crores of free cash despite ongoing investments. Beyond the announced capex, how should investors think about capital allocation over the next two to three years?

Venkatesh V: Your voice is a little muted in the last part. Can you repeat the question, please?

Parth Sodha: Yes. So, the company now has over INR870 crores of free cash despite ongoing investments. Beyond the announced capex, how should investors think about the capital allocation over the next two to three years?

K. Shankaran: If you remember, one year back, we announced a total investment outlay of INR500 crores, both on soft and hard expenditure. We have spent only one-third of it till now. Balance INR300 crores-plus will be spent over the next two years. Of course, there will be cash accretions also. And in these days, this is better to keep some cash free with us. The allocation will be on the items already referred earlier for about INR500 crores.

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

Sameer Gupta: Congrats on a very good set of numbers and thanks for taking my question. I'll probably ask two and maybe park the rest in follow-ups. One, there has been a steady commodity inflation across the board. So one, what is the quantum of price hikes that you have taken in this quarter? How much of this 33% growth is coming from price hikes? How much of the current inflation that you are seeing is already expensed out in the 1Q? How much is remaining to be seen?

R. Saranyan: See, on the price hike, of course, we have done during this quarter, but impact is minimal during this quarter, primarily because though we did the price increase, the new price products were in the market only during the fag end of this quarter.

Out of this 34%, what you are seeing, it's only around 3% is actually the price hike, the rest for all the volume growth. That, again, across all the categories as well. Of course, there is some

also due to the mix change because we are also seeing some of the value-added products getting sold better during this quarter. That is also one reason for that. What is the second question?

Sameer Gupta: No, this is part of the first question only. One, then how much total price hikes have you taken like even if it's only 3% for this quarter, but overall, what is the price hike quantum? What is the kind of raw material inflation that you are facing?

R. Saranyan: This depends on product to product. It is anywhere between 5% to 8%. It may vary by the price hikes, and it depends on the category, each category, it differs.

Sameer Gupta: And the RM inflation, sir, your basket overall?

R. Saranyan: The RM inflation is anywhere average is around 8%.

Sameer Gupta: Okay. And second question is, sir, on the growth this quarter. There has also been some specific categories which might have seen higher demand, which is very specific to this quarter given the geopolitical issues and LPG issues.

If you were to, let's say, strip out those like induction cooktops, that's the only one that comes to my mind, but there could be more. If we were to remove that, what would be the revenue growth this quarter? Or any kind of general color that you can give on this aspect?

Venkatesh V: While I don't want to be very specific on that. I think if you were to look at the numbers, unlike the last quarter where there was a disproportionate growth impact because of induction, this quarter, the growth has been significantly distributed across categories, induction cooktops, small domestic appliances, air dryers, cookware, cookers, it's been uniformly distributed across categories.

Sameer Gupta: Then is it a case of channel upstocking before the impending price hikes because there has been a sharp acceleration in the growth trajectory. Normally, unless exceptional circumstances like more people spending more time at home like we saw in COVID, what should be the reason of such a sharp acceleration?

Venkatesh V: Our belief is there is a minimal impact of upstocking. We're not saying that upstocking is completely ruled out. There is. I think for the quantum of growth that we are seeing, upstocking is not the primary driver of growth. So that's one thing that's very clearly coming in from the consumption pattern. Upstocking has not happened significantly high. There will be a part of this that can be attributable to that.

I think what we believe is that the current scenario where consumers have walked in to buy more of induction cooktops, they've also looked at the new set of cookware, the new set of appliances. This has been a vibrant industry where, one, competitive intensity is high. Second, a lot of people have started getting new products in.

Third, Prestige after almost a very significant gap in the last 1.5 years, we introduced close to 400 to 450 SKUs. So what's happening essentially is I think the walk-ins and the searches have

increased, and this has led to more buying combinations of cookware and appliances to the kitchen.

I would tend to believe that this is a trigger, and one of the reasons that we believe this is happening is we do have partial visibility to the tertiary trends that are happening in the market through our own stores, and that's been robust enough. Our belief is that while I mentioned that it's not a sustainable growth, this is something that has been triggered out with consumer behavior.

I think it's sort of a onetime effort that consumers have put in to refurbish their kitchens. What started as just the induction cooked out is probably spread across all categories. Having said that, we have not seen in some categories which are not necessarily impulsive in nature, those categories have not necessarily seen significant growth. To that extent, I think this is something that has happened from a consumer-driven perspective rather than upstocking in our mind.

Moderator: The next question is from the line of Praneeth from SJ Investments.

Praneeth: So I wanted to understand in terms of, you mentioned that there is lot more product available, there will be a lot of sales. But what's the company is exactly doing to get higher footfall and higher visibility because when we see something, the visibility has suddenly increased, right? So, what are the examples the company has been putting to get that?

Venkatesh V: No, your voice is muffled. Your voice is little muffled. We are not able to hear it properly.

Praneeth: I was asking referring to an answer from the previous participant that you mentioned that there's a lot more visibility of new products. The consumers are increasing the amount of wallet spend they do at Prestige. That's the reason most of the growth. Could you explain what caused this increase in visibility or increase in footfall into our stores or something like that? Is it the higher number of stores?

I wanted to understand what suddenly changed in the last quarter over last year that the visibility increased and all of that because we've been increasing for the last one year, 1.5 years, right? What changed in this quarter specifically?

Venkatesh V: So, I think I would not see this as a one quarter blip. I would see it as a consistent effort that's gaining visibility given the quantum of growth right now. Two things that have been very clear from a company perspective, we've strengthened our counter shares across the large outlets, where we were probably having a diluted presence in the past, either because of portfolio gaps or because of our own distribution gaps that has got strengthened.

We've increased our reach for a lot of categories, while cooker has been a well-penetrated distributed category, we've increased our reach of all subcategories in cookware and appliances using a cooker channel as well. I think from a company perspective, that's the second one that we're seeing incremental reach that is sort of getting demonstrated as we move forward.

The third, of course, like we said, is the full-fledged impact of the portfolio being made available across all these stores. Launching new products and getting them to be distributed across the length and breadth of the distribution chain takes a little bit of a time.

I think that's something that's now fallen into place as well. Internally, we do believe that our distribution initiatives have significantly borne fruit, while we continue to be demonstrating robust growth in e-commerce and modern trade as well.

So, I think our omnichannel focus with a very specific ramp-up across general trade has sort of helped us sustain this growth, and combine that with the demand generation that's happened, it probably come to the benefit of the company.

Praneeth: But for the full year, where do you think you'll end up at in terms of volume and value growth?

Venkatesh V: We don't want to give any forward guidance on that. We are confident of robust growth, but I think I would leave it at that at this point of time.

Praneeth: Would we continue the current trend of this quarter? Or would it be a little lower?

Venkatesh V: No. I think directionally, I would tend to believe that for the industry and for us, it would be lower, but I don't want to give any specific numbers.

K. Shankaran: It should be better than last year.

Venkatesh V: Definitely better than last year.

Praneeth: In terms of the competitive intensity in the market, so what are we exactly doing? Are we focusing on price or just portfolio at this point of time in terms of competing in the market right now?

Venkatesh V: So, we are very clear. Our focus is very clearly on premiumizing our portfolio. We have sort of sharpshotted on a few core categories where we are either leaders or we are potential leaders. We tend to focus on those six categories, six to seven categories very clearly. Premiumization is the way forward that we are looking at from this perspective.

Premiumization demonstrated by product portfolio, a new design-led or new feature-led premiumization laddering and pushing Prestige, the brand power of brand Prestige in the whole game. We are not looking at pricing as a very strategic lever from either a discounting perspective or scheme involvement perspective at this point of time.

Praneeth: So a good metric to track is probably the growth in volume growth is the value growth also because we're premiumizing over the next few years?

Venkatesh V: Yes. We would tend to believe that directionally, our value growth should be higher than our volume growth over a period of time.

- Praneeth:** Would the volume growth be in line with, let's say, our inflation numbers? Or would it be more or higher than that?
- Venkatesh V:** It would definitely be higher than inflation numbers, but I wouldn't want to give like specific guidance, but directionally, it would be higher than inflation numbers.
- Praneeth:** So, when you're premiumizing, can you expect a higher margin than in the past, probably we peaked around like 14%, 15%. Is it possible in few quarters, could we exceed that because we are increasing our premium portfolio?
- Venkatesh V:** No. I think I wouldn't want to answer that specific direction. We continue to invest in what we believe would be future accretive. Our focus currently is not so much on the profitability bands as much as on stabilizing the business, premiumizing the portfolio. Of course, the portfolio gets this view from a profitability perspective. Our overarching principle is to invest in the right direction. Like Mr. Shankaran said, we continue to invest in another 1.5 years, two years of investment that we do foresee that will happen.
- Praneeth:** Last question regarding our U.K. subsidiary. What's our exact plans with that? Do we have any plans of growing or do we probably want to close down operations? Where are we at right now?
- R. Saranyan:** No, they are doing their best in the current condition, what U.K. and Europe it is in. They are expanding to other markets as well. They are doing their best to do whatever in the current condition. I can assure you that they are doing much better than many of their peers in U.K. At this point of time, there is no other thoughts at our end.
- Praneeth:** You see it based on how it goes. Right now, there's no decision on closing it down or growing it specifically?
- R. Saranyan:** No. They are doing their best. I think they are not taking away any resources from us. They are not taking away management time as well. This is being managed professionally -- professional team there. They are doing the best what they can do, and they will continue to do that.
- Praneeth:** And with regards to our kitchen business, sir, in India, like how are we planning on -- do we want to scale it substantially or will it grow at its own organic pace? Do you want to put further investment into it and grow it?
- Venkatesh V:** We will come back on this specific a little later.
- Moderator:** The next question is from the line of Aniruddha Joshi from ICICI Securities.
- Aniruddha Joshi:** Just in terms of market share, where TTK would have ended the June quarter, will it be a significant market share gain? And what will be the indicative industry growth in June quarter? Also as far as July is concerned, whether a similar trend has continued or you have seen some slowdown in the revenue growth, which was visible in, let's say, March to June kind of period? That's question number one.

And secondly, now with steep increase in commodity prices, price hikes have also happened. So has that resulted in a way, some impact on affordability and the continued price hike may hurt the volume at least at the bottom end of pyramid in H2. Will that be a right assumption to make? These are the two questions. Thanks.

Venkatesh V:

Our market shares have steadily increased. We do believe that this quarter also, we would have gained market share in specific segments. So to that extent, I think it's been a robust quarter for us with gains from market share. We do believe that overall, the industry has been robust.

The extent of industry growth is something that I can't comment on at this point of time, but it has been robust. In our view, it has been equally robust or -- so to that extent, industry has seen a positive growth like in quarter 4, it's seen a positive growth in quarter 1 as well.

We continue to gain market shares in very targeted segments, and we are consciously driving market share is one of the cornerstones for us to make sure that we gain a fair share of the market as well. So that's broadly what I would say from a share perspective.

The segments that we operate in -- from Prestige perspective, the segment that we operate in, we are seeing significant market share gains as a brand. That's quite heartening for us to say. On the cost side, there have been significant bump ups like Mr. Saranyan had indicated. There is a 5% to 8% increase in the overall cost pricing that we would see, which is getting passed on to consumers in a phased manner.

Some of the segments are able to absorb it. Some of the segment based past historic trends may not absorb it. But at an overall level, we believe that the industry is absorbing this and it might have a slight impact on volume short term, but it should even out over a period of time because this -- a large part of the industry growth is being driven by premiumization today and by upgradation of categories today. So to that extent, I think that should not dampen the volume growth at the segments that we are operating in.

Having said that, we don't operate in deep cut price points, which may be the real mass market or the rural markets in a view. Prestige as a brand does not significantly operate in those markets. We operate in those markets at a slightly higher premium. So there, probably some of the players might face pressure when they start passing on the benefits to consumers.

Now that's an independent segment. Our view is that, that segment probably will go through a little bit of volume pressure going forward. We are not playing aggressively in that segment.

Aniruddha Joshi:

This trend has continued even in the July month also?

Venkatesh V:

No forward-looking from that perspective, but demands have been robust. Demands have been robust than usual has been robust.

Moderator:

The next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda:

Sir, one question on -- do you see continuation of footfalls on account of purchase of induction cooktops ongoing still? Because bulk of the -- see, the bulk of this whole demand push is also

due to the fact that people were forced to go and buy induction cooktop and in view of which they must have bought some other products, so do you see that still continuing?

Venkatesh V:

I think for the category as a whole, induction cooktop has seen continued robust growth. In fact, this last four, five months have become cornerstone triggers for the category, which otherwise was actually sort of growing, but not at a rapid pace. The penetration of this induction cooktop in the country is low.

So our view is that I think this has been sort of a cornerstone event that has happened. It will continue to propel the awareness of the category and therefore, the adoption of the category. The induction cooktops is definitely becoming one reason -- continued reason why consumers are walking into stores, walking into our retail channel, looking at e-commerce more robustly. Combine this with a very robust cookware category premiumization that's happening.

I think a combination of that is happening today. I would say larger forces are working. The trigger being from induction cooktop continued focus on other categories as well. That seems to be the growth trigger right now. And it would continue in our view. It may not be as robust as what this quarter is, but it will definitely continue to be pushing the walk-ins for sure. I think that's the way we look at it.

Pritesh Chheda:

So it's actually become like a trigger point for consumers to be brought in to purchase. Usually, one gives discount and they come in. This time, it is an external event and they've been triggered to purchase it.

Sir, the other thing is this price cut after GST and then this price rise because of the raw material costs. So now the pre-GST and the current, what will be the pricing? Is there still a lower price versus pre-GST or we have largely recouped everything?

R. Saranyan:

No, the current price increase would have taken the price a little higher than the GST rate because the commodity increase has gone up by 8% to 10% average. So we are more or less at the pre-GST change.

Pritesh Chheda:

For a customer, as a price imprint, it will not be a significantly higher imprint, right? He is used to a certain print pre-GST.

K. Shankaran:

That is due to the demand as well. This is not that much price elastic product. Probably, we are operating not at the bottom of the pyramid. We are operating above the bottom of it, where these price increases are not that kind of trigger not to purchase.

Moderator:

The next question is from the line of Kunal from 360 ONE Capital.

Kunal:

I just wanted to understand while this quarter definitely had some ablation, we've seen some consumer demand coming back, and we have also introduced 400 new SKUs over the last several quarters. What is the steady-state growth over the next probably a year or 18 months one can look at because of all these tailwinds?

- Venkatesh V:** So, we would be happy to keep sort of encouraging and reporting some numbers like this, but I think we would leave it for the future. We don't want to give any guidance. Directionally, it would be much better than in the past. That's something that I would leave this.
- K. Shankaran:** I think it's better than single-digit.
- Venkatesh V:** It would be better than single-digits.
- Kunal:** I appreciate, sir, that you're not giving any, but probably anything that we are working with in terms of we'll at least be growing at, say, 1.5x industry growth or we are taking it more directionally?
- Venkatesh V:** Our endeavor, like I said, is strongly entrenched around gaining market share. I don't want to put a number of 1.5 or 2 or 1.1 to it. I think our direction is very clear, focus on the consumer, focus on the consumer and therefore, the consumer experience, which then is driven by clear premiumization of the portfolio is driven by a wide range of choice available to the consumer omnichannel, is driven by more innovative products across the six, seven categories that we're bringing in.
- So when we do this, the combination of this and a very strong robust go-to-market that ensures that our counter shares and our counter presence is significantly enhanced. Moment we are able to do this, I think it will result in market shares and therefore, a definitively higher growth in the market, which will reflect in the market share as well. So we would believe that if we were to grow -- we will grow faster than the market and continue to gain market share.
- Kunal:** And sir, a related question. Sir, when we say the share of premium products as we define it, how much would be that share as a percentage currently?
- Venkatesh V:** Prestige operates largely in what we do believe is a mass premium, premium pricing. What you would typically call as mass pricing, Prestige contribution would be very less, and that's by design. The portfolio design and the pricing is in such a way that our presence in that is not very high. We tend to focus on the mid-belly and the high -- the top end of the mid-belly. That's something that we believe is at a premium to the market at this point of time.
- Even within the segments we participate, we are at a premium to some of the competition as well. And that we believe the brand -- the brand has the power and the strength to sustain that. We will increasingly focus on also bringing in new product designs and new innovations that justify that premium this way.
- Moderator:** The next question is from the line of Nikhat from Dolat Capital.
- Nikhat:** Congratulations on a good set of numbers. My question is on the CSD channel. Sir, have we seen recovery in the CSD channel as well? What is the contribution of exclusive retail outlets to our overall sales and also the contribution of induction cooktop to overall sales?
- Venkatesh V:** On CSD, we haven't seen the demand come back, but it has sort of stabilized after a bit of a drop. CSD as a channel is yet to sort of fully recover from the past changes that have happened,

partially due to the internal restructuring in terms of supplies and other stuff. To that extent, CSD has not yet fully come back yet as a channel. It is, however, not dropping any further. It has sort of stabilized. That's the way we would look at CSD.

R. Saranyan: Yes. So your question is on the PXL?

Venkatesh V: And induction.

R. Saranyan: On the PXL, we have around 18% to 20% of our sales happens through the PXL.

R. Saranyan: The induction, I look at around 8%, 10% of our sales comes from the induction.

Nikhath: And sir, what was this 8% to 10% contribution, which is currently in induction? What was this earlier like a year back?

R. Saranyan: No, it used to be 5% to 8% to 10% to 12% now.

Moderator: The next follow-up question is from the line of Sameer Gupta from India Infoline.

Sameer Gupta: Firstly, there have been some minimum wage hikes which have been announced. One of them are in the state of Karnataka. I believe there is a decent exposure we have in terms of manufacturing. What kind of impact are we seeing? Or do we foresee because of these hikes and not only reflective in staff cost, but also probably in the RM basket given vendor cost would also go up? And how much of it is already there in the expenses for this quarter?

R. Saranyan: See the minimum wages increase is not just restricted to Karnataka. This has been happening one by one in all the states. In Karnataka, we don't have any major operation neither for us nor for our suppliers, but there are a few states where we are present, the minimum wages has gone up, and we have also increased our wages it's primarily not for the permanent workmen where we are well above the minimum wages.

Even in the case of contractors, we are well above the minimum wages. But unfortunately, the wages increase has been substantial this time. We have corrected those wages wherever this has been implemented.

Venkatesh V: We would tend to believe that this is something that state of the state has been implemented now, and it would have an impact, but we are sort of mitigating them through our own internal cost initiatives and efficiency drive.

Sameer Gupta: Second question, sir, is this quantum of INR12.4 crores within other expenses, there has been a steep decline here. Is there a change in our strategy? Or is this more of a quarterly thing to offset the overall inflationary pressures?

R. Saranyan: The INR12.4 crores, what you are referring to is strategic related expenses. This is what you are comparing?

Sameer Gupta: Yes.

- R. Saranyan:** Yes. That is not any fixed amount that we will be incurring quarter after quarter. This may go up and down during the quarter. Depending on with whom -- what support we are taking, what exactly we are doing. So this is not a number that you can stick on quarter-on-quarter. The next quarter, it may go up or come down as well. We are budgeted to spend around INR200 crores in the three year time. That's what is going on right now.
- Moderator:** The next question is from the line of Anand Mundra from Soar Wealth.
- Anand Mundra:** Congratulations on good results. I wanted to understand the breakdown of this INR200 crores extra expenditure which we are incurring for three years. How much it will be routed through P&L? What is the capex out of this? Why it cannot be called as a regular routine expense? Why we are saying this as a onetime, sir?
- R. Saranyan:** Right. I think we have budgeted around INR500 crores to spend across three years. This is primarily to strengthen the company for the future growth opportunities, which is what we had mentioned to Stock Exchange also in January-February last year. Out of that INR500 crores, INR300 crores is towards capex, which includes improvement in the factories, automation, digitization, etcetera.
- Then the balance INR200 crores is towards the opex expenditure, taking some external support to strengthen our innovation, go-to-market, the cost efficiencies, etcetera. This we have planned to incur only for certain period and this is not a regular expenditure. This onetime expenditure we'll be incurring over a period of three years.
- That's one of the reasons we are just calling it out as a note to our financials saying that what exactly we have incurred against that INR200 crores what we had mentioned to the stock exchanges and to the investors.
- Anand Mundra:** This INR200 crores doesn't include any onetime advertisement expense or?
- R. Saranyan:** No. This has nothing to do with the advertisement. These are all the -- some external support, experts that we will be engaging. We will be incurring some onetime expenditure to strengthen some of our processes. So these expenses are towards that.
- Anand Mundra:** How much out of this INR200 crores has already been spent, sir?
- R. Saranyan:** See, we have spent close to around INR120 crores, INR130 crores in the last 18 months -- sorry, last 13 months, 14 months, yes.
- Anand Mundra:** Balance INR70 crores will be done in the next 20 months?
- R. Saranyan:** We will be doing that. Yes. It may go up and down. We are not saying that INR200 crores exactly we'll be spending. That depends on what exactly is the requirement at point of time. The indicative number is around INR200 crores.

- Anand Mundra:** What we would be achieving after spending this INR200 crores? What are the target EBITDA margins or how the company will change? What would the benefit? Anything tangible you can share, sir?
- R. Saranyan:** Internally, we have all the key KPIs, which we are working towards, but we don't want to share that in the call. EBITDA margin can go to what it used to be before, 13%, 13-plus percentage.
- Anand Mundra:** Another question, there's an induction cooktop sale increase, which has increased from 5% to 10%, but other products have also done well. One reason can be GST cut in cookers, so because of which unorganized to organized movement has happened. Any other reason which you see the spending has gone up in the last two, three years -- as compared to last two, three years, and we have reported good growth in this quarter?
- Venkatesh V:** All categories, particularly cookware and cookers are seeing a shortened replacement cycle and a lot of cookers and cookware are now getting on to stainless steel triply sort of material, which has been sort of impacting the replacement cycle, the shorter accelerated replacement cycle. That, therefore, is one of the triggers for the long-term growth of the category.
- In appliances, we are very clearly seeing there is a move to convenience, move to smartification of the kitchen, like I mentioned. We're seeing a host of new appliances or appliance category penetration going up beyond the regular traditional mixer grinders or some of the other elements of appliances. You see a combination of appliances, small domestic appliances and a few new appliance categories, which help on convenience and smart cooking.
- We see a very clear accelerated replacement cycle of cookers and cookware, cookware driven by premiumization in aesthetics, cookers driven by material upgrades that are happening today. So across categories, this is something that's driving the walk-ins and the growth, which got accelerated or compounded in the last quarter.
- Anand Mundra:** As our company is concerned, general industry trend is to ride this wave. As a company, we are almost 100, 200 SKUs, which were not in our portfolio two years back. The company is growing at a greater speed as compared to the industry?
- Venkatesh V:** We've sort of ramped up our new product launches, and therefore, that's also helping us. We do believe the challenge of making sure that these continue to scale up is there, and that's something that we will address through our go-to-market initiatives.
- Anand Mundra:** Noted, sir. Sir, one last question on induction cooktop. How do you see the sales growth going forward as a large part of the crisis is over, hopefully soon?
- Venkatesh V:** I think it would be much better than what it was in the past. This particular four to five months trigger has sort of opened up the category awareness and hence, also the need for induction cooktop to the household. The penetration curve of this category in my mind will start to accelerate, and we are leaders in this category.

We do believe that we will benefit as the penetration increases. We are also equally working on making sure that we accelerate this penetration curve as well. So we will continue to do this as we have done in the past. In our minds, the category should continue to grow well, not as aggressively as in the last three, four months, but definitely much better than what it was in the past.

K. Shankaran: Potentially, Indian cooktop would find a place in every kitchen who has already got a cylinder or a gas stove. So basically, people now found there is utility for that. Whether the same phase will continue, we do not know, but over a period of time, this will be one of the key product categories to watch.

Venkatesh V: This category would have a significant penetration drive.

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

Venkatesh V: Thank you for a very engaging conversation. We're quite happy with the sort of results that we've been able to display efforts that have sort of borne fruit through internal transformation, external consumer-focused initiatives and a large amount of drive that happened on the go-to-market side as well. It all goes well, and we do believe that it will continue to be so. Thank you and all the best.

Moderator: On behalf of 360 ONE Capital Markets Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.