

CHAIRMAN'S SPEECH

I have great pleasure in welcoming you all to the 58th Annual General Meeting of your Company.

GENERAL ECONOMIC SCENARIO

The Indian Economy continues to witness lower and lower growth rates and saw its lowest growth rate in a decade at 4.9%. FY 13-14 went through a further slowdown in the economy compounded by various factors like deficient monsoon in certain southern regions, infrastructure inadequacies, global economic issues etc. The sluggish progress on policy issues and reforms and political climate had further dampened the confidence of the industry in general and consumer in particular.

The start of the Fiscal 2014-15 has thrown in a new government with comfortable majority in the Lok Sabha. It is expected that the new government will be able to address the policy issues and pass necessary legislation in the interest of business as well as public. The monsoon though delayed has been catching up and the country may not face the dreaded drought situation in many parts of the country. However the delayed monsoon seems to have disturbed the sowing season which can have impact on agricultural and horticultural production.

While the mood of the capital market is buoyant and the investment climate is looking positive, the economy continues to experience high inflation in articles of daily consumption. This is a cause for concern in the minds of the consuming public and hence the matching buoyancy is yet to be seen in consumer sentiment. The Central Government's budget for FY 2014-15 has put some money in taxpayer's hands and this measure is expected to result in higher Private Final Consumption Expenditure.

In general the industry including your Company is witnessing improved demand in the last few months as compared to the previous fiscal.

FINANCIAL YEAR 2013-14

The Annual Report for the year has already been circulated.

Your Company as a result of the Total Transformation Strategy pursued since 2003, saw a phenomenal growth from a mere Rs.113 crores in turnover in 2002-03 to Rs.1386 crores in 2012-13 implying a CAGR in excess of 25%. But this trend in growth saw a reversal in FY 2013-14 during which the topline dropped by about 4% from Rs.1386 crores to Rs.1323 crores. This drop was mainly caused by a host of external factors such as sudden shifts in government policy on subsidized domestic gas, general economic slowdown across the country, more trying economic climate in most of the southern markets, erosion in disposable income of large section of the consuming public due to inflation etc., Your Company, in particular, had a high base effect on account of a substantial abnormal sale of induction cook top and the associated bundled products during October 2012 – February 2013 caused by the 'six cylinder cap per household' announced by the Government in September 2012. This cap was later increased to 9 and then to 12 after March 2013. This increase in cap caused a drop of 38% in induction bundled products. If this impact is discounted, the company grew by around 8% in other product categories.

The drop in turnover also resulted in lower net profit as compared to the previous year. The EPS dropped from Rs.117.35 per share to Rs.96.78.

Your Company's strong derisking strategy pursued over the last one decade by widening the product range, enlarging the consumer base, etc., enabled your company to withstand the onslaught of several external factors and remain fundamentally strong and earn significant profits.

Notwithstanding the drop in topline your Company maintained or improved its market share across product categories and geographies.

Your Company introduced around 68 new SKUs covering all product categories.

Your Company also increased the strength of Prestige Smart Kitchen network by a net addition of 103 stores taking the total strength to 536 as at the end of FY 2013-14.

REFRESHING NEW BRAND STRATEGY:

The brand 'Prestige' is the core asset your Company. Your Company decided to refresh and add further colour to this core asset. Your Company is the first in the industry to use India's leading celebrity couple Mrs. Aishwarya Rai Bacchhan and Mr Abishek Bacchhan as brand ambassadors. Your Company's legendary slogan ' Jo biwi se kare pyaar, woh

Prestige se kaise kare inkaar' is used in all modernity and contemporary context. This campaign has been well received and has strengthened the brand appeal nationally.

RECOGNITIONS AND RATING:

Prestige continues to be recognized as the Super Brand in Kitchen Appliances category. Dun & Bradstreet has recognized your Company amongst the top 500 listed companies of India.

CRISIL continues to rate your company as the strongest in fundamentals with a 5/5 rating for fundamentals.

DIVIDEND

Your Board of Directors have recommended a dividend of Rs.20 per as against Rs.17.50 per share declared in the previous year. This dividend will account for a cash outflow of Rs.23.28 Crores by way of dividend and Rs.3.96 Crores by way of dividend distribution tax thus aggregating to Rs.27.24 Crores.

PROJECT STATUS AND FINANCES

During the financial year 2013-14 Your Company completed its Rs.325 crore expansion/new project program spread over the last 3 years. The final phase of the program, the Gujarat Unit started trial runs in July 2013 and commercial run is now being carried out.

As you are aware during the year 2013-14, your Company strengthened its long-term capital base by a preferential issue to FII with proceeds of Rs.106.50 crores.

Your Company is by and large debt free save for temporary utilization of working capital limits as and when needed.

LOOKING FORWARD

Recently various international agencies have predicted that India will get back to growth path of 7% annually from 2015-16. This should be rewarding your Company in the long-run. As for the current FY 2014-15, the recent trends are encouraging and I expect your Company to return to decent growth path. During the year a whole range new SKUs are slated for launch covering pressure cookers, cookware and appliances.

As you are aware your Company has entered a new business category namely 'water purifiers' a fast growing category in India with a lot of future potential. The technology partner for this category is LifeStraw, a Swiss based corporation of long standing and strength in water purification systems. The initial launch was made in June 2014 and after gaining some experience, I expect that newer models will be launched. While fixed capital requirements are not significant, this category will require marketing investments.

During the last Annual General Meeting I made the following observation which I would like to reiterate:

"The last decade saw your Company overcoming several limitations and challenges, both external and internal, and establishing itself as a leader in the small kitchen appliance segment.

At this juncture I see a different set of challenges and therefore the need to reinvent and reorient ourselves to meet these challenges. In my view the challenges encompass a wider spectrum than before: - general economic situation – both domestic and foreign, ever-changing consumer expectation and behaviours, churning in channels reaching the consumer, innovation and product offerings, human capital, government policies on business and subsidies and last but not the least the emerging competition scenario".

Having established world class facilities across manufacturing locations, I look forward to using the capacities optimally both for domestic and international markets. I do expect to carve out export dedicated units within the current infrastructure so as to be competitive in export markets. I will get back to you once the Company progresses further in this respect.

CONCLUSION

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

