

CHAIRMAN'S SPEECH

I have great pleasure in welcoming you all to the 56th Annual General Meeting of your Company.

GENERAL ECONOMIC SCENARIO

During the fiscal year 2011-12, the Indian Economy registered a real GDP growth of just 6.5% - the lowest in nine years. This sharp fall in growth-rate is essentially the result of supply bottle-necks and sectoral problems. The growth in the last quarter of the fiscal was less than 6%.

The start of fiscal 2012-13 continues to reflect a slow-down syndrome, though sectoral. The monsoon is delayed. The rupee is continuing to depreciate as well as volatile. The economy continues to experience high inflation, especially in articles of daily consumption. The interest rates continue to rule high. The Central Budget as well as the monetary policy announcements has not had any positive impact on the economy or markets. With this background, the real GDP growth for 2012-13 is not expected to be more than 6.5%.

The 'Brown Goods' sector, in which your Company operates, while continues to witness reasonable growth, the rate of growth is witnessing slowdown.

FINANCIAL YEAR 2011-12

The Annual Report for the year has already been circulated.

You will be happy to note that against the general atmosphere of low growth, your Company registered a growth of 45% in sales over and above the 50% growth achieved in the previous year. The salient aspects of performance are as follows:

- Sales grew by around 45% from Rs.776 crores to Rs.1123 crores.
- All time high absolute value growth - around Rs.347 Crores
- Exports grew by 30% from Rs. 26 Crores to Rs.34 Crores.
- The growth was largely contributed by growth in volumes across product categories.
- Profit before extra ordinary items increased by 35% from Rs.121 Crores to Rs.163 Crores

- Profit after tax increased by 35% from Rs.84 crores to Rs.113 Crores
- Earnings per Share (before extra-ordinary/exceptional items) rose to Rs.100.13 from Rs.73.98
- Notwithstanding sharp rupee depreciation affecting input costs, EBIDTA margin was a healthy 15.6%.
- Notwithstanding significant additions to long-term asset base, operating ROCE was more than 60%.
- As many as 60 SKUs across product categories were introduced during the year.
- Net addition to Prestige Smart Kitchen network was 76 stores. The network now covers 21 states and 179 towns.

I would like to stress that the growth drivers for your Company are constant innovation and solution oriented product offerings besides continuous expansion in product portfolio and focus on effective utilization of all channels that reach the ultimate consumer.

BRAND SALIENCE AND LEADERSHIP

You Company continues to enjoy the recognition of “**Super brand**” in the Kitchen Appliances segment. Your Company’s Prestige Smart Kitchen retail network continues to receive several awards and recognitions.

Having sold close to 4.5 million pressure cookers, 5.0 million pieces of non-stick cookware and 1 million induction cook tops during the year under report, your Company has established clear leadership over competition in these categories.

Having crossed the Rs.1000 crore mark in the kitchen appliance segment, your Company is the leading kitchen appliance Company in India with respect to overall categories in which your Company is present.

Your Company’s outlay on Brand promotion activities is the largest in the industry and your Company is committed to make substantial investments in Brand building activities in the years to come.

Your Company is the fastest growing Company in industrial segments in which your Company is operating.

DIVIDEND

Taking into consideration the profits made and the need to preserve cash for very large capital outlays to fuel future growth of your Company, your Board of Directors have recommended a dividend of Rs.15 per as against Rs.12.50 per share declared in the previous year. This dividend will account for a cash outflow of Rs.16.98 Crores by way of dividend and Rs.2.75 Crores by way of dividend distribution tax thus aggregating to Rs.19.73 Crores.

FINANCIAL YEAR 2012-13: ENCOURAGING START

Notwithstanding the general economic climate and slow-down experienced by various industrial sectors, your Company continues to maintain its growth momentum. The top-line for the first quarter ending 30.6.2012 is in the region of Rs.305 Crores as compared to Rs.237 Crores in the corresponding quarter of the previous year there by registering a growth of around 29%.

During the first quarter of current financial year your Company commenced distribution of Corelle range of table ware and the other ranges namely, Corningware, Pyrex, Vision and Snapware will be launched during the course of the current financial year.

A host of new products encompassing Pressure Cookers, Cookware, Gas Stoves, Induction Cooktops., etc are slated for launch during the current financial year.

The total number of SKUs that will be launched during this year, including the World Kitchen Range, is close to 1000.

Your Company is expected to register significant growth in exports during the current year owing to the successful launch of Micro chef – the microwave compatible pressure cookers.

EXPANSION PROGRAMME

Your Company has completed the expansion/addition of facilities for manufacture of Pressure Cookers in Roorki, Coimbatore and Hosur. With this the overall capacity for pressure cookers is in excess of 8 million pieces. The establishment of new facility in Gujarat is in progress and the initial phase is expected to be commissioned during the last quarter of the financial year 2012-13. With this addition your Company will have in its command around 12 million capacity for coated and impact bonded cookware.

The overall capital expenditure including modernization/automation of certain processes in the existing facilities is pegged at Rs.300 Crores out of which Rs.215 Crores has been spent till date and the balance will be spent by the end of the current financial year.

Your Company will continue to resort to transient debt funding in the near term which will be repaid out of free cash outflows flowing out of operations during 2012-13 and 2013-14.

LOOKING BEYOND 2012-13:

You are already aware of the alliances your Company has entered into with World Kitchen, Vestergaard and Meyers. These are calculated to further enlarge your Company's presence in the Kitchen Domain encompassing Tableware, High-end Cookware, Storeware, Water-filters etc. These alliances enable your Company to collaborate with world renowned brands that are relevant for the top of the pyramid segment of the market. While your Company's growth will be significantly driven by the existing categories the new categories referred to above will lay the foundation for future growth.

Your Company will actively look for indigenous manufacture of quite a few of the items which are today imported. This will de-risk your Company from being over dependent on imports as well as against fluctuations in rupee value.

Your Company is well aware of the entry of major players -both domestic and foreign- and in order to be future ready, has started investing significantly on developing human resource competencies, leadership skills, innovation, logistics, distribution and service channels and is utilizing the services of world renowned consultants for this purpose.

Over the last five years there is a perceptible shift in consumer preference to organized brands that deliver quality and reliability. I believe the current slow down syndrome in the Indian economy is largely due to internal political and economic management and not due to European Crisis. I have tremendous trust in the resilience of the Indian economy and aided by some policy changes, the economy will bounce back to growth rates of 9% and more. This gives me the confidence that having built a strong foundation, your Company can look forward to maintaining growth levels of 25% annually in the foreseeable future.

CONCLUSION

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

