Management Discussion

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Thank you, Anam. Hello , everyone. O n behalf of 360 ONE Capital Market Private Limited, we welcome you all to Q2 FY '27 earnings call of TTK Prestige Limited. We have with us today the senior management of the company, represented by Mr. Venkatesh Vijayaraghavan, Managing Director and CEO; Mr. K. Shankaran, Advisor to the Board; and Mr. R. Saranyan, Whole-Time Director and Chief Financial Officer.

Now, I can hand over the call to the management for initial comments. Post this, we will open the floors for question and answer session.

Thank you, and over to you, sir.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Thank you. Good evening, everyone. Thanks for joining today's earnings call. Before I hand over the proceedings to our Managing Director, Mr. Venkatesh, I just want to remind the participants that the 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, the investors are requested to make their own independent judgments by considering all relevant factors before taking any investment decisions. Thank you.

Over to you, Venkatesh.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Good evening. So, let me start with a little bit of an overview on our overall economy and then with the industry per se and then our specific performance for the quarter. We remain very confident and comfortable with the way we look at the Indian economy today, both from a macro perspective where with so much of uncertainty around the global scenario, we do believe that the Indian economy is far more stable and offers a lot more stable business opportunities as we move forward. The macroeconomics, as we see the macro factors, seems to be sort of stabilizing, and that seems to be a silver lining for us globally in comparison, also in terms of specifics to the industry as well.

The GDP projections remain quite robust, and that's a sense of comfort. What we do see, of course, is a lot more positive view around investment, particular to our industry as well. And I think that's a welcome sign that we see in times of such global uncertainty, and I think that augurs well as we move forward. In terms of our specific categories, the last two quarters in particular, and this quarter in particular, has seen a sort of a significant drive in the industry. A lot of macro factors that are helping us, including the demand drive, including consumer demand, which has been substantially increased in the last few quarters, and a sustained way of looking at the business.

So, the industry and the categories at large where we are present seem to be presenting a positive view for us after a period of a little bit of a dull lull period. And I think the last few quarters we've seen that revival happen at the industry level as well, driven by consumer demand, given by very specific trends like we've mentioned in the past in terms of urban premiumization, in terms of willingness of consumers to try out new products and new categories, in terms of scaled-up manufacturing capabilities, and also in terms of being able to bring to the table a lot more innovations.

In general, I think there's a lot of vibrancy around the category, and we do hope that augurs well as

we move forward as well. Specific to our performance, I think it's been a great quarter for us. One of the quarters that we've seen good movement in terms of a top line as well as in terms of profitability. More than the business numbers, I think what we are quite comfortable and quite confident about is that a lot of initiatives that has been kicked in at a company level through the last few quarters, reinforcing our focus on quality of products, reinforcing our focus on distribution transformation, a lot of focus on bringing in new products and innovation.

They've started to kick in at a larger scale, and I think that's helping us in terms of a good top-line growth, a very robust top-line growth, followed and backed up by a reasonably robust profitability as well. Having said that, there are a little bit of challenges that we face today as we speak. The pressures on cost, the inflationary cost pressures have been significantly high and continue to be of concern for us in the coming quarters as well. While at an industry level, and we at a particular level, have been sort of mitigating them with price increases, I think the cost increases are at a stage where it probably would affect demand, and therefore I think we would want to look at it more from a perspective of a stable environment over a period of time.

So, robust top-line growth backed by macro factor-driven demand. Internal transformation agenda of the company is working well, and of course a lot of cost initiatives helping us build the profit table stable. The concern continues to be on the rising cost, inflationary pressures, and how do we handle that as we move forward. So, that's probably what I would say. B ut I think it's been a -- it's been, the last two quarters in particular, and this quarter has been sort of a substantial growth for us.

We're quite happy about that, and we do believe that over a period of time we would be able to sort of leverage this as we move forward. From a numbers perspective, the -- we did close to around 21.9% on total sales, with around 23.4% from the domestic market. Exports have been a concern. They continue to be a concern because of uncertainty around the war scenario and a little bit of a global scenario. The domestic market has shown significant resilience in terms of demand, and we grew at around 23.4%.

Our operating EBITDA is at around a 70.9% growth. We continue to stay invested in erms of brand initiatives, in terms of go-to-market initiatives. A lot of initiatives that we have taken around process transformation is sort of reaching a stage where we get starting to see the benefits of that, and we continue to see -- we continue to hope to see those benefits as we move forward. We've also made some changes, which I would let Mr. Saranyan speak about a little later on, some of our investments and changes that have happened.

So at an overall business level, a very good quarter sustained, and we do believe that as the business moves forward, we will be in a much better position given the internal transformation that we've done. we do believe that we've been constantly beating the market and in many of the categories, we've been sort of increasing our market shares, which has been one of the key KPIs that we focus on. We have been delivering higher market shares with profitable growth, and that would be the way forward as we speak, driven by premiumization, innovation, and a lot more focus on new product delivered -- new product development and deliverable to the market as well.

So that's an overall scenario, and we remain confident and we remain excited about the growth opportunities that would come forward. In the short term, we would of course, like I said, have pressures on cost, which we do believe will need to be managed slightly differently from the past, and we would probably come back on that a little later.

So that's my summary from a quarter perspective, and I'll probably leave it to Saranyan to just brief you on the other agenda and then get on to the questions.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
I just want to give two updates for this quarter. I think it's already announced in the stock exchange as well earlier. One, we have divested our investments in our subsidiary, 51% subsidiary Ultraf resh Modular Solution, primarily because, based on the exercise what we are going through the last one year, we decided that we have a lot more to do in our core category and the core market. So, we didn't want to divert our attention to any other categories. So, we decided to divest that investment.

So that loss, whatever we have incurred as part of this transaction, has already been re corded in this quarter's results as an exceptional item. And you also -- as you know, we also invested in one of the startup companies engaged in the rural distribution a couple of years back through the cumulative -- the compulsory convertible debentures. That also, unfortunately, due to the microfinancial institution -- the industry going through the tough weather, this company was in a similar customer base.

They were not able into growth as they had initially envisaged. So, they had to shut it down. So we have taken a hit on the CCD as well, and then that INR 2 crores loss is also considered in this quarter's financials as an exceptional item. This is the two exceptional items that has come in this quarter.

Over for any questions.

Questions & Answers

Operator
Thank you very much. We will now begin the question and answer session.

[Operator Instructions]

The first question comes from the line of Lakshmin arayan f rom Tunga Investments. Pl ease go ahead.

Lakshminarayan K G - Analyst, Tunga Investments
Yeah, thank you. I just want to understand the cost escalation which you talked about. Is it in -- it's in aluminium, or is it in steel, or is it in plastic? Can you just elaborate? And how the industry is taking price increases? Because I understand that in some of the small appliances, price increases companies are taking. So with respect to us, how the price increase are taking place? Is the industry in general taking price increases, or somebody is waiting for some, I mean, others to take a price increase?

That's my first question. And second is, in terms of the soft expenses, you said it will continue to incur. Can you just give an outlook of how much of the soft expenses would actually happen in this year and how much has already took place in the first half?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Yeah. So on the cost impact, I think the cost impact has been across commodities. I t also includes packaging material. It also includes all input materials that have gone into handles and other rubber-related, chemical-related costs as well. So commodity pricing in general has gone up significantly, or I would say 95% of the input line items have got impacted in terms of cost. So, that's one. In terms of the cost increases being sort of mitigated through price increase, I think it has been a very staggered one.

We have taken a step jump. We 've been followed by other players, but they've been in a staggered manner. So I -- in our view, the industry has not fully absorbed the cost yet, and I think it will sort of continue to flow through into the next few quarters as well. So , that's f rom a cost perspective. We would believe that there is some more c ost -- increased mitigation that needs to be done in the coming quarters as well. In terms of our own internal investments, the first part of the investment we have done around building capability, building capacity.

The current investments would go into brand, and the current investments will go into strengthening our brand position across some of our core categories. So the spends would continue to be there, but it would sort of get realigned with our brand objectives at this point of time.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Just to give you the number, I think last year we have incurred close to around INR100 crores -- close at around INR85 crores, and then the previous year around INR20 crores. The first quarter -- In the first half, we have incurred around INR13 crores. It's all disclosed in the financial statements as well.

Lakshminarayan K G - Analyst, Tunga Investments
Okay. A nd for the year, how much you are budgeting?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
See, we have an overlay of around INR200 crores to INR250 crores , is what we have overlaid for a period of three years. That 's what we will be spending. That -- This is -- We are in the second year now. O ne more year to go.

Lakshminarayan K G - Analyst, Tunga Investments
Got it. And the third question is that how are you seeing BioNC in the channel? Because we had the festival being pushed to the third quarter, since second quarter has also been good. Is it -- I mean, is the festival sales had already come in the second quarter, or you think -- o r it will actually come in the third quarter?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
There will be a little bit of flow-through into the third quarter, given the festive season currently. That continues to be -- Th at will continue to be there for the -- in the third quarter. A little bit of flow-through would happen,

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
But we have indicated that also in the investor presentation, and October has been good.

Lakshminarayan K G - Analyst, Tunga Investments
Okay, okay, okay. And then, and how the saliency in e-commerce has been for us? Is it because we had these sales last month, o r, maybe, I don't know whether it happened in the second quarter or third quarter. In general, what has been the saliency in e-commerce?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So, we -- O ne of the things that we continue to maintain, we are an omnichannel g rowth-driven company. At large, our e-commerce stroke quick commerce together would contribute around 20% of our sale. The band of contribution remains in the same level. We are growing equally aggressive across all channels today. So, it's not very completely skewed towards e-commerce. We have

uniform growth across all channels today.

Lakshminarayan K G - Analyst, Tunga Investments
Got it. And in terms of new product introduction, either new -- either additional SKUs or completely new areas, how does progress have been in the first half? And is it in line with th e company's target?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Yeah. It's been in line with the company's plan. New product development and SKU range is something that we've completely built. A large part of that also was done in the last quarter as well. So from a half-year perspective, if you look at, we significantly ramped up the number of SKUs that have gone into the market. Whatever gap that we had earlier in terms of a portfolio, that's all complete, and we now sort of lead the industry in terms of new product development and SKU introduction into the market at this point of time.

So, new SKUs and NPDs are a substantial part of our growth lever today.

Lakshminarayan K G - Analyst, Tunga Investments
Got it. And in terms of Triply growth, there has been a strong growth for the sector in general. If you index to 100, what have been the Triply growth for us over the first half? If you can just -- A nd whether the cost escalation there is also very high, or is it -- demand is slightly inelastic there?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
No, you're right. The -- We would be ahead of the market in terms of Triply growth. We are gaining shares in Triply. The cost impact is there in Triply as well because Triply is a combination of stainless steel and aluminum. That cost escalation that we're getting on stainless steel and aluminum is impacting the triple category. But from a growth perspective, Triply remains the most aggressive growth segment both in cookers and cookware.

Lakshminarayan K G - Analyst, Tunga Investments
Alright. W hat kind of growth you see in that sector? Is it like how much more than the overall growth you have got? Like, overall growth is 22% -- 20% to 22%, but how much is the Triply is actually growing there?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
It will be around 1.5 times.

Lakshminarayan K G - Analyst, Tunga Investments
Yeah.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Triply -- F rom an average industry growth, Triply would be around 1.5 times.

Lakshminarayan K G - Analyst, Tunga Investments
Okay, thank you so much. I'll come back in queue.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Yeah.

Operator
Thank you. [Operator Instructions]

The next question comes from the line of Akash from Yes Securities Private Limited. Please go ahead.

Aakash Fadia - Analyst, Yes Securities Private Limited
Yeah, thank you for giving the opportunity. So we have seen that our other expense have come down, say, YOY and sequential basis. So, what has led to that?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
See, as we had mentioned as part of one of the notes in the financial as well, last year we had incurred some strategic expenses of close to INR36 crores -- sorry, in the second quarter around INR18 crores, which is not there in this quarter. So, that's one of the reasons why it has come down. In addition to some initiatives what we have been working on in the last one year to bring down, optimize some of our costs, that benefit is also flowing through now.

Aakash Fadia - Analyst, Yes Securities Private Limited
So going forward [Speech Overlap]

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Sorry.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Go ahead.

Aakash Fadia - Analyst, Yes Securities Private Limited
[Technical Issues]

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Sorry, can you repeat the last part?

Aakash Fadia - Analyst, Yes Securities Private Limited
No, sir, going forward -- So this strategic investment, sir, will be going on, or it's done for the...

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
No, this will go on for some more time as I was mentioning in the -- for the previous participant as well. T his is some -- L ike, we have planned INR200 crores to INR250 crores of soft expenses in three-year period. We are just in the second year, one more year to go. So, there will be some more spends that's coming in in the coming quarters.

Aakash Fadia - Analyst, Yes Securities Private Limited
Okay.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
This is all for the long-term benefit of the organization.

Aakash Fadia - Analyst, Yes Securities Private Limited
Okay, thanks a lot for this.

Operator
Thank you. [Operator Instructions]

The next question comes from the line of Archit Shah From 360 ONE Capital Market. Pl ease go ahead.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Thank you for the opportunity, and good set of numbers. Congratulations. Question from volume, I would say, I mean, even last year was a [Indecipherable] 10%, 11% growth and we are more like 22% on that. So, how much would that be equivalent to volume and value from that and how much of the pricing is still left to pass on there?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
See, t he volume growth is expected something around out of the INR22 crores -- 22% is around 8% -- 9% w ill be the volume growth. The rest will be the value.

And the the product mix if you look at, I think that what we have seen is the premium products are doing better. A s Mr. Venkatesh was mentioning before, t he Triplay has been growing better than the other cooker or the cookware. Similarly, I think we have seen the premiumization is happening. So overall, if you look at, I think the break -- the information is also given in the investor presentation. The cooker is around 32% -- 30%-32%, the cookware around 15% to 18%, the appliances are another 50% -- they're close to 50%.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay. And how much of this I mean, if 80% is volume and just in value, so are there any further pricing mix to the partner, or you have taken most of it?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
It is across similar.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
We would - Y eah, like I mentioned, there would be -- there is -- t here would be a little more of the prior cost that needs to be passed on to consumers. Well, that's a call that we would take as we move forward.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay, okay. Sure, sir . And secondly, on the other expenses, there's a strategy to operate last year, which is not there right now. So is this related to the INR200 crores, INR 250 crore s that you have planned? Like, -- Or was it any other [Indecipherable] that you did not incur in this quarter?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
See, our strategy expenses, like I mentioned, are in three phases. The first phase was around the internal capability building, taking external help to make sure the organization is ready for the scale-up. I think that part of it we are reasonably comfortable. The second phase of the investments would flow into product development and into new product -- product development and into brand. So from a direction perspective, we continue to be invested upon and we will be spending on strategic investments as we move forward.

The nature of the spend would probably move into brand significantly and into investing behind innovation. So, these are two areas that we would probably call out for the next few quarters and

substantial investments that go behind them.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay, and ho w much of this [Indecipherable] you have already incurred? A ny numbers you can give out of INR200 crores, INR300 crores [Phonetic]?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
We have spent close to around INR100 crores in the last six quarters -- six, eight quarters.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay, so same only. I mean, INR50 crores still left to be spent.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Yeah.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
So, margin [Indecipherable] long term. Last time y ou mentioned you want to -- after the investment you want 13% . So that remains , or maybe we [Indecipherable] the current margin trading [Indecipherable] these long term [Indecipherable] .

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
See, on a -- So at this point of time, we don't want to sort of give any further guidance on that given the volatility of the cost pricing at this point of time.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
On a steady state, we do believe that the business potential is around 13% to 14% EBITDA. We maintain that stand. B ut currently, given the volatility what's happening around in terms of the costing, we would want to be a little more cautious on any guidance at this point of time.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
One question on Harwood, sir. W hat are your thoughts on that in terms of economy in London and UK? And is that [Indecipherable] is it looking better over there in terms of margins?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Okay, Harwood, I think they have -- on the top line, I think they have done well, but because of the geopolitical issues and the economy in UK and Europe, I think the cost has substantially gone up. That's the reason I think their bottom line has been almost close to the breakeven level. We expect the top line to grow steady, but we have to wait and see how things happening in the UK market.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay. [Technical Issues]

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Your voice is breaking.

Operator
Sorry to interrupt you, sir. Your audio is not clear.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Your voice is not clear.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
[Technical Issues]

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Not yet. It's still breaking.

Archit Shah - Analyst, 360 ONE Capital Market Private Limited
Okay, okay. [Indecipherable] breaking in the line, sir. [Technical Issues]

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Yeah.

Operator
Thank you. [Operator Instructions]

The next follow-up question is from the line of Lakshmin arayan from Tunga Investments. Please go ahead.

Lakshminarayan K G - Analyst, Tunga Investments
Yeah, thank you again. So, I just was looking at the cash flows. I understand that there has been an increase in the inventories and -- when compared to last year, and in spite -- I mean, we have grown pretty well across. However, the inventories have also increased; therefore, it is straining the cash flows. Can you just explain that whether it is more because of the festive season that there has been an increase in the inventories, or is it any other reason?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
No, this is purely on the basis of our anticipation of demand. An d a lot of internal work that we're doing around are improving our manufacturing systems. So the inventory that we built up is in anticipation of one demand, and we do believe that that will sort of over the period of time get negated. Also in the la st two quarters, we've been significantly able to cater to the substantial growth that has happened only because of the inventory buildup that we've done in the past. So, I think the current inventory buildup needs to be seen from a perspective of sales opportunity.

And as and when we see that that probably needs to get corrected, we will sort of slow it down. So, that comfort is there with us today.

K. Shankaran - Advisor to the Board, TTK Prestige Ltd
Actually, the number of inventory has not increased .

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Number of inventory is not increased. Absolute value is increased given the current context of the growth that has happened.

Lakshminarayan K G - Analyst, Tunga Investments
Okay, thank you.

Operator
Thank you. [Operator Instructions]

The next question is from the line of Siddh Gandhi from IIFL Capital. Please go ahead.

Sameer Gupta - Analyst, India Infoline Group
Hi, good afternoon, everyone. This is Sameer from IIFL. I joined a little late, so please pardon me if the questions have already been asked and answered. B ut, just a more theoretical question. So, we've seen good numbers in terms of growth being reported by most of the consumer durable players this quarter. And part of it is also driven by pricing, but even the volume growth trends have been healthy. Now in a situation where there is a macro pressure of inflation, how suddenly is the category seeing tailwinds?

Is there a theory that inflation actually helps the organized players more versus unorganized who get disrupted? And there is a theory that organized players tend to gain market share. Is this playing out predominantly? Your thoughts will be greatly helpful.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Yeah, I think there are two levers that probably are helping the demand at this point of time. One, like you had mentioned, there is a significant movement from unorganized players to organized players, partially because of the cost pressures that the smaller players probably are not able to sort of withstand. The second, I think at an overall level, the trend of growth, and that we've seen over the last few quarters very clearly is that there is a move towards branded players, not because of just the cost but also in terms of the modernization of kitchens that's happening today, a large macro factor that probably is helping is the modernization of kitchens today and that is helping the category. So, short-term cost pressures are definitely sort of putting more pressure on the unorganized segment. And given the gap that comes between branded players and unbranded players, the branded growth would definitely be high. I think that's one trend that we do believe is playing out in the market at this point of time. The second opportunity that consistently continues to be played is the premiumization of kitchens and therefore associated categories.

And some of our categories seem to be falling in that space at this point of time, and they seem to have a relevant share of our wallet as well. And that's helping us during this festive season as well. So, these are two macro factors that I would say which is helping the growth, and they probably would also be the reason why the growth can be reasonably sustained. While it may not be as dramatic at what it is at this point of time, I think it is reasonable to believe that there would be a sustainable level of growth for the industry.

Sameer Gupta - Analyst, India Infoline Group
Got it, sir. And one more question, if I may squeeze in. Basically just wanted to understand the RM cost pressure right now? So you would have already covered in the past quarter, but commodities have still inflated. So, what is the kind of inflation we are looking at right now? And do we still plan to take more pricing interventions in the near future just on that? And if 2Q typically is all high-priced inventory coming into the P&L, or we were still having some benefit of older lower-priced inventory?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
See, the pressure has continued to be there. Even today, the prices are much higher than what it used to be in the Q4 of last year or the Q1 of this year. We still have that pressure, will continue to be there. The way in which looks like, it' ll continue to be there. As I was mentioning in the beginning, we were not able -- it will be very difficult for us to recover this through the cost -- the price increase in the market. We have to wait and see. The -- W e have started seeing -- We don't have --

W e have already taken all the benefits of the old inventories.

I think -- F rom now on, I think the pressure -- t he stress will start coming into the gross margin.

Sameer Gupta - Analyst, India Infoline Group
This is helpful, sir. Thanks a lot, and wish you all a very happy Diwali.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Thank you. Wish you all the same.

Operator
Thank you. [Operator Instructions]

The next question comes from the line of Mustafa Khedwala from Cube Investments. Please go ahead.

Mustafa Khedwala - Cube Investments
Good evening sir, thank you for the opportunity. Sir, you mentioned that we have some very strong traction in the Triply segment. So sir, the Triply circles, do we make them inhouse or we source them domestically or we import them, sir?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Triply circles is imported.

Mustafa Khedwala - Cube Investments
From China?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
There is no domestic production of Triply circles at this point of time.

Mustafa Khedwala - Cube Investments
And do we do it from China, sir?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
China is one of the source, yes. C hina is one of the dominant sources.

Mustafa Khedwala - Cube Investments
All right. And sir, you mentioned, sir, that there is a lot of traction also in the premium range that we are experiencing. So some -- few quarters ago, we also had plans to launch a new premium brand. So what is the update on that, sir? Have we done anything, or that is in the back burner?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
No, no, not at this point of time. I don't think we mentioned about a premium brand per se. We have two brands with us, which is Judge and Prestige. We continue to stay focused on both of them, and both brands continue to have a robust growth at this point of time. The premium space opportunity is an opportunity that we will evaluate as in the right time.

Mustafa Khedwala - Cube Investments
Okay. And the Judge brand is growing disproportionately, sir. So what percentage of that growth, sir, is coming from cannibalization of our lower-end mass premium products?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So Judge and Prestige, by of portfolio and by way of the market that we have done, the cannibalization is minimal. We've consciously kept the two separate, and places where we believe that there might be cannibalization, we've not played Judge. So, Judge growth is purely on the basis of Judge addressing a different target segment that Prestige as a brand does not address at this point. And it is on the lower end of the mass market, while Prestige continues to keep get upgraded towards the upper end of the market.

So, I think the two brands don't cannibalize each other at this point of time.

Mustafa Khedwala - Cube Investments
And sir, margins would be similar even in the Judge brand, as much as we get in Prestige?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
No. S tructurally, Judge would be slightly lower than Prestige. That's the nature of the portfolio and also the type of target segment that we address. I think from a structural perspective, we are clear that Judge and Prestige at this point of time, Judge would have a slightly lower margin profile.

Mustafa Khedwala - Cube Investments
Sir, would you be able to quantify; like 10%, 20%, 30% lower margins there [Indecipherable]?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
I think not in this call probably.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
[Speech Overlap] disclosure.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
That -- Probably wouldn't want to do it at this point of time.

Mustafa Khedwala - Cube Investments
Fair enough. Thank you, sir, and a ll the best.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Thank you.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Thank you.

Operator
Thank you. [Operator Instructions]

The next question comes from the line of Lakshmin arayan from Tunga Investments. Please go ahead.

Lakshminarayan K G - Analyst, Tunga Investments
Yeah, thanks again. So, you mentioned that there are some SKUs you actually introduced, and there are some pictures of some SKUs in the presentation. So is it the same one, or which are the ones you have introduced?

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
Some of them -- Sorry, the one what we had shown in the investor presentation is what got launched during this quarter. We have launched some in the -- So, normally when I say new launch or new SKUs from which we are getting the sales, it's almost -- we will say the last one year what we had launched. T hat's where we track as a new SKU g rowth. And we continue to introduce SKUs as we move forward a s well. That's a regular routine process.

Lakshminarayan K G - Analyst, Tunga Investments
Okay, okay. And in terms of product design, how have you -- what h ave you done in the last -- after this transformation exercise? How you have improved the design initiation process or the team or how you have done? Can you just elaborate if possible?

K. Shankaran - Advisor to the Board, TTK Prestige Ltd
Please avoid the new launches. They are going into the next phase of launches. When they come out in the market, you will see them.

Lakshminarayan K G - Analyst, Tunga Investments
Okay, okay, okay. And our -- what is the mix of outsourcing we do on the appliances? And also, what has been the saliency of induction cooktops in the first half?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So outsourcing, our appliance business is outsourced but with very exclusive partners. In-house manufacturing, almost 90% of our kitchenware business is in-house. So as a business construct, our appliance business is also and that continues to be what it has been in the past as well. Yeah, that's from the outsourcing versus insourcing perspective.

K. Shankaran - Advisor to the Board, TTK Prestige Ltd
Induction continues to propel demand, right?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
Induction continues to be robust demand. The growth of induction has been as aggressive as it's been in the last few quarters.

Lakshminarayan K G - Analyst, Tunga Investments
So, has it grown much ahead of the entire company growth? A ny number? Because I -- somehow I didn't see it in the presentation.

R. Saranyan - Whole-time Director & Chief Financial Officer, TTK Prestige Ltd
We don't share that number in the specific one, but yes, it has grown higher than the company growth.

Lakshminarayan K G - Analyst, Tunga Investments
Okay. And do you see that balance is still there, or is it b ehind?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So from an induction category perspective, the way I look at it is I think the induction category has got a fillet that probably would sustain this growth. So, I think the category has got a substantial intervention by way of some of the consumer initiatives that we have done and also the macroeconomic change that's happened right now. The category which was probably in low teen

growth would probably continue to be in high teen growth in our view in a stabilized state. It may not be at 100% growth or 150% growth as it would have been reported in the past, but it definitely is going to be a high teen sort of numbers that I would look at from a growth perspective in the coming quarters as well.

It will -- I nduction will continue to be a growth category for us.

Lakshminarayan K G - Analyst, Tunga Investments
Got it. And a couple of quarters back, we talked about heightened competitive intensity. I mean, of course it will always be there, but just want to understand how the scenario is now. Has it been benign, or is it even -- i n the last six months it has become even worse. Can you -- Any -- Can you throw a light on competition? Is it in -- Where do you see, if at all, is it more entrenched in certain regions or certain Tier 2 cities or certain SKUs? How are you seeing it?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So the competition, I think, primarily is coming in from the advantages that e-commerce probably is giving to new players. So competitive construct, I would say, is largely intensive in cookware, and it is being driven by e-commerce-based or digital-based brands. So we do not see the impact of that from our growth construct perspective at this point of time, given the omnichannel presence that we have and the distribution expansion that we have in our physical distribution as well. Some of these players are -- O f course, the -- I would see it in both ways.

If good money is coming into the category, it only proves that the category is attractive enough to be driven. And I think we believe the category is attractive enough from a growth perspective. The new players are bringing in new ideas, which I think is good for the industry. But from an overall perspective, I would say that the impact of the new players is yet to be seen. That I would say, and it's largely being driven by the e-com digital platforms. I would say it that way.

Lakshminarayan K G - Analyst, Tunga Investments
And if you just look at various channels, which channels have actually grown ahead of co mpany growth and which channels have actually grown below the company growth?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
See, at large I would say it's been a growth evenly distributed across all channels. I don't want to get into very specific channel data at this point of time in this call, but from a directional perspective, we have grown substantial across all the channels. There's no one channel that sort of got left out, and that I think is one thing that I would probably believe that it's due to our internal efforts that we've done in the last few years and being able to substantially grow across all the channels.

Lakshminarayan K G - Analyst, Tunga Investments
Got it. Thank you.

Operator
Thank you. The next question comes from the line of Mustafa Khedwala from Cube Investments. Please go ahead.

Mustafa Khedwala - Cube Investments
Thank you for the follow-up, sir. Sir, enamel range cookware has really exploded as a category. So, sir, do we have any plans of entering this segment?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
We have, and we've launched a few SKUs. We are in the process of expanding that product category as well. So, we would lead -- In cookware, we would lead most of the category innovations as we see it today. And wherever we do see relevant ideas that need to be sort of expanded and distributed well, we do that. Enamel is something that we picked up and we would -- we've already launched a few range and we continue to launch that for product category as well.

Mustafa Khedwala - Cube Investments
Sir, how big a market size do you believe, sir, this enamel could be in India?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
See, these are very early times. Our belief is that customer finally makes the choice. I think whatever options are there, we present to the customer, and a few options like Triply have seen really substantial growth. Some of the other categories like ceramic, enamel, they're all at an early stage of adoption. We will continue to stay invested in them, and as we see pickup, our expansions will also happen. So I would tend to believe that in cookware in particular, it is time to experiment with a lot more of material-based innovations and design-based innovations, leave it to the consumer to choose and upscale.

And in a country like India, I think the scale is large enough to to make a dent in terms of category size. So, we would believe that all categories in cookware need to be looked at and probably experimented with. Enamel is one of them, ceramic is definitely one of them.

Mustafa Khedwala - Cube Investments
And sir, what would be the contribution of sales that is coming in from products launched five years ago? Is the is this a metric we track or we have data on?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
We do have data and we do track that. Like we said, it -- a larger focus is on the new products and therefore the growth. Having said that, in an industry like this, there are anchor products that need to be sold as well. So from our perspective, it's an equal mix of both anchor products and new products. Specific numbers, I wouldn't want to call out at this point of time.

Mustafa Khedwala - Cube Investments
Sir, ballpark range? I s it more than teens or, I mean, that much you can tell?

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
No, I think, this is -- t his call would not be the appropriate place to sort of divulge such data.

Mustafa Khedwala - Cube Investments
Fair enough, sir. Thank you.

Operator
Thank you. [Operator Instructions]

Ladies and gentlemen, we will take this as the last question for today. I now hand over to management for closing comments. Over to you, sir.

Venkatesh Vijayaraghavan - Managing Director & Chief Executive Officer, TTK Prestige Ltd
So, thank you all for a very engaged conversation and a good interaction that we've had. We

continue to place our confidence in terms of the overall category attractiveness and also our company performance as well, and we hope to sustain this as we move forward. A very happy festive season ahead and happy Diwali to everybody.

Operator
Thank you. [Operator Closing Remarks]