

ANNUAL REPORT 1999-2000

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TTK Prestige
LIMITED

Homage to the
Late Shri. T.T. Narasimhan,
Chairman, TTK Group.



यद्यदाचरति श्रेष्ठस्तत्तदेवेतरो जनः ।
स यत्प्रमाणं कुरुते लोकस्तदनुवर्तते ॥

For whatever a great man does, that very thing other men also do
whatever standard he sets up the generality of men follow the same

- Chapter III, Sloka 21, Bhagavad Gita

TTK PRESTIGE LIMITED**BOARD OF DIRECTORS**

Shri. T.T. Jagannathan	<i>Chairman and Managing Director</i>
Smt. Padma Narasimhan	<i>Vice Chairman</i>
Shri. S. Ravichandran	<i>Joint Managing Director</i>
Shri. Ajay I. Thakore	
Dr. (Smt.) Latha Jagannathan	
Dr. (Smt.) Vandana Ramchandra Walvekar	
Shri. T.T. Raghunathan	
Shri K. Shankaran	

SECRETARY

Shri. K. Shankaran

AUDITORS

Messrs. S. Viswanathan
Chartered Accountants
27/34, II Floor
Nandi Durg Road
Jayamahal Extension
Bangalore 560 046.

BANKERS

Bank of Baroda
Corporate Banking Branch
HJS Complex, 1st Floor
No. 26, Richmond Road
Bangalore 560 025.

REGISTRARS & TRANSFER AGENTS

Karvy Consultants Ltd.
51/2, T.K.N. Complex
Vanivilas Road
Basavangudi
Bangalore 560 004.

REGISTERED OFFICE

78, Old Madras Road
Dooravaninagar
Bangalore 560 016.

CORPORATE OFFICE

Brigade Towers, 11th Floor
135, Brigade Road
Bangalore 560 025.

FACTORIES

- | | |
|--|---|
| i) 78, Old Madras Road
Dooravaninagar
Bangalore 560 016. | ii) 82 & 85, Sipcot Industrial
Complex, Hosur
Dharmapuri District
Tamil Nadu 635 126 |
|--|---|

BRANCHES

Ahmedabad, Bangalore, Calcutta, Chennai, Cuttack, Delhi, Ernakulam, Ghaziabad, Guwahati, Hyderabad, Indore, Jaipur, Lucknow, Ludhiana, Mumbai, Patna, Pune, Trichy, Vijayawada.

TTK PRESTIGE LIMITED

Directors' Report

At the outset your Directors wish to record with profound regret the demise of Mr. T.T. Narasimhan, Chairman of your company. Mr. T.T. Narasimhan founded your company and was the Chairman right from the inception. He was instrumental in pioneering the concept of pressure cookers in India and securing technology for the same. The Board placed on record its deep appreciation for the vision and direction he set for the company all these years.

Your Directors have pleasure in presenting their Forty Fourth Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March, 2000 as follows:

FINANCIAL RESULTS

	1999-2000	1998-1999
	(Rupees in Crores)	
Total Income	140	147
Export Sales	14	25
Profit before AS-2 Valuation Impact	10.09	11.43
Less:		
AS-2 Valuation Impact on closing stock	6.35	—
Profit before tax	3.74	11.43
Tax Provision (Net)	0.10	2.10
Net Profit	3.64	9.33
Dividend	2.84	3.40
Tax on Dividend	0.31	0.37
Transfer to Debenture Redemption Reserve	—	0.38
Transfer to General Reserve	0.49	2.00
Surplus carried to Balance Sheet	—	3.18

REVIEW OF PERFORMANCE

During the second half of the year under review, your company faced unforeseen setback in the form of industrial unrest affecting the Hosur unit operations. This resulted in delay in introduction of new models and new products. In addition the US market underwent certain unexpected developments requiring changes in model mix as well as competition from other countries. While your company managed to achieve marginal increase in domestic sales notwithstanding the delay in introduction of the new products as well as on-going programme to optimize the receivable cycle, the aforesaid developments in the US market seriously affected the exports leading to a drop of more than 40% in export sales as compared to the previous year. Thus the overall turnover fell by about 5% as compared to the previous year.

Your company successfully launched a wide range of flasks, Omega range of Non-stick Cookware and the sensational new model pressure cooker Nugen towards the end of March 2000. The full impact of these products on the company's financials will be reflected in the financial year 2000-2001.

As a result of various factors affecting your company's business as reported above, the end inventory of the company went up. Your company redefined its inventory valuation models in the light of the mandatory standards for valuation of inventories introduced during the financial year under report. These factors lead to lower valuation of closing inventory resulting in lower declaration of profits. This being 'one time accounting correction factor' there is no impact on real profits as the same will be reflected in the subsequent year's profit on sale of finished inventory.

During the year, your company initiated several concrete steps to introduce flexible manufacturing so as to reduce pipeline inventory, the real impact of which will be felt in the coming years.

FUTURE PLANS – TOTAL TRANSFORMATION

Your company is on the path of bringing about total transformation encompassing all its facets and thus bring about enhancement in long term shareholder value.

In this direction, your company has initiated several steps including engaging external expert management consultants to bring about organisational transformation and to draw up a long range plan for your company which will include substantially expanding the product range of your company in the domestic appliances segment and large scale exploitation of your

company's brand potential and distribution reach. Broad features of these will be separately communicated to the shareholders soon after your Board of Directors finalise the vision document and the long range plan.

The transformation process includes the following:

- a) People Development.
- b) Orientation towards faster customer-centric product development and responding to market dynamics, both domestic and exports, as a result of increasing external liberalization.
- c) In line with the above bring greater flexibility in manufacturing & sourcing so as to be in tune with market requirements.
- d) Structural correction in working capital cycle.
- e) Looking for value adding opportunities involving acquisitions, alliances and partnerships.
- f) Divesting non-core assets.
- g) Optimum utilisation of concurrent information technology.
- h) More dynamic communication to shareholders.

Outlook for FY 2000-2001

As mentioned earlier, the full impact of the products introduced during the fag end of 1999-2000 are expected to be felt during the year 2000-2001.

During June 2000, your company introduced a range of gas stoves and the initial response has been encouraging. In order to cater to the economy segment, your company during May 2000 introduced lower capacity 2 Litre pressure cooker the response to which is overwhelming. This will enable your company to further broaden the consumer base. Your company continues to lay emphasis on aggressively marketing its high end models both in the pressure cooker and the non-stick cookware categories so as to realise higher value sales and contribution.

In line with the flexible manufacturing strategy, your company implemented a Voluntary Retirement Scheme during the first quarter of the current financial year i.e. before April/June 2000 and is in the process of balancing its manufacturing facilities so as to carry out only critical manufacturing within the company and to source all non-critical items. The economies resulting from these measures are expected to be reaped in the medium term.

Your company is continuing to carry on the market correction to reduce the working capital cycle. In the light of changed market conditions, both internal and external, your company has commissioned a thorough evaluation of market requirements and the inventories being carried on and provisioning, if any, required on over all working capital assets will be appropriately dealt in the books of the company.

The first two quarters of the FY 2000-2001 will take the brunt of the various corrections referred to above.

EXPORTS/MANTTRA INC.

Based on the volatility experienced in the export market in terms of frequent changes expected in product offerings as well as competitive pricing due to competition from other countries your company has redrafted its export strategy to build a stable customer base and strive for stable volume at competitive prices. Flexibility in product offerings together with flexible manufacturing/sourcing programmes are being designed to support a stable growth in the export front.

Your company, during the year under review, acquired 100% of the holdings in Manttra Inc. The necessary statement u/s 212 of the Companies Act 1956 of your company's interest in the U.S. subsidiary is attached to this balance sheet. During the year Manttra Inc shifted its operations to a dedicated warehouse at Virginia Beach in the State of Virginia. The location is considered to be more convenient and economical in terms of logistics and customer service. Nascent operations and warehouse shifting costs have resulted in this subsidiary registering some losses which are expected to be recouped over the next few years.

FINANCE

During the year under report, your company initiated several steps to reduce the cost of borrowings and in the process replaced high cost borrowings with low cost borrowings. Your company discharged high cost debt of Rs. 8.2 crores and availed low cost working capital loan of Rs. 9 crores.

Your company has also been placing Commercial Paper periodically to reduce the overall interest burden.

DIRECTORS

As reported earlier, Mr. T.T. Narasimhan, Chairman passed away on 25th April, 2000. Mr. T.T. Jagannathan was unanimously elected as Chairman and Managing Director of the Company.

Mrs. Padma Narasimhan & Mrs. Vandana Walvekar retire by rotation and are eligible for re-election.

TTK PRESTIGE LIMITED**FIXED DEPOSITS**

The Public Deposits aggregated to Rs. 122 lakhs as on 31st March, 2000. There were seven deposits amounting to Rs. 3,15,000/- which had matured but not claimed by the Depositors.

DIVIDEND

Your Directors recommend that the Interim Dividend of Rs. 2.50 per share paid for the financial year 1999-2000 be confirmed as the final dividend.

Y2K STATUS

Your company smoothly passed the Y2K transition period.

INVESTOR INFORMATION

Your Company's shares are listed in Bangalore being the regional Stock Exchange as well at Mumbai, Chennai and Ahmedabad Stock Exchanges and National Stock Exchange. The listing fees are being paid regularly.

Your company has entered into agreements with National Securities Depository Limited and Central Depository Services Limited to enable the investors to hold their shares in electronic form (Dematerialisation). The said securities bear the ISIN "INE690A01010" Those who wish to maintain the shares in demat form can do so through any SEBI registered Depository Participant who will assist you to avail the demat facility. As per SEBI's notification, the company's shares are notified for compulsory trading in dematerialised form for all investors from 28th August, 2000.

The company has a website ttk-prestige.com which is under construction.

CORPORATE GOVERNANCE

Your Board of Directors have already initiated steps to develop a formal code of Corporate Governance. Though as per the listing agreement your company is required to have a formal compliance of the code by 2002 March, your Board of Directors expect to observe compliance from the current financial year itself.

EMPLOYEES

Particulars of employees required in terms of rules under section 217(2A) of the Companies Act, 1956 are set out in the annexure which forms part of the Directors' Report.

AUDITORS

M/s. S. Viswanathan, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

FOREIGN EXCHANGE EARNINGS

The details of foreign exchange earnings and outflow are given in the annexure to the Directors' Report.

CONSERVATION OF ENERGY AND RESEARCH AND DEVELOPMENT

The measures related to conservation of energy, etc. are covered in detail in the annexure to this Report pursuant to Section 217(1)(e) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors deeply appreciate and acknowledge the significant and continued co-operation given to your Company by the Bankers, Financial Institutions and the employees of the Company.

Registered Office:
78, Old Madras Road
Dooravaninagar
Bangalore 560 016.

Place : Bangalore
Dated : 27th June, 2000

For and on behalf of the Board

(T.T. JAGANNATHAN)
Chairman

Annexure to the Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 for the year ended 31st March, 2000.

A. CONSERVATION OF ENERGY AS PER FORM A:

Not applicable

B. PARTICULARS AS PER FORM B – RESEARCH & DEVELOPMENT:

Constant efforts are made to improve the quality of the products and upgrade the manufacturing process of all the products of the Company.

C. FOREIGN EXCHANGE EARNINGS & OUTFLOW:

- i) Inflow
Export of Goods (FOB) – Rs. 1241.71 Lakhs
- ii) Interest Income – Rs. 17.06 Lakhs
- iii) Outflow
Import of Goods & Others – Rs. 494.92 Lakhs

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For and on behalf of the Board

Place : Bangalore
Dated : 27th June, 2000

(T.T. JAGANNATHAN)
Chairman

TTK PRESTIGE LIMITED

Annexure to the Directors' Report 1999-2000**Particulars of Employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2000

Name	Designation	Qualification	Experience in Years	Remuneration Rs.	Age	Commencement of Employment	Particulars of last Employment
T.T. Jagannathan*	Chairman and Managing Director	B.Tech. (IIT, Chennai) M.S. (Operational Research) Cornell University New York.	29	57,42,308	52	01/01/1975	G.M., TT. Maps & Publications Ltd.
S. Ravichandran*	Joint Managing Director	B.Tech., P.G.D.B.A.	27	21,70,513	48	05/02/1997	President, Maxworth Orchards (India) Ltd., Chennai.
K. Shankaran	Director and Secretary	B.Com., AICWA, FCS. MAC	26	15,33,936	46	09/10/1990	Secretary, Spencer & Co. Ltd., Chennai.
S. Vasudevan	Executive V.P. (Operations)	B.E. (Mechanical), PGDOM.	34	10,49,048	57	02/07/1992	Chief Executive, UB Mec. Batteries Ltd., Bangalore.
Girish Rao	Senior V.P. (Intl. Sales)	B.E., M.M.S.	14	12,18,548	38	19/04/1997	GM - Sales & Mktg. Hutchinson Max Ltd.
K.R. Panduranga	Senior V.P. (New Business Development)	B.Sc., D.M.E., (A.M.I.E.)	21	8,11,187	43	01/08/1986	Institute of Hotel Management, Bangalore

Notes: Remuneration includes P.F., Gratuity, Contribution to Superannuation Scheme, Housing, etc., wherever applicable.

None of the employees excepting Mr. T.T. Jagannathan is a relative of any of the Directors.

Mr. T.T. Jagannathan is the son of Late Mr. T.T. Narasimhan (who was a Director upto 25th April 2000) and Mrs. Padma Narasimhan, and brother of Mr. T.T. Raghunathan, Directors.

* Term of employment is contractual.

Registered Office:
78, Old Madras Road
Dooravaninagar
Bangalore 560 016.

Place : Bangalore
Dated : 27th June, 2000

For and on behalf of the Board

(T.T. JAGANNATHAN)
Chairman

Report of the Auditors

To the Shareholders of TTK Prestige Limited

We have audited the attached Balance Sheet of Messrs. TTK Prestige Limited, as at 31st March, 2000 and the Profit & Loss Account of the Company, for the year ended 31st March, 2000 annexed thereto.

We have to report as follows:

1.
 - (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
 - (ii) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examination of the Books;
 - (iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Accounts;
 - (iv) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section 3(c) of section 211 of Companies Act, 1956.
 - (v) In our opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with the Notes thereon (particularly Item 5 of Schedule 17 Notes on accounts on the method of valuation of finished goods and its impact on profits) give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view.
 - (a) In the case of the Balance Sheet, of the State of affairs of the Company, as at 31st March 2000 and
 - (b) In the case of the Profit and Loss Account, of the Profit of the Company, for the year ended on that date.
2. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956, a statement on the matters specified in the paragraphs 4 and 5 of the order is annexed hereto.

For Messrs. S. VISWANATHAN
Chartered Accountants

Place : Bangalore
Dated : 27th June, 2000

(C.N. SRINIVASAN)
Partner

TTK PRESTIGE LIMITED

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our Report of even date)

1. The Company has maintained proper records to show full particulars including quantitative details and situations of Fixed Assets, except for Furniture and Fittings. A physical verification of major Fixed Assets has been conducted by the management during the year. In our opinion, the programme of verification carried out is reasonable, having regard to the size of the Company, and the nature of the Assets, and on the basis of the explanations given to us, no serious discrepancies have been noticed on verification.
2. The stock of Finished Goods, Raw Materials, Components, Stores and Spares have been physically verified by the Management, at reasonable intervals during the period. The discrepancies noticed on such verifications, as compared to books, were not significant, and the same have been properly dealt with in the Books of Accounts. The valuation of the stocks is in accordance with AS 2 of The Institute of Chartered Accountants of India read in conjunction with notes to accounts 1(v)d and 5.
3. The Company has not taken unsecured loans from Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.

The Company has granted loans secured or unsecured to Companies under the same management as defined Under Section 370 (1D) and listed in the Register maintained under Section 301. The terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
4. Interest-free advances granted by the Company to the Employees under appropriate schemes are being realised in monthly instalments by the Company, as per agreement.
5. In our opinion, and according to the information and explanations given to us, the transactions of the purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or prices at which transactions for similar goods, materials or services have been made with other parties.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
7. The Company has maintained reasonable records for the sale and disposal of realisable scraps. The Company has no by-products.
8. There are adequate internal control procedures, commensurate with the size of the Company, and the nature of its business, for the purchase of stores, raw materials, components, plant and machinery, equipment and other assets.
9. The Company is not required to maintain any Cost Records, under Section 209(1)(d) of the Companies Act, 1956, and as such, no such records have been maintained.
10. According to the records of the Company, Provident Fund dues have been regularly deposited during the period with appropriate authorities.
11. In our opinion, the Company has an adequate internal audit system, commensurate with its size and nature of its business.
12. The Company has regularly deposited ESI dues with appropriate authorities during the period.
13. At the last day of the financial year, there was no amount outstanding in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which were due for more than 6 months from the date they became payable.
14. Based on appropriate checks carried out by us and the information and explanations given to us, no personal expenses have been charged to the Profit & Loss Account other than those payable under the contractual obligations or in accordance with generally accepted business practice.