

TOWARDS TOTAL KITCHEN SOLUTIONS



ANNUAL REPORT 2005-2006

TTK Prestige
LIMITED

TTK PRESTIGE LIMITED

Annual Report 2005 - 06

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BOARD OF DIRECTORS

Shri. T T Jagannathan	Executive Chairman
Shri. T T Raghunathan	Vice Chairman
Shri. S. Ravichandran	Managing Director
Shri. Ajay I. Thakore	Director
Shri. R. Srinivasan	Director
Dr. (Smt.) Latha Jagannathan	Director
Dr. (Smt.) Vandana R. Walvekar	Director
Shri. K. Shankaran	Director
Shri. Dileep Kumar Krishnaswamy	Director
Shri. Arun K. Thiagarajan	Director

STATUTORY AUDITORS

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

COMPANY SECRETARY

K. Shankaran

REGISTERED OFFICE
No. 78, Old Madras Road,
Dooravaninagar, Bangalore - 560 016.

CORPORATE OFFICE
11th Floor, Brigade Towers
35, Brigade Road
Bangalore - 560 025.

FACTORIES
No. 78, Old Madras Road, Dooravaninagar,
Bangalore - 560 016.

82 & 85, Sipcot Industrial Complex, Hosur
Tamil Nadu - 635 126.

Myleripalyam Village
Kovai Terku
Coimbatore, Tamilnadu - 641 032.

BANKERS

1. Bank of Baroda
Corporate Financial Services Branch, HJS Chambers,
1st Floor, No. 26, Richmond Road, Bangalore - 560 025.
2. Canara Bank, Corporate Service Branch
Shankaranarayana Building, M.G. Road,
Bangalore-560 001.

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare (P) Limited
51/2, T.K.N. Complex
Vanivilas Road, Basavanagudi, Bangalore - 560 004.

BRANCHES

Ahmedabad, Bangalore, Chennai, Cuttak, Delhi, Ernakulam,
Ghaziabad, Goa, Guwahati, Hyderabad, Indore, Jaipur,
Jamshedpur, Kolkata, Ludhiana, Mumbai, Patha, Pune, Raipur,
Trichy & Vijayawada

TTK PRESTIGE LIMITED**Registered office at 78, Old Madras Road, Dooravaninagar, Bangalore 560 016****NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Fiftieth Annual General Meeting of **TTK PRESTIGE LIMITED** will be held at the Registered Office at 78, Old Madras Road, Dooravaninagar, Bangalore 560 016 on **Tuesday the 29th August, 2006 at 12.00 noon** to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. T T Raghunathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) Latha Jagannathan, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. R. Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint the Auditors of the Company for the ensuing year and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Dileep Kumar Krishnaswamy who was appointed as Additional Director of the company effective 9th December 2005 and who holds office up to the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice from a member under Sec.257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation".

8. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Arun Thiagarajan who was appointed as Additional Director effective 25th May 2006 and who holds office up to the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice from a member under Sec.257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation".

9. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Sec. 314(1) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Dr. T T Mukund, a relative of some of the Directors of the Company as a Technical Consultant on a monthly remuneration of Rs. 50,000 with effect from 1.1.2006"

10. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in continuation of the previous resolution passed at the General Meeting held on 24th September, 2003, during any year of loss or inadequacy of profits, salary and allowances together with other perquisites fixed by the Board of Directors and endorsed by the Remuneration Committee and as detailed in the Explanatory Statement be paid to Mr. T T Jagannathan, Executive Chairman, and Mr. S. Ravichandran, Managing Director as minimum remuneration till the period of expiry of their current tenure with effect from 1st October, 2006, in accordance with the provisions of and subject to the ceiling prescribed for the time being under Schedule XIII to and other applicable Sections of the Companies Act, 1956 or any statutory modification(s) thereof from time to time and that the Board of Directors be and are hereby further authorized to apply to the Central Government in connection with the payment of Managerial Remuneration, if and when necessary."

11. To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Sec. 198, 309 and other applicable provisions of the Companies Act, 1956, sanction be and is hereby accorded for renewing the resolutions passed in the earlier general meetings enabling payment of commission to directors who are not managing or whole time directors at the rate of 1% of the net profits of the Company for each financial year computed in accordance with Sec. 198(1) of the Companies Act, 1956 and that the said commission be divided between such directors by agreement between them or as determined by the Chairman."

"RESOLVED FURTHER THAT the above renewal shall be valid for a period of 5 years commencing from 1st April 2007 and ending on 31st March 2012."

By Order of the Board
For TTK Prestige Limited

Place: Bangalore
Dated: 20th June, 2006

K.SHANKARAN
Director & Secretary

TTK PRESTIGE LIMITED

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting, will be paid to those Shareholders whose names appear in the Register of Members as on 29th August, 2006 and such payment will be made on or before 29th September, 2006.
3. Members are requested to intimate the Company, changes if any, in their registered address at an early date.
4. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of savings bank account details to their respective Depository Participants.
5. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM, 22nd August, 2006 TO 29th August, 2006 (BOTH DAYS INCLUSIVE)
6. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. Pursuant to Section 205C of the Companies Act, 1956, all Unclaimed Dividends up to the financial year ended 31st March 1998 have been transferred to the Investor Education and Protection Fund of the Central Government and the members are not entitled to claim these dividends.

Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company's Share Transfer Agents for the payment thereof as the same will be transferred to the **Investor Education and Protection Fund** of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective due dates mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

<u>Financial Year Ended</u>	<u>Due Date of Transfer</u>
31 st March, 1999	14-9-2006
31 st March, 2000	08-5-2007
31 st March, 2001	20-9-2008
31 st March, 2005	22-8-2012

9. Information required under Clause 49 VI A of the Listing Agreement with the Stock Exchange with respect to the Directors retiring by rotation and being eligible seeking reappointment is as under:

1. **Mr. T T Raghunathan**

Mr. T T Raghunathan retires by rotation and is eligible for re-election.

Mr. T T Raghunathan is a Commerce Graduate. He has been on the Board of your Company since 1995. He has vast industrial experience and has been actively involved in the management of various companies of the TTK Group.

Mr. T T Raghunathan is also on the Board of TTK Healthcare Limited, TTK-LIG Limited, SSL-TTK Limited, TTK Tantex Limited, TTK Healthcare Services (P) Limited, TTK Services (P) Limited & Prestige Health Administrator (P) Limited.

Mr. T T Raghunathan, holds 2000 equity shares in the Company.

The Resolution is commended for adoption.

Mr. T T Raghunathan, Mr. T T Jagannathan and Dr. (Mrs.) Latha Jagannathan are deemed to be interested in this Resolution.

2. **Dr. (Mrs.) Latha Jagannathan**

Dr. (Mrs.) Latha Jagannathan retires by rotation and is eligible for re-election.

Dr. (Mrs.) Latha Jagannathan is a Medical Practitioner. She has been on the Board of the Company for the last 18 years.

She is a Director on the Board of TTK-LIG Limited and TTK Healthcare Services (P) Limited.

She chairs the Shareholders'/Investor Grievance Committee of the Company.

Dr. (Mrs.) Latha Jagannathan, does not hold any shares in the Company.

The Resolution is commended for adoption.

Dr. (Mrs.) Latha Jagannathan, Mr. T T Jagannathan and Mr. T T Raghunathan are deemed to be interested in this Resolution.

3. **Mr. R. Srinivasan**

Mr. R. Srinivasan retires by rotation and is eligible for re-election.

Mr. R. Srinivasan is a B.E. (Hons.) and is an independent professional having vast industrial experience and is also a Management Consultant.

He is the Managing Director of RAS Transformation Technologies Pvt. Ltd.

He is a Director of ACE Designers Ltd., Cholamandalam MS General Insurance Co. Ltd, Kirloskar Oil Engines Ltd, Murugappa Morgan Thermal Ceramics Ltd, Nettur Technical Training Foundation, NTTF Industries Ltd, TTK Healthcare Limited, Tube Investments of India Ltd, Sundaram Fasteners Ltd, Yuken India Ltd, Dakshin Foundries Pvt. Ltd, TaeguTec India Pvt. Ltd.

He is the Member of Audit Committee and Remuneration Committee of the Company.

He is the Chairman of Audit Committee of Sundaram Fasteners Ltd & ACE Designers Ltd., Chairman of Share Transfer Committee of Yuken India Ltd, Member of Audit Committee of Cholamandalam MS Gen. Ins. Co. Ltd, Yuken India Ltd, Tube Investments of India Ltd., Kirloskar Oil Engines Limited.

Mr. R. Srinivasan does not hold any shares in the Company.

The Resolution is commended for adoption.

None of the Directors except Mr. R. Srinivasan is deemed to be interested in this Resolution.

By Order of the Board
For TTK Prestige Limited

Place: Bangalore
Dated: 20th June, 2006

K.SHANKARAN
Director & Secretary

TTK PRESTIGE LIMITED

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 7

Mr. Dileep Kumar Krishnaswamy was co-opted as an Additional Director with effect from 9th December 2005.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Dileep Kumar Krishnaswamy vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as Director and an amount of Rs.500/- has been deposited with the Company by the said member pursuant to Sec.257 of the Companies Act, 1956.

Mr. Dileep Kumar Krishnaswamy is a well known Management Consultant with an academic background in Mechanical Engineering and Post Graduate Diploma in Management Studies from New Port, U.K. His induction on the Board would immensely benefit the Company.

He is also a Director of Apex Management Consulting Group Private Limited.

Mr. Dileep Kumar does not hold any shares in the Company.

The Resolution is commended for adoption.

None of the Directors except Mr.Dileep Kumar Krishnaswamy is deemed to be interested in this Resolution.

ITEM No. 8.

Mr. Arun K. Thiagarajan was co-opted as an Additional Director with effect from 25th May 2006.

Pursuant to Section 260 of the Companies Act, 1956, Mr.Arun K Thiagarajan vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as Director and an amount of Rs.500/- has been deposited with the Company by the said member pursuant to Sec.257 of the Companies Act, 1956.

Mr. Arun K. Thiagarajan holds a Master's degree in Electrical Engineering and a degree in Business Administration. He has held senior positions in ABB, Wipro and Hewlett-Packard. His induction on the Board would immensely benefit the Company.

He is the Chairman of WeP Peripherals Ltd. He is also a Director of the following companies:

ING Vysya Bank Limited, Alstom Projects India Limited, Krone Communications Limited, PSI Data Systems Limited, GMR Infrastructure Limited, GMR Energy Limited, CITEC Information India Pvt. Ltd., Birla Technologies Limited, Transworks Information Services Limited, Cable Corporation of India Limited, Westrup A/S, Denmark.

He is the Chairman of the Audit Committee of ING Vysya Bank Limited & member of Corporate Governance Committee. He is

a member of Audit Committee of Alstom Projects India Limited, Krone Communications Limited, PSI Data Systems Limited, GMR Infrastructure Limited and a member of Compensation Committee of WeP Peripherals Limited.

Mr. Arun K Thiagarajan does not hold any shares in the Company. The Resolution is commended for adoption.

None of the Directors except Mr. Arun K Thiagarajan is deemed to be interested in this Resolution.

ITEM No. 9.

Dr. T T Mukund has done his Bachelors Degree from Cornell University, USA and has obtained his Doctorate in Physics from Massachusetts Institute of Technology, USA. He has been awarded the Kieval Prize for outstanding contribution to physics research. He is now settled in India and presently a Max Planck – India Fellow at the National Centre for Biological Sciences, Bangalore. The Red Herring has recognized Dr. T T Mukund as one of world's top 10 promising researchers.

Dr. T T Mukund was appointed as a Technical Consultant on a consolidated fee of Rs.50,000 per month with effect from 1.1.2006 to seek his consultancy and advice on Research and Product Development efforts of the company.

Dr. T T Mukund is a relative of Mr. T T Jaganathan, Mr. T T Raghunathan and Dr. (Mrs.) Latha Jaganathan in terms of Section 6 read with Schedule 1 (A) of the Companies Act, 1956. The provisions of Sec. 314 of the Companies Act, 1956 requires the consent of the shareholders of the company by means of Special Resolution for any relative of a director to hold employment or a place of profit in the Company. The resolution seeks such approval.

Mr. T T Jagannathan, Mr. T T Raghunathan and Dr. (Mrs.) Latha Jagannathan, are deemed to be interested in this resolution. The resolution is commended for adoption.

ITEM No. 10

Mr. T T Jagannathan was re-appointed as Executive Chairman of the company for a period of 5 years with effect from 1st July, 2003 and Mr. S. Ravichandran was re-appointed as Managing Director for a period of 5 years with effect from 5th February, 2002. The shareholders have approved the terms of appointment and also approved payment of minimum remuneration by means of a Special Resolution passed at the Annual General Meeting held on 24th September 2003. The said resolution is valid up to 30th September, 2006. To ensure adequate remuneration to the appointees from 1st October, 2006 till expiry of their current term, a fresh special resolution is required to be passed by the Shareholders.

The remuneration committee of the Board has considered this renewal and recommended the same to the Board of Directors. The conditions stipulated for payment of such minimum remuneration are complied herewith. The prescribed particulars as required under Schedule XIII to the Companies Act, 1956 are furnished in the Annexure.

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Mr. T T Jagannathan & Mr. S. Ravichandran are interested in this resolution.

Mr. T T Raghunathan and Dr. (Mrs.) Latha Jagannathan, are deemed to be interested in this resolution in so far as it concerns the remuneration of Mr. T T Jagannathan. The resolution is commended for adoption.

ITEM No. 11

The Shareholders have been periodically passing special resolutions to enable payment of commission to directors other than managing or whole time directors subject to a ceiling of 1% of the net profits computed in accordance with Sec. 198(1),

& 309 of the Companies Act, 1956. The special resolution passed by the Directors at an earlier meeting is valid up to the financial year 2006-07 and it is proposed to renew the said resolution for a further period of 5 years as permitted under Sec. 309(7) of the Companies Act, 1956.

All the directors other than managing or whole time directors are deemed to be interested in this resolution.

By Order of the Board
For TTK Prestige Limited

Place: Bangalore
Dated: 20th June, 2006

K.SHANKARAN
Director & Secretary

**STATEMENT SHOWING THE DETAILS AS REQUIRED UNDER
SCHEDULE XIII TO THE COMPANIES ACT, 1956**

(In connection with Item no. 10 of the Notice/Explanatory Statement)

I. GENERAL INFORMATION			
1. Nature of Industry	Manufacture and Marketing of Pressure Cookers, Non-stick Cookware, Gas Stoves & Domestic Kitchen Appliances.		
2. Date or expected date of commencement of commercial production	An existing Company.		
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus.	N.A.		
4. Financial performance based on given indicators	N.A.		
5. Export performance and net foreign exchange earnings	Export Rs. lacs	Import Rs. lacs	Net Foreign Exchange Earnings Rs. lacs
2005-2006	1600	783	817
6. Foreign Investments or collaborators, if any.	None		
II INFORMATION ABOUT THE APPOINTEE:			
1. Background details	<p>Mr. T T Jagannathan</p> <p>Mr. T T Jagannathan is a Gold Medalist from the Indian Institute of Technology, Madras and did his Masters in Operations Research in Cornell University, USA. He has been on the Board of the Company for the last 31 years.</p>	<p>Mr. S. Ravichandran</p> <p>Mr. S. Ravichandran is an experienced and qualified professional having qualified in the field of Mechanical Engineering from the Indian Institute of Technology, Chennai and is a Management Graduate from the Indian Institute of Management. He has been on the Board of the Company for the last 8 years.</p>	
2. Past remuneration	Refer Annexure -1		
3. Recognition or awards	Gold Medalist from IIT, Chennai		

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4. Job profile and his suitability	He is the Executive Chairman in charge of overall management of the Company including Long Term Strategy and Innovation. He has the requisite qualification and experience to hold this post.	He is the Managing Director of the Company in charge of the day to day overall management of the company and shall discharge such functions as entrusted by the Board of Directors from time to time. He possesses the necessary qualification and experience to discharge the functions of a Managing Director.
5. Remuneration proposed	Refer Annexure 1	
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration package is in line with the nature of the industry, size of the Company, profile of the person and the responsibilities entrusted	The remuneration package is in line with the nature of the industry, size of the Company, profile of the person and the responsibilities entrusted
7. Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any	Related to Mr. T T Raghunathan and Dr. (Mrs.) Latha Jagannathan.	None
III OTHER INFORMATION		
i) Reasons for loss or inadequate profits	<p>Though the company incurred a net loss of Rs.11.47 Crores during the year 2002-03, it has recovered in the year 2003-04 by making a profit of Rs.21.31 lakhs. Performance in 2004-05 & 2005-06 has also improved with a Net Profit of Rs.3.86 Crores & 7.11 Crores respectively.</p> <p>Though the losses incurred in 2002-03 & 2003-04 were adjusted against General Reserves of the company, provisions of Sec. 349 of the Companies Act, 1956 require the adjustment of these losses against the profits made in the subsequent years for determining the profits to compute the remuneration to Managerial Personnel.</p> <p>Though the company has turned profitable, it will take a while to wipe out the above deficit as contemplated under Sec. 349 of the Companies Act, 1956.</p>	
ii) Steps taken or proposed to be taken for improvement	<p>The company has already been turned around and is making profit</p> <p>The shareholders are also requested to refer to the Managements' Discussion & Analysis Report included in Directors' Report for further details.</p>	
iii) Expected increase in productivity and profits in measurable terms	The company has made a profit of Rs.12 Crores & Rs.3.86 Crores before tax during the year 2005-06 & 2004-05 respectively. The company expects to improve upon this performance in the coming years. The company expects to grow at 15% to 20% per annum.	
IV DISCLOSURES	<p>The details of the remuneration package of Mr. T T Jagannathan and Mr. S. Ravichandran are furnished in Annexure 1.</p> <p>The other disclosures required are furnished under the Column "Disclosures" in our Report on Corporate Governance.</p>	

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ANNEXURE 1

REMUNERATION DETAILS*

	T T Jagannathan	S. Ravichandran
A. Salary	Rs.1,00,000 per month	Rs.1,25,000/- per month in the pay scale of Rs.60,000 – Rs.2,00,000
B. 1) Housing	House Rent Allowance of 60% of the salary over and above 10% payable by the appointee.	House Rent Allowance of 60% of the salary over and above 10% payable by the appointee.
2) Gas, Electricity & Water	The expenditure incurred by the Company on Gas, Electricity, Water, Furnishings etc., shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary.	The expenditure incurred by the Company on Gas, Electricity, Water, Furnishings etc., shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary.
3) Medical	One month's salary in a year or three month's salary over a period of three years for self, wife, children and dependents.	One month's salary in a year or three month's salary over a period of three years for self, wife, children and dependents.
4) Leave Travel Assistance	For self and family, to and fro Airfare and other related expenses to any place in India or abroad once a year.	For self and family, to and fro Airfare to any place in India once a year.
5) Club Fees	Fees for two clubs not including admission and life membership fee.	Fees for two clubs not including admission and life membership fee.
6) Personal Accident Insurance Cover	As per the rules of the company.	As per the rules of the company.
C. Other Benefits		
1. Provident Fund contribution	- As per rules of the company.	- As per rules of the company.
2. Superannuation contribution	- As per rules of the company.	- As per rules of the company.
3. Leave and Leave encashment benefits	- As per rules of the company	- As per rules of the company
4. Gratuity	- As per rules of the company	- As per rules of the company
D. 1. Car	Free use of Company maintained car with driver.	Free use of Company maintained car with driver.
2. Telephone	Telephone at residence	Telephone at residence
E. Performance Bonus commission	<p>Will be entitled to remuneration calculated at 5% of the net profit of the Company computed in accordance with Sec.198 of the Companies Act, 1956 and the difference between the amount so calculated at 5% and the amount paid by way of salary and other allowances described above shall be paid as commission.</p> <p>The above remuneration exclusive of commission shall be paid as minimum remuneration in the year of loss or inadequacy of profits. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the company shall seek permission of Central Government as may be necessary in accordance with provisions governing payment of remuneration in force at the relevant point of time.</p>	<p>A Performance Bonus commission of 1% on the net profits of the company as declared in the Audited Annual Report of the company.</p> <p>The above remuneration including Performance Bonus Commission shall be paid as minimum remuneration in the year of loss or inadequacy of profits. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the company shall seek permission of Central Government as may be necessary in accordance with provisions governing payment of remuneration in force at the relevant point of time.</p>

* Present and proposed remuneration are the same.

TTK PRESTIGE LIMITED

DIRECTORS' REPORT
(Including Managements' Discussion and Analysis Report)

Your Directors have pleasure in presenting their Fiftieth Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March 2006 as follows:

FINANCIAL RESULTS

(Rupees in lakhs)

	2005-06	2004-05
Sales (inclusive of excise duty)	23183	18937
Other income	2	245
Profit before tax	1200	385
Net Tax Provision	489	4
Net Profit	711	381
Transfer to General Reserve	72	39
Proposed Dividend (including tax)	323	256
Surplus carried to balance sheet	316	86

REVIEW OF PERFORMANCE

Your Company continued to register substantial growth in its overall sales both in terms of volume and value. Over and above two successive years of 30% year on year growth, your Company achieved a growth of 22.4% during 2005-06. Every product category dealt in by your Company witnessed substantial growths. Though there was decline in the export business, the domestic business registered a growth of 32%. Pre-tax profit grew by more than three times while post tax profit registered an increase of 87%.

The Company's profitability improved through improvement in margins both on account of improved realization as well as cost reduction measures. This has prompted your Board to recommend a higher dividend for the year.

More elaborate analysis is provided under the section 'Management's Discussion and Analysis'.

RECOGNITION OF PRESTIGE AS "SUPER BRAND"

Your Board of Directors are pleased to inform that your Company's brand "Prestige" has been declared as the Super Brand in the Kitchen Appliances category by the world renowned evaluation agency "Superbrands".

Superbrands are perhaps the world's foremost compendia of case studies on the most outstanding brands in a country. Over the years it has gained increasingly in respect and in several of the 55 countries it operates in, it is recognized as the independent authority and arbiter on brand management. Its case studies are quoted in text books and are often referred to by senior journalists, marketing professionals and decision makers.

To quote Mr. Anmol Dar - Managing Director of Superbrands, India:

"Prestige is one of the top 15% of India's consumer brands. In a market divided by language and fundamentally varying kitchen habits, climbing to and remaining at the top of this pyramid is no mean achievement. Prestige has created a place for itself by staying ahead of competition and filling need spaces by innovating and marketing genius. The fact that it scores in multi-brand outlets across metros, cities, towns and villages is the ultimate tribute to this brand. From the book that is under preparation readers will be able to understand what makes Prestige the company it is; what makes it tick; what drives it forward, what keeps it ahead of consumer needs; why, indeed, when confronted with more than a score of choices in the market place hundreds of thousands of consumers each year reach out for the brand that displays the legend: PRESTIGE. We believe the brand is still evolving. As it wades forward it will strengthen its bonds with the consumer - and create a compelling marketing story that will resonate in kitchens across India"

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MANAGEMENTS' DISCUSSION AND ANALYSIS

A. INDUSTRY SCENARIO

The overall buoyancy in the economy seen in the last two years continued during 2005-06 also. However, the increase in oil prices and the rate of inflation had some impact on disposable income of the consuming public.

Your Company operates in the kitchen appliances segment with a wide range of product categories. Your Company's portfolio consists of Pressure Cookers, Non-stick Cookware, Gas Stoves and Domestic Kitchen Appliances. The key product category of your Company is Pressure Cookers which is shared amongst organized national branded players, regional brands and unorganized players, the latter two accounting for nearly half of the market.

Though there are value added products of national brands, pressure cooker is predominantly a common man's product and thus the demand is price elastic. Therefore, the share of regional brands and unorganized players is on the increase.

The Pressure Cooker industry suffered heavily during the years 2000-03 on account of high excise duty levy of 16%. This was brought down to 8% in 2003-04 and since then the industry is recovering but it is yet to recoup all its past losses suffered on account of duty increase as well as other recessionary factors.

As regards other product categories namely cookware, stoves and domestic kitchen appliances, the market structure is similar to that of pressure cookers. However, the share and role of the regional brands and unorganized players is quite high in these segments.

The growth and survival of the pressure cooker and nonstick cookware industry depends on a stable indirect tax regime consisting of central excise duty as well as VAT. Any tinkering in these rates on the higher side can have an adverse impact on the consumer and thus the industry.

B. OPPORTUNITIES, THREATS AND COMPANY'S RESPONSE

Your Company derives its strength from its brand, manufacturing and innovation expertise in pressure cookers and nonstick cookware, distribution and service capabilities. Your Company is currently building its strength in outsourcing capabilities both within India and outside India.

In the last three years your Company added to its strength the direct retail foray by establishing exclusive retail outlets across the country under the name and style Prestige Smart Kitchens.

Your Company has multifold opportunities to exploit. The opportunities arise from strengths of the Company stated above as well as the revolution that is taking place in the domestic market in the consumer behaviour as well as in the modern retail format stores. Your company also believes in creating opportunities for itself besides exploiting available opportunities.

a. Opportunities through Brand Extension

As stated in the last report, over the last few years, your Company's brand "**Prestige**" has firmly established itself as a Kitchen and Household brand, thanks to the successful extension of the brand beyond pressure cookers and cookware to cover a wide range of products like gas stoves, domestic kitchen appliances, modular kitchens and even domestic irons. Your Company has been able to achieve successful extension without losing focus on increasing the dominance in its core category of pressure cookers and cookware.

The brand extension has enabled your Company to increase its depth as well as width in the market covering a wide spectrum of customer segments as well as geographical segments and thus has been able to attain the status of 'Super Brand' in the Kitchen Appliances category. Your Company's in-house studies reveal that the brand presents a great opportunity even beyond occupying the entire kitchen. Your Company is poised to launch a further range of high end domestic kitchen appliances like chimneys, hobs, microwave ovens, kettles etc., in line with its vision of occupying the entire kitchen and being recognized as a total kitchen solution provider.

b. Opportunities through Innovation

Your Company recognizes that a mere branding of product will not yield customer acceptance, unless the same is supported by innovation, differentiation and value addition. Your Company realizes that in a market structure crowded with mushrooming unorganized players who tend to commoditize the product category, only innovators can move the consumers consciously towards quality products. All the products launched by your Company in the last three years have