

THERE IS SOMETHING IN IT FOR EVERYONE.

Annual Report 2007-08

TTK Prestige
LIMITED

Are you ready for a smarter kitchen?

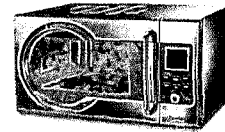
PRESTIGE TOTAL KITCHEN SOLUTIONS.



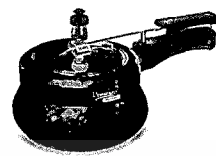
Pressure Cookers



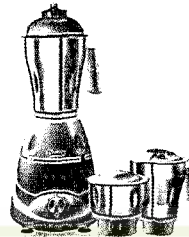
Electric Rice Cookers



Microwaves



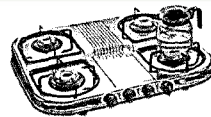
Nakshatra Cookers



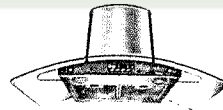
Mixer Grinders



Non-Stick Cookware



Gas-Stoves



Chimneys



Hobs



INDIA'S NO. 1 KITCHEN APPLIANCES BRAND

TTK PRESTIGE LIMITED

FIFTY SECOND ANNUAL REPORT 2007 - 08

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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 & CORPORATE OFFICE

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

FACTORIES

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

Plot No. 38, Sipcot Industrial Complex
Hosur - 635 109, Tamil Nadu.

Myleripalayam Village
Kovai Terku
Coimbatore - 641 032
Tamilnadu.

Plot No. 1A & 2
Dev Bhoomi Industrial Estate
Roorkee - 247 667
Uttarakhand.

BANKERS

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

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare (P) Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur
Hyderabad - 500 081.

BRANCHES

Ahmedabad, Bangalore, Chennai, Cuttack, Delhi, Ernakulam,
Ghaziabad, Goa, Guwahati, Hyderabad, Indore, Jaipur,
Jamshedpur, Kolkatta, Lucknow, Ludhiana, Mumbai, Patna,
Pune, Raipur, Trichy & Vijayawada

TTK PRESTIGE LIMITED**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Fifty second Annual General Meeting of **TTK PRESTIGE LIMITED** will be held at Century Club, 1 Seshadri Road, Bangalore - 560 001 on **Friday the 25th July, 2008 at 10-15 a.m.** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2008 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. TT 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 pursuant to Sec.198, 269, 309, 310, 311 & Schedule XIII and other applicable provisions of the Companies Act, 1956 and the Articles of Association of the Company, the re-appointment of Mr. TT Jagannathan as Executive Chairman of the Company for a period of 5 years from 1st July, 2008 by the Board of Directors on the terms and conditions specified in the explanatory statement to this resolution be and is hereby approved".

"RESOLVED FURTHER THAT during any year of loss or inadequacy of profits, Salary and Allowances fixed by the Directors together with other perquisites shall be paid as minimum remuneration and that the Board of Directors be and are hereby authorised to make an application to the Central Government as may be necessary if such minimum remuneration exceeds the ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to revise the remuneration and benefits of Mr. TT Jagannathan from time to time within the ceiling prescribed under Schedule XIII to the

Companies Act, 1956, as may be in force from time to time".

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

"RESOLVED THAT during the year of loss or inadequacy of profits, salary, performance bonus 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. TT Jagannathan – Executive Chairman as minimum remuneration for a period of 3 years with effect from 1st July 2008 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 authorized to apply to the Central Government in connection with the payment of Managerial Remuneration, if and when necessary"

By Order of the Board

Place : Bangalore
Dated : 12th June, 2008

K.SHANKARAN
Director & Secretary

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, HOWEVER, 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 on 25th July, 2008.
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 17th July, 2008 TO 25th July, 2008 (BOTH DAYS INCLUSIVE)

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6. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Item No.7 & 8 is annexed.
7. Members are requested to bring their copy of the Annual Report to the Meeting.
8. 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, 2001	20-9-2008
31 st March, 2005	22-8-2012
31 st March, 2006	28-8-2013
31 st March, 2007	09-8-2014

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 re-appointment are as under:

1. Mr. TT Raghunathan

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

Mr. TT 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. TT 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.

The Resolution is commended for adoption.

Mr. TT Raghunathan, Mr. TT Jagannathan and 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 since 1988.

She is a Director on the Board of TTK-LIG Limited.

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

The Resolution is commended for adoption.

Mrs. Latha Jagannathan, Mr. TT Jagannathan and Mr. TT 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 B.E. (Hons.) and is an independent professional having vast industrial experience and is also a Management Consultant. He has been on the Board of the Company since 2000.

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

He is also on the Board of ACE Designers Ltd., Cholamandalam MS General Insurance Co. Ltd, Kirloskar Oil Engines Ltd, Murugappa Morgan Thermal Ceramics Ltd, Nettur Technical Training Foundation, TTK Healthcare Limited, Tube Investments of India Ltd, Sundaram Fasteners Ltd, Mind Tree Consulting Limited, Yuken India Ltd, Dakshin Foundries Pvt. Ltd, TaeguTec India Pvt. Ltd & NTT Industries Private 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., Cholamandalam MS Gen. Ins. Co. Ltd, Chairman of Share Transfer Committee of Yuken India Ltd, Member of Audit Committee of Yuken India Ltd, Tube Investments of India Ltd., Kirloskar Oil Engines Limited, MindTree Consulting Limited, Member of Remuneration Committee of Yuken India Ltd & MindTree Consulting Limited.

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

Place : Bangalore
Dated : 12th June, 2008

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****Re-Appointment of Mr. TT Jagannathan as Executive Chairman.**

The current office of Mr. TT Jagannathan as Executive Chairman is valid up to 30th June 2008. The Board of Directors at their meeting held on 12th June 2008 have re-appointed Mr. TT Jagannathan for a period of 5 years from 1st July 2008 and fixed his remuneration as per the remuneration approved by the Remuneration Committee. The terms of his remuneration are as follows:

- | | |
|--|--|
| A. Salary | Rs.2,00,000 per month in the pay scale of Rs.1,00,000 – 3,00,000. |
| B. 1) Housing | 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. |
| 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. |
| 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. |
| 5) Club Fees | Fees for two clubs not including admission and life membership fee. |
| 6) Personal Accident | Personal accident cover, as per the rules of the company. |
| C. Other Benefits | |
| 1. Provident Fund contribution | - As per rules of the company. |
| 2. Superannuation contribution | - As per rules of the company. |
| 3. Leave and Leave encashment benefits | - As per rules of the company. |
| 4. Gratuity | - As per rules of the company. |
| 5. Hospitalization | - As per rules of the company. |
| D. 1. Car | Free use of Company maintained car. |
| 2. Telephone | Telephone at residence. |
| E. Commission | 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. |

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, or any statutory modifications thereof, 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.

The re-appointment of and his terms of remuneration require the approval of the Shareholders in General Meeting. Hence the resolution is placed before the meeting.

Mr. TT 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 33 years.

The resolution is commended for adoption.

Mr. TT Jagannathan, Mr. TT Raghunathan and Mrs. Latha Jagannathan are deemed to be interested in this resolution.

ITEM No. 8**Minimum Remuneration**

Mr. TT Jagannathan has been re-appointed as Executive Chairman of the Company for a period of 5 years from 1st July 2008 on certain terms and conditions of remuneration. As recommended by the Remuneration Committee, your Board of Directors wishes to ensure certain Minimum Remuneration to Mr. TT Jagannathan in the event of loss/inadequacy of profits. Such payment of Minimum Remuneration requires the approval of shareholders by means of a Special Resolution. The conditions stipulated for payment of Minimum Remuneration have been complied with. The prescribed particulars as required under Schedule XIII to the Companies Act, 1956 are furnished in the Annexure.

The resolution is commended for adoption.

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

By Order of the Board

Place : Bangalore
Dated : 12th June, 2008

K.SHANKARAN
Director & Secretary

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

(In connection with Item no. 8 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 2007-2008	<table> <tr> <th>Export</th><th>Import</th><th>Net Foreign Exchange Earnings</th></tr> <tr> <th>Rs. lacs</th><th>Rs. lacs</th><th>Rs. lacs</th></tr> <tr> <td>1825</td><td>1772</td><td>53</td></tr> </table>	Export	Import	Net Foreign Exchange Earnings	Rs. lacs	Rs. lacs	Rs. lacs	1825	1772	53
Export	Import	Net Foreign Exchange Earnings									
Rs. lacs	Rs. lacs	Rs. lacs									
1825	1772	53									
6.	Foreign Investments or collaborators, if any.	None									
II. INFORMATION ABOUT THE APPOINTEE:											
1.	Background details	Mr. TT Jagannathan									
		Mr. TT 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 33 years.									
2.	Past remuneration	As per Annexure 1									
3.	Recognition or awards	Gold Medalist from IIT, Chennai									
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.									
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									
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any	Related to Mr. TT Raghunathan and Dr.(Mrs.) Latha Jagannathan									
III. OTHER INFORMATION:											
i)	Reasons for loss or inadequate profits	The company had inadequate profits for about five years from 2002. From the current financial year the company has got adequate profits. However, by way of abundant caution, this resolution is placed before the shareholders to ensure Minimum Remuneration under unforeseen circumstances.									
ii)	Steps taken or proposed to be taken for improvement	<p>The company has already turned around and is making profits.</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. 24 Crores & Rs. 17 Crores before tax during the year 2007-08 & 2006-07 respectively. The company expects to improve upon this performance in the coming years.									
IV. DISCLOSURES											
		<p>The details of the remuneration package of TT Jagannathan are furnished in Annexure 1.</p> <p>The other disclosures required are furnished under the Column "Disclosures" in our Report on Corporate Governance.</p>									

TTK PRESTIGE LIMITED

Annexure 1

REMUNERATION DETAILS

Details			Past Remuneration	Proposed Remuneration
A.	Salary		Rs.1,00,000 per month	Rs.2,00,000 per month in the pay scale of Rs.1,00,000 – 3,00,000
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 and other related expenses to any place in India or abroad 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	Personal accident cover, as per the rules of the company.	Personal accident cover, 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
	5.	Hospitalisation	- As per rules of the company	- As per rules of the company
D.	1.	Car	Free use of the Company maintained Car with driver	Free use of the Company maintained Car with driver
	2.	Telephone	Telephone at residence	Telephone at residence
E.	Commission		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.	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.

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, or any statutory modifications thereof, 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.

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DIRECTORS' REPORT

(Including Managements' Discussion and Analysis Report)

Your Directors have pleasure in presenting their Fifty Second Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March 2008 as follows:

FINANCIAL RESULTS

(Rupees in lakhs)

	2007-08	2006-07
Sales (inclusive of excise duty)	33985	29325
Other income	149	66
Profit before Extra-Ordinary item	2115	1660
Net Extra-Ordinary income	331	-
Profit/(Loss) before tax	2446	1660
Tax Provision	380	483
Net Profit/(Loss)	2067	1177
Transfer to General Reserve	208	120
Proposed Dividend (including tax)	465	398
Surplus carried to balance sheet	1394	658

REVIEW OF PERFORMANCE :

The performance highlights are as follows :

- Sales grew by around 16%
- Profit before extra ordinary items increased by 27%.
- Profit after tax increased by 75.6%.
- Operating EBIDTA/ Sales ratio improved to 9.65% from 8.79%
- Borrowings reduced by Rs.27 Crores
- Operating EBIDTA/Capital Employed ratio improved sharply to 27.23% from 20.05%
- Earnings Per share rose to Rs.18.21 from Rs.10.31 i.e a growth of 77%
- The Uttarakhand unit commenced commercial production from June 2007
- All round productivity improvement achieved i.e in labour, working capital and manufacturing operations.

The net extra-ordinary income of Rs.3.31 crores is on account of income recognized on property development account and other property transactions net of loss on divestment of investments including the investment in subsidiary Manttra. Inc.

During the year the Board has decided to classify the assets as those relating to Kitchen Appliances Division and as those relating to Properties and Investments. This segmentation is effective from the last quarter of 2007-08. This will enable the company to recognize income on account of property rentals separately.

A detailed analysis is provided under the following section 'Management's Discussion and Analysis'.

MANAGEMENTS' DISCUSSION AND ANALYSIS

A. INDUSTRY SCENERIO

The buoyancy witnessed in the economy till 2006-07 was somewhat dampened during 2007-08 on account of inflation. Notwithstanding a higher rate of inflation affecting the disposable income of the people, the consumer off take was encouraging.

Your Company operates in the kitchen appliances segment with a wide range of product categories consisting of Pressure Cookers, Non-stick Cookware, Gas Stoves and Domestic Kitchen Appliances. The key product category of your Company is Pressure Cookers which market is shared amongst organized national branded players, regional players and unorganized players. The market is equally divided between organized branded players and others. In the other product categories also, the market structure is similar but the share and role of regional brands and unorganized players is quite high.

B. OPPORTUNITIES, THREATS AND COMPANY'S RESPONSE

Your Company has been growing aggressively in the last 5 years building on its core strengths of brand, manufacturing, designing, distribution, sourcing and service capabilities.

Your company has already earned the recognition of 'Super Brand' in the kitchenware segment. Now your company has been declared as India's most preferred brand 'Mera Brand' by the 5th Consumer World Awards in the pressure cooker category. Mera Brand is the resultant of "Nationwide consumer survey". It proposes to be an ISI, Agmark or FPO like mark and a certification by consumers of their trust/loyalty, to incorporate in product packaging, print/electronic media or in various marketing tools to validate leadership in the market place.

Your company's brand has been successfully extended well beyond pressure cookers and cookware. Your company is now poised to occupy the entire kitchen and moving towards "Total Kitchen Solutions". The growing revolution in retail format and the entry of large players in this segment offers a great opportunity in future. Based on this retail revolution your company has embarked upon two more retail opportunities apart from the successful "Prestige Smart Kitchen". These two formats consist of "Prestige Kitchen Boutique" and "Prestige Life Style Store".

The threats continue to be from unorganized players and regional brands that compete with unviable low pricing

TTK PRESTIGE LIMITED

strategies. Your Company has been adopting different strategies to stay above such competition and has also been growing at a pace faster than the industry average. Competition from China continues to be a threat in the export markets.

C. ANALYSIS OF PERFORMANCE :

1. **Kitchen Appliances Segment :** The products include Pressure Cookers, Non-stick Cookware, Kitchen Electrical Appliances and Gas Stoves. The turnover of these product categories is given in the following table.

(In Rupees Lakhs)

	2007-08			2006-07		
	Dome- stic	Export	Total	Dome- stic	Export	Total
Pressure Cookers	16796	1815	18611	14923	1416	16339
Non-stick Cookware	5388	9	5397	4321	28	4349
Kitchen Electric Appliances	4712	-	4712	3865	-	3865
Gas Stoves	3535	-	3535	3162	-	3162
Others	1722	8	1730	1519	90	1609
Total	32153	1832	33985	27790	1534	29324

- a. Domestic Sales registered a growth of 16 % while exports registered a growth of around 19%.
- b. The growth in non-traditional product lines like kitchen electrical appliances and gas stoves has been very impressive at 22% and 12% respectively.
- c. In spite of severe cost push especially during the first half of the year, your Company was able to improve its EBIDTA/Sales ratio to 9.65% from 8.79% through improved realizations and operational efficiencies.
- d. Significant improvements were made in working capital utilization thus improving the free cash flow which resulted in sharp reduction in debt burden.
- e. Your Company's new products including Prestige Nakshatra are well received in the market. Your company introduced 5 new categories with 45 SKUs. In all 86 SKUs were introduced. Selective introduction of Modular kitchens is showing encouraging response.
- f. The Prestige Smart Kitchen retail net work was consolidated and improvised as per plans. While new outlets were opened, some pruning was also carried out discontinuing a few outlets which were not contributing. The number of outlets as at the end of 31.3.2008 was 173. The network now covers 16 States and 116 towns. The network contributes to nearly 17% of trade sales.
- g. Two 'Prestige Kitchen Boutiques' offering a wide range of modular kitchens were opened during the last quarter of the financial year.

2. Properties & Investment segment:

- a. This Segment consists of Dooravaninagar, Bangalore property under development and other commercial properties, besides inter-corporate investments. The inter-division revenue earned in this division is Rs.19 lakhs. This division is recognized effective 1st January 2008.
- b. **Property Development :** The stand-by manufacturing activity at Dooravaninagar in Bangalore was discontinued during the second quarter of 2007-08. A Development Agreement was entered into and permission was granted to the Developer to commence development activities. The existing structures have been demolished. Sanction of plan for putting up a Mall of international standards is awaited. Your company will have a separate income stream of rentals as and when the project is complete and portions leased out. In the meantime the company has recognized capital income of Rs.21.38 crores pursuant to the granting of permission to the developer to enter the property. This income is classified under Extra-ordinary income.

D. OUTLOOK

The industry in general from the start of this calendar year is witnessing some uncertainty on account of high oil prices and global inflationary trends. Your company will continue to improve upon the current strategies which are paying rich dividends and will take all efforts to maintain the last year's growth rates barring unforeseen circumstances.

E. RISKS AND CONCERNS

The general inflationary trend and the consequent increase in interest rates is a cause for concern for the industry in general. The increase in costs of inputs can put pressure on margins if there be resistance in the market for end product price increases.

F. FINANCES AND INTEREST RATE STRUCTURING

During the year there was no change in the equity capital. Debt was reduced by Rs.27 crores. In spite of increase in the interest rates, the company was able to keep the ratio of interest to sales at lower levels.

G. INVESTMENTS

Your company has disposed off its investments in Mantra, Inc. (a wholly owned subsidiary of the company), Ind Global Financial Trust Limited, Softel Machines Limited and TTK Tantex Limited. The aggregate loss on divestment amounting to Rs.20.30 crores is classified under extra-ordinary items.

H. INTERNAL CONTROL SYSTEMS

Your Company is continuously improving the internal control system in all the areas of operation including