

## TTK PRESTIGE LIMITED

## FIFTY FIFTH ANNUAL REPORT 2010 - 11

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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. (Mrs.) Latha Jagannathan	Director
Dr. (Mrs.) Vandana R. Walvekar	Director
Shri. Dileep Kumar Krishnaswamy	Director
Shri. Arun K. Thiagarajan	Director
Shri. K. Shankaran	Director & Whole-time Secretary

## STATUTORY AUDITORS

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

REGISTERED OFFICE & WORKS  
Plot No. 38, SIPCOT Industrial Complex  
Hosur - 635 126, Tamil Nadu.

CORPORATE OFFICE  
11th Floor, Brigade Towers  
135, Brigade Road  
Bengaluru - 560 025.

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

Myleripalayam P.O.  
SF-234/1, Pollachi Road  
Coimbatore - 641 032  
Tamil Nadu.

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

## BANKERS

1. Canara Bank, Prime Corporate Branch  
Shankaranarayana Building, M.G. Road  
Bengaluru - 560 001.
2. Bank of Baroda  
Corporate Financial Services Branch  
HJS Chambers, 1<sup>st</sup> Floor  
No. 26, Richmond Road  
Bengaluru - 560 025.

## REGISTRARS &amp; SHARE TRANSFER AGENTS

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

## BRANCHES

Ahmedabad, Ambala, Bengaluru, Chandigarh, Chennai, Cuttack, Delhi,  
Dehradun, Ernakulam, Ghaziabad, Goa, Guwahati, Hubli, 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 fifth Annual General Meeting of **TTK PRESTIGE LIMITED** will be held at Ashok Leyland Management Development Centre, No.312, SIPCOT Industrial Complex, HOSUR- 635 126, (Adj to SBI, Mookandapalli branch and behind ICICI Bank ATM) **on Friday, the 15th July, 2011 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 31<sup>st</sup> March, 2011 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. R. Srinivasan 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. K. Shankaran 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.

By Order of the Board

Place : Bengaluru  
Dated : 4<sup>th</sup> May, 2011

**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 15th July, 2011
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 7th July , 2011 TO 15th July, 2011 (BOTH DAYS INCLUSIVE)
6. Members are requested to bring their copy of the Annual Report to the Meeting.

7. 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 <sup>st</sup> March, 2005	22-08-2012
31 <sup>st</sup> March, 2006	28-08-2013
31 <sup>st</sup> March, 2007	09-08-2014
31 <sup>st</sup> March, 2008	24-07-2015
31 <sup>st</sup> March, 2009	11-08-2016
31 <sup>st</sup> March, 2010	28-06-2017

8. 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 is as under:

#### 1. 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 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, TTK Healthcare Limited, Tube Investments of India Ltd, Sundram Fasteners Ltd, Mind Tree Consulting Limited, Yuken India Ltd, Sterling Abrasives Limited, Dakshin Foundries Pvt. Ltd, TaeguTec India Pvt. Ltd, Edutech NTTF India Ltd, NTTF Industries Private Ltd & Bangalore International Exhibition Services Pvt. Ltd.

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

He is the Chairman of Audit Committee of Sundram Fasteners Ltd, ACE Designers Ltd., Cholamandalam MS Gen. Ins. Co. 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, Tube Investments of India Ltd.

He 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.

**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'/Investors' Grievance Committee of the Company.

She does not hold any shares in the Company.

The Resolution is commended for adoption.

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

**3. Mr. K Shankaran**

Mr. K Shankaran retires by rotation and is eligible for re-election.

Mr. K. Shankaran is a qualified Cost & Management Accountant and Company Secretary. He has been the whole time Secretary

of the Company since 1990. He was inducted into your Board from 1993.

Mr. K. Shankaran is also on the Board of TTK Healthcare Limited, Prestige Housewares (I) Limited, TTK Healthcare TPA (P) Limited, TTK Services (P) Limited and Mantra Inc. USA.

He is a member of Audit Committee, Shareholders'/Investors' Grievance Committee & Remuneration Committee of TTK Healthcare Limited.

He holds 1100 shares in the Company.

The Resolution is commended for adoption.

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

By Order of the Board

Place : Bengaluru  
Dated : 4<sup>th</sup> May, 2011

**K. SHANKARAN**  
Director & Secretary

Registered Office:  
Plot No.38,  
SIPCOT Industrial Complex,  
HOSUR 635 126  
Tamil Nadu.

**Information to Members**

For the convenience of Members, the Company will provide a coach service from Bangalore on the day of the Meeting. The coaches will leave for Hosur at 10 a.m. from Madiwala Police Station. Members who want to use this facility may kindly inform the Secretarial Department (Ph. 22218817) and e-mail to manju@ttkprestige.com giving their Name and Folio Number/ DP ID on or before 10th July, 2011. After which it will be difficult to accomodate your request for transport facility.

# TTK Prestige Limited

## DIRECTORS' REPORT

### (Including Managements' Discussion and Analysis Report)

Your Directors have pleasure in presenting their Fifty Fifth Annual Report, together with the Audited Accounts of the Company, for the year ended 31<sup>st</sup> March 2011 as follows:

#### FINANCIAL RESULTS

(₹ in lakhs)

	2010-11	2009-10
Sales (inclusive of excise duty)	77558	51680
Other income	430	114
Profit before Extra-Ordinary item	12094	7143
Extra-Ordinary/exceptional income	(59)	397
Profit/(Loss) before tax	12035	7540
Tax Provision	3660	2297
Net Profit/(Loss)	8375	5244
Transfer to General Reserve	838	524
Proposed Dividend (including tax)	1645	1320
Surplus carried to balance sheet	9292	3400

#### REVIEW OF PERFORMANCE :

The performance highlights are as follows:

- Sales grew by over 50%
- All time high absolute value growth - around ₹ 259 crores
- Profit before extra ordinary items increased by 69.31%.
- Profit after tax increased by 59.71%.
- The operating EBIDTA margin was 16.24% as compared to 14.74% in the previous year. Margins improved due to a host of factors consisting of price revision, operational efficiencies and economies of scale.
- The Company continues to be debt free except for deposits of ₹ 2.25 Crores. and carries free cash balance/liquid investment of around ₹ 76 Crores
- Earnings per Share (before extra-ordinary/exceptional items) rose to ₹ 74.46 from ₹ 42.98 - a growth of 73.24%
- The ratio of Operating EBIDTA/Capital employed (including free cash balance) in the Kitchen Segment rose to 67.3% from 65.02%.

A detailed analysis is provided under the section 'Management's Discussion and Analysis' forming part of this Director's Report.

#### AWARDS AND RECOGNITION

##### a) Corporate Excellence Award

Your company received the coveted Business Standard "Star SME award for 2009-10". Your company was selected as the Star SME company amongst several contenders by a team of six Juries headed by Mr. K V Kamath, Chairman of ICICI Business Standard. The award was given by the Honorable Prime Minister of India on 25<sup>th</sup> March 2011.

The parameters and the process for selection of the Star SME were described by the Jury as follows:

*"The year 2009-10 was a year that surprised many - characterized as it was by a strong growth which followed close on the heels of a sharp decline. There were only a select few that grew robustly during the downturn and while positioning themselves strongly take advantage of the growth opportunity that followed. These are our Business Standard Award Winners of 2009-10."*

*Given the uncertainty that characterized the last few years, Business Standard chose to lay down, consistent growth of 20% each year over a three year period matched by an equally robust financial performance in terms of greater than 20% growth in profits during this period, as two key criteria for the Business Standard Award in all the categories. All short-listed Companies met these two criteria. The Jury spent considerable time analyzing, assessing and emphasizing "Sustainable Strategy" as an important criteria being the key to the Company's future performance. A customer centric approach with demonstrated innovation be it through product offerings, marketing approaches or human resource development carried significant weightage in the evaluation by the Jury. Finally, the jury members were of the unanimous view that the core values of the Companies as reflected in its Corporate Governance needed to be given due importance."*

Your Company met all the above stringent standards to be eligible for this award.

##### b) Brand Awards/Recognitions

Your Company's brand "Prestige" has been recognized by several leading institutions:

- Prestige continues to enjoy the recognition as "Super Brand" in the kitchen appliances segment.
- Your Company was voted India's most Trusted Kitchen Appliances Brand by a consumer survey conducted by the Economic Times.
- Your Company was also awarded the "Master Brand" by the CMO Council.

##### c) Product Design Award

Your Company was recognized for its unique product design of Apple Pressure Cooker and was awarded the "Elle'Decor International Design Award for Best Product Design", which is the biggest honour for product design in India.

##### d) Retail Awards/Recognitions

- Your Company received the "Retailer of the year" award from Asia Retail Congress for the year in recognition of your Company's successful establishment and operation of Prestige Smart Kitchen Retail Network across India
- Franchise Award for the category of Home Products/ Furnishings/Appliances by Franchise World.
- Best Franchiser in the Home Category by Franchise Plus.

## MANAGEMENTS' DISCUSSION AND ANALYSIS

### A. ECONOMY /INDUSTRY SCENARIO

Financial year 2010-11 witnessed high inflationary trend throughout the year though the rate of growth of inflation dropped towards the fag end of the last quarter of the financial year. Interest rates also hardened during the last quarter. The high inflation especially with respect to basic items of consumption did have an impact on spending power of the consuming public.

Against the above backdrop, your company registered a growth of 50%.

Your Company operates in the kitchen appliances segment with a wide range of product categories. The product categories consist of Pressure Cookers, Non-stick Cookware, Gas Stoves and Domestic Kitchen Electrical Appliances. The market for Pressure Cookers is shared amongst organized national branded players, regional players and unorganized players. Over the years, the share of the unorganized players has been gradually coming down as there has been a shift in the consumer preference to reliable branded players. The market for organized brands is estimated at more than 60% of the total market. The share of unorganized players is greater for Non-stick cookware as compared to pressure cookers. For the rest of the product categories, the market structure is fragmented and the share and the role of regional brands and unorganized players continue to be significant.

### B. OPPORTUNITIES, THREATS AND COMPANY'S RESPONSE

Your Company's growth is steadily built on its core strengths of brand, manufacturing, design, distribution, sourcing and service capabilities.

Over the last few years your company has been quite successful in extending Prestige brand over several product categories used in the kitchen. This has been made possible by continuous offering of quality upgraded products well differentiated from the products of other players. The strategy of focusing on Total Kitchen Solutions has been creating newer and newer opportunities every year and the company is continuously expanding its product as well as consumer base across several geographies.

The recently introduced range of products like Induction Cook Tops, Induction compatible cookers and cookware, Apple range of inner lid pressure cookers, Microwave pressure cookers and value added Gas Stoves have been well received in the market.

The Indian economy is growing between 8-9% over the last few years and this growth is expected to be maintained. The private consumption expenditure growth which is estimated at 8.8% in 2010-11 is expected to register an overall growth of 7.5% in 2011-12. This growth is expected to be maintained notwithstanding the inflationary pressures. This coupled with rural employment guarantee scheme which has provided adequate purchasing power in the hands of consumers and is expected to result in larger consumer spends in the coming years.

Keeping the above factors in mind, your Company has adopted a new Vision "A Prestige in every Indian Kitchen". Your Company will continue to be guided by its core values

- Quality consumer products at affordable prices
- Trust, Transparency, Knowledge and "Prestige" in whatever we do
- Fairness in dealings with every stakeholder
- Respect for Environment

Your Company is aware of its core strength of distribution and is continuously expanding its distribution network to focus on all channels consisting of direct dealers, authorized redistributors, large format stores, institutions, Multilevel marketing and exclusive Prestige Smart Kitchen retail network.

The threat in the domestic market continues from the unorganized players and regional brands who compete with unviable low pricing strategies. Your Company has been continuously monitoring the situation and will continue to have dynamic set of strategies to deal with such situations.

Your Company's export strategy will be tactical, balancing the needs of domestic market, comparative margins and optimum capacity utilization.

### C. ANALYSIS OF PERFORMANCE :

#### 1. Kitchen Appliances :

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 ₹ Lakhs)

	2010-11			2009-10		
	Domestic	Export	Total	Domestic	Export	Total
Pressure Cookers (including microwave pressure cookers)	29192	2498	31690	22515	1551	24066
Non-stick Cookware	15354	45	15399	8714	11	8725
Kitchen Electric Appliances	19292	-	19292	10372	-	10372
Gas Stoves	8085	-	8085	6106	-	6106
Others	3027	65	3092	2362	49	2411
<b>Total</b>	<b>74950</b>	<b>2608</b>	<b>77558</b>	<b>50069</b>	<b>1611</b>	<b>51680</b>

- Domestic Sales registered a growth of 49.69% while exports registered a growth of 61.8%.
- The traditional product categories, namely, Pressure cookers and Cookware registered a growth of approx 30% and 76% respectively in domestic market.
- The growth in non-traditional product lines like gas stoves and kitchen electrical appliances has been very impressive at 32% and 82% respectively.
- The growth is driven predominantly by volume expansion and introduction of new models and products. With respect to certain product categories the growth can also be attributed to sales mix consisting more of value added items and improved market penetration.
- Operating EBITDA/ Gross Sales ratio improved significantly from 14.74% to 16.24%. The overheads as a percentage of gross sales dropped by 3 percentage points. The composite margin of your Company is the average of the margins of the Pressure Cookers and Cookware category on the one

# TTK Prestige Limited

hand and Stoves & Kitchen Electrical appliances category on the other. Thus various operating ratios are unique to your Company and are not strictly comparable to other players whose composition of business is not similar to your Company.

- f. Your Company continues to maintain strict control over working capital and in fact further improved the working capital to turnover ratios. This has enabled your Company to generate significant free cash flows as detailed elsewhere in this report.
- g. Towards the fag end of the last year your Company launched a host of products consisting of well differentiated Induction cook tops, Induction compatible pressure cookers and cookware, Microwave Pressure Cookers and Apple range of inner lid pressure cookers. All these product categories were very well received during the financial year under report. Your Company also introduced several new variants in the Appliances segment. The total of new SKUs introduced during the year under report was around 67.
- h. Your company continues to consolidate and expand Prestige Smart Kitchen retail net work. The net addition during the financial year was 51 and the number of outlets as at 31.3.2011 was 279. The network now covers 19 States and 153 towns.

## 2. Properties & Investment :

The shareholders are aware that pursuant to shifting of factory operations to other places, the land at Dooravaninagar Bangalore became surplus and it was decided to develop the same instead of selling it outright. The company has handed over the development to Rajmata Realtors (Salarpuria) for developing an office cum residential complex. All necessary sanctions and approvals have been received and the preparations for construction have just begun.

## D. OUTLOOK

While increase in the level of real private consumption is encouraging, the persistent inflationary trend can somewhat affect the disposable income. Given the wide product range and efforts to increase the width and depth of distribution, your Company expects to sustain a reasonable growth rate.

## E. RISKS AND CONCERNS

The overall inflationary trend and steady increase in key metal prices are matters of concern. However your Company is continuously improving its efficiencies and is hopeful of maintaining healthy margins and return on capital employed. Your company will not compromise on the objective of growth and improving market share for the sake of short-term profits.

## F. RISK MANAGEMENT

Your Company has a risk identification and management framework appropriate to the size of your Company and the environment under which it operates.

Risks are being identified in relation to business strategy, operations and transactions, statutory legal compliance, financial reporting, information technology System and overall internal control framework.

Your company has engaged the services of independent professional management auditors for advising the company on a continuous basis on contemporary risk management framework appropriate to the size and operations of the Company. They will also carry out risk audit on a periodical basis.

## G. FINANCES

Your Company has generated Post-tax free cash flows of more than ₹ 80 Crores. As the shareholders are aware the Company is in the process of expanding its capacities and is also setting up new capacities. The free cash flows generated will be utilized to fund such capital expenditure. As the overall capital expenditure outlay will be in excess of ₹ 200 crores covering financial years 2010-11 and 2011-12 your Company will resort to temporary borrowing during the financial year 2011-12.

## H. INVESTMENTS

The Company had invested surplus funds in debt mutual funds to the tune of ₹ 22 crores. However, the same will be liquidated from time to time and deployed for meeting capital expenditure. Other than this there is no change in Investments.

## I. INTERNAL CONTROL SYSTEMS

Your Company has further strengthened the internal control and internal audit systems by engaging services of management audit firms who will focus on risk management processes, operational efficiencies and improved utilization of SAP processes.

## J. DEVELOPMENTS IN HUMAN RESOURCES

Given the rapid growth of the Company and proposed expansions, the Company requires a more focused approach for HR development. Therefore the Company has engaged the services of an outside expert to develop HR strategies for the next 3 years which will cover the entire gamut of recruitment, development, succession planning and employee compensation.

Long term settlement for the Hosur factory has expired on 31<sup>st</sup> March 2011 and negotiations are going on for a fresh settlement.

The direct employment strength stood at 995 as compared to 913 in the previous year.

## CAPITAL EXPENDITURE & EXPANSION PLANS

Your Company has developed an overall capital expenditure plan covering financial years 2010-11 and 2011-12. The overall outlay is over ₹ 200 crores out of which a sum of ₹ 32 crores has been spent during the year 2010-11. The balance will be incurred in the year 2011-12 and 2012-13. The capital expenditure outlay will cover expansion of capacities at Kinnathu Kidavu village near Coimbatore and Roorkee in Uttarakhand as well as establishment of fresh capacities in western India.



**DIRECTORS**

Mr. R. Srinivasan, Dr. (Mrs) Latha Jagannathan and Mr. K. Shankaran retire by rotation and are eligible for re-election. The information on these retiring Directors is provided in the Notice calling the Annual General Meeting.

**FIXED DEPOSIT**

The Public Deposits aggregated to ₹ 224.56 lakhs as on 31<sup>st</sup> March 2011. There were no unclaimed deposits which remained unpaid as on that date.

**DIVIDEND**

Your directors recommend payment of a dividend of ₹ 12.50 per share for the financial year 2010-11.

**FUTURISTIC STATEMENTS**

This Directors Report and the Management Discussion and Analysis included therein 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 taking into account all relevant factors before taking any investment decision.

**CORPORATE GOVERNANCE**

Report on Corporate Governance is separately presented as part of the Annual Report. Management Discussion and Analysis is included in this Directors' Report in the preceding sections.

**EMPLOYEES**

The particulars as required under Sec.217 (2A) of the Companies Act, 1956 are given in the Annexure to this report.

**AUDITORS**

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

**LISTING**

Your Company's shares are listed in the Bombay Stock Exchange and National Stock Exchange and the listing fees for these two exchanges have been paid.

**ANNULMENT OF FORFEITED EQUITY SHARES**

During the year 2008-09 your Board of Directors after giving due notices forfeited 28600 shares for non-payment of call money. During the

current financial year 2010-11, your Board of Directors have annulled forfeiture of 1200 shares.

**FOREIGN EXCHANGE EARNINGS**

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

**CONSERVATION OF ENERGY AND RESEARCH AND DEVELOPMENT**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required by Sec 217(2AA) of the Companies Act, 1956 your Directors confirm

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS**

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:  
Plot No.38,  
SIPCOT Industrial Complex,  
HOSUR 635 126  
Tamil Nadu.

For and on behalf of the Board

**(T. T. JAGANNATHAN)**  
Executive Chairman

Place : Bengaluru  
Dated : 4<sup>th</sup> May, 2011

# TTK Prestige Limited

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 31<sup>st</sup> March 2011.

- A. CONSERVATION OF ENERGY AS PER FORM A - Not Applicable.
- B. PARTICULARS AS PER FROM B - RESEARCH & DEVELOPMENT  
Constant efforts are made to improve the quality of the product and upgrade the Manufacturing Process of all the products of the Company.
- C. FOREIGN EXCHANGE EARNINGS & OUTFLOW
- |                                     |   |                  |
|-------------------------------------|---|------------------|
| 1) Inflow Export of Goods (FOB)     | - | ₹ 2606.86 lakhs  |
| 2) Outflow Import of Goods & Others | - | ₹ 11492.90 lakhs |

Registered Office:  
Plot No. 38,  
SIPCOT Industrial Complex,  
HOSUR 635 126  
Tamil Nadu

For and on behalf of the Board

**(T. T. JAGANNATHAN)**  
Executive Chairman

Place : Bengaluru  
Dated : 4<sup>th</sup> May, 2011

## ANNEXURE TO THE DIRECTORS REPORT 2010-11

### 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 31<sup>st</sup> March, 2011

Name	Designation	Qualification	Experience in years	Remune-ration ₹	Age	Commencement of Employment	Particulars of last employment
T. T. Jagannathan *	Chairman	B.Tech (IIT, Chennai) M.S. (Operations Research) Cornell University, Newyork	40	65091858	62	01/01/1975	G.M., TT Maps & Publications Ltd.,
S. Ravichandran *	Managing Director	B.Tech., P.G.D.B.A	38	23628343	59	05/02/1997	President Maxworth Orchards (India) Ltd., Chennai
K. Shankaran	Director & Secretary	B.Com., AICWA FCS, MAC	36	20068402	57	09/10/1990	Secretary Spencer & Co., Limited Chennai
M. Chandru Kalro	Executive Vice President - Marketing	B.E.	25	13289724	47	29/03/1993	Asst.Manager(Marketing) BPL India Limited
H. T. Rajan**	Chief Manufacturing Officer	B.Tech, MBA	29	4483030	52	16/07/2010	Managing Director TTK-LIG Limited

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 brother of Mr. T. T. Raghunathan, Director and husband of Dr. (Mrs.) Latha Jagannathan, Director.

\* Term of employment is contractual

\*\* Employed for part of the year

For and on behalf of the Board

**(T. T. JAGANNATHAN)**  
Executive Chairman

Place : Bengaluru  
Date : 4<sup>th</sup> May, 2011



## REPORT ON CORPORATE GOVERNANCE

## 1. Philosophy

In line with the tradition of the TTK Group, the Board of Directors of TTK Prestige Limited view their role as trustees of the various stakeholders and the society at large and it is their endeavour to observe best corporate governance practices which inter-alia include transparency, accountability, and fairness in all dealings and pursuing a policy of appropriate disclosures and communication.

It is the philosophy of the Board that the Company continues to follow fair business and organizational practices to fulfill the mission of Quality Consumer Products at Affordable prices and in the process deliver long term sustainable shareholder value. It is also the Philosophy of the Board that practice of Corporate Governance should travel beyond Statutory Requirements and further encompass social responsibilities.

The Board of Directors believe that excellence in Corporate Governance Practices can be achieved only if the spirit of Corporate Governance is followed right from the top management to the last level employee of the Company.

## 2. Board of Directors

The Board consists of 10 Directors. The composition of the Board conforms to the Listing Agreement as per the details given below:

Category	Name of the Director
Promoter/Executive Director	Mr. T. T. Jagannathan Executive Chairman
Promoter/Non-Executive Directors	Mr. T. T. Raghunathan Dr. (Mrs.) Latha Jagannathan
Non-Promoter/ Executive Directors	Mr. S. Ravichandran (Managing Director) Mr. K. Shankaran (Director & whole-time Secretary)
Non-Executive Independent Directors	Mr. Ajay I Thakore Mr. R. Srinivasan Dr. (Mrs.) Vandana R. Walvekar Mr. Dileep Kumar Krishnaswamy Mr. Arun K. Thiagarajan

Mr. T. T. Jagannathan is the brother of Mr. T. T. Raghunathan.

Dr. (Mrs.) Latha Jagannathan is the wife of Mr. T. T. Jagannathan.

## 3. Board Meetings, Attendance and other Directorships.

The company held 5 Board meetings during the period 1-4-2010 to 31.3.2011. The dates of the meetings are 4<sup>th</sup> May 2010, 29<sup>th</sup> June, 2010, 14<sup>th</sup> July, 2010, 29<sup>th</sup> October 2010, 19<sup>th</sup> January, 2011. The attendance particulars are as follows:

Name of the Director	Attendance Particulars		No. of other directorships and committee membership/chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. T. T. Jagannathan	5	Yes	6*		
Mr. T. T. Raghunathan	4	Yes	4		
Dr. (Mrs.) Latha Jagannathan	4	Yes	1		
Mr. Ajay I Thakore	4	Yes	-		
Mr. R. Srinivasan	5	Yes	11	7	3
Dr. (Mrs) Vandana R. Walvekar	5	Yes	-		
Mr. S. Ravichandran	5	Yes	2*		
Mr. K. Shankaran	5	Yes	3*	3	
Mr. Dileep Kumar Krishnaswamy	4	Yes	-		
Mr. Arun K Thiagarajan	4	Yes	9	9	

Other directorship does not include private companies.

\* includes directorship of one overseas body corporate.

# TTK Prestige Limited

## 4. Audit committee :

The Company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchange and Section 292A of the Companies Act, 1956 as regards composition of Audit Committee.

The Audit Committee consists of four Non-executive Independent Directors. The Committee has held four meetings during the financial year 2011 i.e., 4<sup>th</sup> May 2010, 14<sup>th</sup> July, 2010, 29<sup>th</sup> October 2010, 19<sup>th</sup> January, 2011. The Composition of the Audit Committee as on 31<sup>st</sup> March 2011 and the attendance of members at the meetings of the Audit Committee held during the financial year 2010-11 are as follows:

Members of the Audit Committee	No. of meetings attended
Mr. Ajay I Thakore	3
Dr. (Mrs.) Vandana Walvekar	4
Mr. R. Srinivasan	4
Mr. Dileep K Krishnaswamy (Chairman)	3

The Audit Committee Meetings were also attended by the Statutory / Internal Auditors, wherever necessary.

The Audit Committee is responsible for overseeing the Company's financial reporting process, reviewing the quarterly / half yearly / annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, recommending the appointment / re-appointment of statutory auditors and fixation of audit fees, appointment of CFO, reviewing the significant internal audit findings/ related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations and also statutory compliance issues. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The Committee has discussed with the external auditors their audit methodology, audit planning and significant observations / suggestions made by them. The Committee has also discussed major issues related to risk management and compliances.

In addition, the Committee has discharged such other role / function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchange and the provisions of Section 292A of the Companies Act, 1956.

## 5. Remuneration Committee:

The Remuneration Committee consists of three Non-executive Independent Directors namely, Mr. Ajay Thakore as Chairman and Dr.(Mrs.) Vandana Walvekar & Mr.R. Srinivasan as Members of the Committee.

The role of the Remuneration Committee is to recommend to the Board, the remuneration package of the Executive Directors. Remuneration of Executive Directors is governed by the external competitive environment, track record, potential and performance of the executive and performance of the Company.

The Company has a credible and transparent Policy in determining and accounting for the remuneration of the Executive / Non-executive Directors. Their remuneration is determined in accordance with the experience and nature of responsibilities as well as industry standards. The same is subject to the approval of the Remuneration Committee of the Board of Directors and the Members.

The Board shall from time to time provide requisite guidelines / scope of work for the Remuneration Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The committee met once during the year.

## 6. Directors' Remuneration

The details of remuneration paid to whole-time directors for the year 2010-11 are as follows:

Name/Designation	Salary ₹	HRA and other allowances ₹	Contribution to PF and other funds ₹	Performance Bonus Commission ₹	Total ₹	Tenure of appointment
T. T. Jagannathan Executive Chairman	2400000	1492893	833440	60365525	65091858	5 years from 1 <sup>st</sup> July 2008
S. Ravichandran Managing Director	1800000	1675706	625080	19527557	23628343	5 Years from 5 <sup>th</sup> Feb 2007

The Managerial remuneration paid to the Whole time Directors is within the ceiling prescribed under Schedule XIII to the Companies Act, 1956.

The Company currently does not have Stock Option Schemes.