ANNUAL REPORT 2014-15

Prestige®

Jo biwi se kare pyaar, woh
Prestige se kaise kare inkaar.

Prestige®

33441111 | Follow 'prestigesocial' on

www.ttkprestige.com

TTK PRESTIGE LIMITED

FIFTY NINTH ANNUAL REPORT 2014 - 15

CONTENTS

	Page
Board of Directors	1
Notice	2
Director's Report including Management Discussion and Analysis Report	5
Report on Corporate Governance	28
Report of Auditors	41
Balance Sheet	44
Profit & Loss Statement	45
Cash Flow Statement	46
Notes on Accounts	47
Segment wise Revenue Results & Capital employed	63
Historical Financial Highlights	64
ECS Mandate Form	67
Proxy Form	69
Attendance Slip	71

BOARD OF DIRECTORS

Shri. T.T. Jagannathan	Executive Chairman
Shri. T.T. Raghunathan	Vice Chairman
Shri. R. Srinivasan	Director
Shri. Dileep K. Krishnaswamy	Director
Shri. Arun K. Thiagarajan	Director
Dr. (Mrs.) Vandana R. Walvekar	Director
Mr. Murali Neelakantan	Director
Mr. Chandru Kalro	Managing Director
Shri. K. Shankaran	Whole-time Secretary & Director

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.

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

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

Vemardi Road, Juni Jithardi Village, Karjan Taluka,
Vodadara, Gujarat.

BANKERS

1. Canara Bank, Prime Corporate Branch
   Shankaranarayana Building, M.G. Road
   Bengaluru - 560 001.
2. Bank of Baroda
   CFS Branch, Brigade Road
   Bengaluru - 560 025.
3. HDFC Bank Ltd.
   Richmond Road
   Bengaluru - 560 025.

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare (P) Limited
Karvy Selenium, Tower “B”, Plot 31-32, Gachibowli
Financial District, Nanakramguda, Hyderabad - 500 008.

BRANCHES

Ahmedabad, Bengaluru, Chandigarh, Chennai, Cuttack, Delhi, Dehradun, Ernakulam, Ghaziabad, Goa, Gurgaon, Guwahati, Hubli, Hyderabad, Indore, Jaipur, Jammu, Jamshedpur, Kolkatta, Lucknow, Ludhiana, Mumbai, Parwanoo (HP), Patna, Pune, Raipur, Trichy and Vijayawada.

NOTICE

NOTICE is hereby given that the Fifty Ninth Annual General Meeting(AGM) of **TTK PRESTIGE LIMITED** will be held at Hotel Claresta Sarovar Portico, SIPCOT Phase II, Bengaluru - Chennai NH 7, Hosur – 635109 on Thursday, the 23rd July, 2015 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 31st March, 2015 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year 2014-15.
3. To appoint a Director in place of Mr. K. Shankaran (DIN:00043205) who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the appointment of S. Viswanathan (who were appointed by the Members upto the conclusion of the Annual General Meeting to be held in the year 2017 as Statutory Auditors of the Company) having Firm Registration No. 004770S, be and is hereby ratified until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company".

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the remuneration of ₹ 3,00,000/- ((Rupees Three lakhs only) plus service tax as applicable and reimbursement of travel and out-of-pocket expenses, payable to Mr. V. Kalyanaraman, Cost Accountant for conducting the audit of cost records of the Company, for the financial year ending 31st March, 2016, as recommended by the Audit Committee and approved by the Board of Directors of the Company be and is hereby ratified and confirmed".

By Order of the Board

Place : Bengaluru
Dated : 27th May, 2015

K. SHANKARAN
Director & Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY/PROXIES 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.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. However, the facility for voting through Ballot Paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by e-Voting shall be able to exercise their right at the AGM through Ballot Paper. Instructions and other information relating to e-Voting are given in this Notice separately. The Company will also send communication relating to e-Voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
3. Corporate members intending to send their authorised representative to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holders who is higher in the order of names will be entitled to vote.
7. The dividend on Equity Shares, if declared at the AGM, will be paid to those shareholders whose names appear in the Register of Members on 20th July, 2015
8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of their bank account details to their respective Depository Participants with whom they are maintaining their demat accounts immediately. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company/ karvy.
9. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM 21st July, 2015 to 23rd July, 2015 (BOTH DAYS INCLUSIVE).
10. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. The Register of contracts or arrangements maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
12. Pursuant to Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed

amount lying with Companies) Rules, 2012, the Company has provided / hosted the required details of unclaimed amounts referred to under Section 124 of the Companies Act, 2013 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant from every year.

The members who have not claimed their dividends for the following financial years, may approach the Company's share transfer agents and claim the same. Members may note that dividends which remain unclaimed for a period of seven years from the date of transfer to the Company's unpaid dividend account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

Financial Year Ended	Due Date of Transfer
31st March, 2008	24-07-2015
31st March, 2009	11-08-2016
31st March, 2010	28-06-2017
31st March, 2011	13-07-2018
31st March, 2012	01-07-2019
31st March, 2013	14-07-2020
31st March, 2014	20-08-2021

13. Members are requested to intimate the changes in their address, if any, and address all correspondences, including dividend matters, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 008, India.

14. A copy of the Annual Report 2015 along with the Notice of the Annual General Meeting, stating the process and manner of e-Voting at the 59th AGM has been sent by electronic mode to those members who have provided their e-mail ID and posted physical copies to those who have not provided e-mail ID at their registered address and also posted on the website of the Company.

    Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communication

15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

Additional information on directors recommended for appointment re-appointment as required under Clause 49(VIII)(E) of the Listing Agreement with the Stock Exchange(s)

Mr. K. Shankaran

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

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 in the year 1993.

Mr. K. Shankaran is also on the Board of TTK Healthcare Limited, TTK Services (P) Limited, TTK Property Services Private Limited, Vidal Health TPA (P) Ltd (Formerly TTK Healthcare TPA(P) Ltd).

He is a member of Stakeholder Relationship Committee and CSR Committee of the company.

He is also the Chairman of Stakeholder Relationship Committee and a member of Nomination & Remuneration Committee, Audit Committee and CSR Committee of TTK Healthcare Limited.

He holds 1100 shares in the Company.

Except Mr. K. Shankaran none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in this resolution.

The resolution is commended for adoption.

By Order of the Board

Place : Bengaluru **K. SHANKARAN**
Dated : 27th May, 2015 Director & Secretary

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

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM No. 5

The Board, on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr. V. Kalyanaraman, Cost Accountant as the Cost Auditors, to conduct the audit of cost records of the Company for the financial year ending 31st March, 2016 for products of the Company made out of Stainless Steel.

In accordance with the provisions of Section 148 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the remuneration of Rs. 3,00,000/- (Rupees Three lakhs only) plus service tax as applicable and reimbursement of travel and out of pocket expenses, payable to the said Cost Auditors, for the financial year ending 31st March 2016, as recommended by the Audit Committee and approved by the Board of Directors of the Company, has to be ratified by the Shareholders of the Company.

The Board recommends the Ordinary Resolution at Item No.5 for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in this resolution.

By Order of the Board

Place : Bengaluru **K.SHANKARAN**
Dated : 27th May, 2015 Director & Secretary

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

Information and other Instructions relating to e-Voting (voting through electronic means) and at the meeting are as under:

1. Pursuant to the provisions of Section 108 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide e-Voting facility to its members through Karvy Computershare Private Limited to enable them to cast their votes electronically on the items mentioned in the Notice.
2. The Portal will remain open from 9.00 a.m. on 19th July, 2015 to 5.00 p.m. on 22nd July, 2015 (both days inclusive). The e-Voting will not be allowed beyond the aforesaid date and time and the e-Voting module shall be disabled by Karvy upon expiry of aforesaid period.
3. The facility for voting through Ballot paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by e-Voting shall be able to vote at the Meeting through Ballot paper.
4. The Company has appointed Mr. Parameshwar G. Hegde, Practicing Company Secretary as the Scrutinizer for conducting the e-Voting and Ballot paper process in a fair and transparent manner and he has communicated his willingness for the same.
5. The members who have cast their vote by e-Voting may also attend the Meeting but shall not be entitled to cast their vote again.
6. The e-Voting rights of the members/beneficiary owners shall be reckoned on the equity shares held by them as on 17th July, 2015 **being the Cut-off date for the purpose**. Members of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.
7. A person, whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on the cut-off date i.e. 17th July, 2015 only shall be entitled to avail the facility of e-Voting.
8. In case a person has become the Member of the Company after the dispatch of Notice but on or before the cut-off date i.e. 17th July, 2015, may write to Karvy on the e-mail ID: varghese1@karvy.com or Karvy Computershare Private Limited, (Unit : TTK Prestige Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or contact Mr P A Varghese at contact No.040-33215424, requesting for the User ID and Password. After receipt of the above credentials, please follow the instructions for e-Voting to cast the vote.
9. If the member is already registered with Karvy e-Voting platform then he can use his existing User ID and password for casting the vote through e-Voting.
10. The Scrutinizer, after scrutinizing the votes cast at the meeting by Poll and e-Voting will not later than two days of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. **The results declared along with the consolidated Scrutinizer's Report shall be placed on the website of the Company www.ttkprestige.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to the Stock Exchanges.**
11. Subject to the receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting i.e. 23rd July, 2015.

Information to Members:

For the convenience of Members, the Company will provide a coach service from Bengaluru on the day of the Meeting. The coaches will leave for Hosur at 10.00 a.m. from Brigade Towers, 135, Brigade Road, Bengaluru – 560 025. 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/D.P. ID on or before 16th July, 2015, after which it will be difficult to accommodate your request for transfer facility.

DIRECTORS' REPORT

(Including Management Discussion and Analysis Report)

Your Directors have pleasure in presenting their Fifty Ninth Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March, 2015 as follows:

FINANCIAL RESULTS

(₹ in lakhs)

	2014-15	2013-14
Sales (inclusive of excise duty)	142142	132338
Other income	510	788
Exceptional Income	244	696
EBIDTA (before net Exceptional Income)	15434	16810
EBIDTA (Including net Exceptional Income)	15678	17506
Profit/(Loss) before tax	13330	15175
Tax Provision	4098	3996
Net Profit/(Loss) after Tax	9232	11179
Transfer to General Reserve	1000	1200
Proposed Dividend (including tax)	3083	2724
Surplus carried to balance sheet	5149	7255

REVIEW OF PERFORMANCE :

a. Your Company's current year performance has to be judged from the background of continuing sluggish economy coupled with weak consumer demand and most importantly from the point of view of investments being made even during this sluggish phase keeping in view the long-term health of your Company. The investments have been not only in the nature of capital assets creating capacity for the long-term but also revenue expenses in building brand, distribution and human capital for the future. Therefore these measures do have a transient impact on margins which can improve over a period of time once the investments start fuelling growth.

b. Shareholders are also aware that your Company does not follow a standalone margin-led policy but is focussed on growth with a fair long-term return on capital employed.

c. Your Company is back to growth path, albeit at a lower rate of 7.4% after a decline of around 4% in the previous financial year. This growth is in line with the overall economic growth notwithstanding specific factors affecting the growth in appliances segment in general. It is to be noted that the channel conflict on account of entry of on-line channels had some adverse impact on primary sales for the year especially the period between August 2014 and February 2015.

d. While there has been recovery in business growth, the EBIDTA prior to exceptional items declined by about 8% from ₹ 168.10 crores to ₹ 154.34 crores after providing for CSR contributions of about ₹ 3.38 crores. The operating EBIDTA margin was around 11% as compared to 12.7% in the previous year. The background for this decline is stated in para 'a' above. The capacity building initiatives coupled with soft investments in brand building, distribution, service network and human resources resulted in transient under absorption of overheads. There was also some lag in passing on input costs on account of pipeline inventory. The product mixes in certain appliance categories while contributing to volume growth resulted in a lower absolute value in top line and thus lower absolute margins.

e. Net profits declined by about 17% from ₹ 111.79 crores to ₹ 92.32 crores due to higher provision for depreciation on account of the changes brought about by Companies Act 2013 and also higher provision for taxation as the 100% benefits from Uttarakhand units are reduced to 30% from 2014-15 onwards. As a result the Earnings per Share stood at ₹ 79.30 (PY ₹ 96.78).

f. Your Company became debt-free as at the end of 31st March, 2015 and is carrying significant net free cash.

g. In spite of substantial additions to manufacturing asset base and lower capacity utilisation the ROCE was healthy at 24.20%.

h. Your Board has recommended a higher dividend of ₹ 22/- per share (PY ₹ 20/- per share) a gross pay-out ratio (including dividend distribution tax) in excess of 30% of net profits.

Your Board of Directors is of the view that the current year performance is commendable taking into account the general sluggish economy both domestic and global. The market share of the key product categories was maintained or improved across geographies which are key-factors to note.

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

AWARDS AND RECOGNITIONS

Your Company continued to be recognized by various agencies for its high quality performance in various parameters. During the Financial Year 14-15, your Company bagged the following awards.

1. D & B top 500 Companies Award May 2014-15
2. Frost and Sullivan Award 2014-15
3. World Brand Summit Award
4. Readers Digest Most trusted brand
5. ET Now Best Brand Award
6. Asia's Most promising brand in kitchen appliances segment
7. 100 most valuable brands of the year
8. Franchisee India Award - Home products
9. Award for Retail Excellence in Home Products & office Equipment

Your Company's brand Prestige continues to be recognized as the Super Brand in the Kitchen Appliances Segment

MANAGEMENT DISCUSSION AND ANALYSIS

A. ECONOMY / INDUSTRY SCENARIO

The macroeconomic environment continued to pose challenges in the Fiscal Year 2014-15, compounded by erratic monsoon behaviour and unseasonal rains affecting Agricultural Sector. Though there has been a marginal

growth in GDP, the consumer sentiment continued to be weak even during festive seasons. Despite the rate of inflation being on the lower side, years of high inflation in the past have left continuing impact on disposable income and Final Private Consumption Expenditure. Every geography has been seeing ups and downs in short spells making it difficult to forecast and work on a stable marketing plan.

While certain macro factors like fiscal deficit, inflation, foreign investor interest etc., show improvement besides structural correction initiatives by the New Government, these are yet to have any impact on the consumer demand and employment generation. It is expected that if reforms like land acquisition, recodification of labour laws, GST., and initiatives like infrastructure development, power generation and development of smart cities are kick started India can get back to growth rates in excess of 7% in the coming years,

Your Company operates in the kitchen appliances segment with a wide range of product categories. The product categories consist of Pressure Cookers, 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 products. The market for organized brands is estimated at about 60% of the total market. The share of unorganized players is greater for 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.

The momentum of shift from unorganised players to organised branded players has slowed down in the last couple of years due to sluggish consumer demand and lower growth in GDP. The reversal of this trend depends on several reform initiatives and development agenda kicking in as mentioned earlier.

The appliance category is also witnessing entry of quite a few players - regional, national as well as global players who have brand strength mostly in non-kitchen appliance business or brands outside India but not exposed to India.

B. OPPORTUNITIES, THREATS AND COMPANY'S RESPONSE

Your Company will continue to operate out of its core strengths of brand, innovation, design, manufacturing, distribution, sourcing and service capabilities; the core vision of 'A Prestige in every Indian Kitchen'; and the core mission of 'Quality products at affordable prices'.

The above stated strengths and vision have helped your Company to broad base its product category, consumer base and geographical coverage. Continuous interaction with the ultimate user of the product has been helping your Company in identifying the pain points and offering solutions in the form of innovative products, concepts and consumer offer of bundled products for a holistic use. This focus helps your Company to create opportunities even in the face of depressed consumer sentiment.

Your Company sees sufficient headroom for growth in its traditional product categories - pressure cookers and cookware driven by introduction of several new models with value added features. Similarly your Company sees greater opportunity in value added gas stoves and induction cook tops. As always a whole range of innovative assorted products relevant to kitchen provides scope for significant value addition to topline as well as profits.

Your Company is slated to launch around 50 new SKUs in the financial year 2015-16. Your Company sees a significant opportunity to increase its share of business in the non-south markets.

Your Company believes in continuous brand building and is running a campaign, roping in India's leading celebrity couples Mr. Abishek Bachchan and Mrs. Aishwarya Rai as brand ambassadors. This campaign has been well received throughout the length and breadth of the country. This campaign backed by launch of innovative products has been designed to evince and sustain the consumer interest in your Company's products and this objective has largely been achieved. This brand building strategy has a clear long-term outlook to deal with competition effectively.

Your Company will continue to focus on various ways of reaching the consumer through every channel and especially by strengthening the Prestige Smart Kitchen network. Focus will be on quality of the network rather than the quantity. Given the emergence of on-line trade, expansion of the network will be evaluated location-wise. Your Company is well seized of the channel conflicts and is taking various measures to minimize the conflict and restore confidence in the traditional retail channel. Simultaneously your Company is developing direct relationships with the on-line channels and this channel will be well leveraged.

Your Company is continuing the process of establishing a dedicated Service Network under the name and style "Prestige Service Centre" with modern and customer friendly ambience. Already 210 centres have been opened and further additions will be made across the country. In the continuous journey in the direction of "Best in class After sales service", your Company has further strengthened its Call Centre operations, with considerable investment. This will enable us to speed up our servicing process, gather information on product problems which will go a long way to improve our quality and bring new variants on a continuous basis. A strong network of Service Centres can aid growth in sale of spares.

Your Company sees reasonable opportunity in export markets based on its modern facilities established in Gujarat. The shareholders will be kept informed of further developments in this regard

The various initiatives proposed /announced by the Government in the areas of infrastructure, smart cities,' Make in India' etc., if become fruitful can open up multifold opportunities for your Company both in domestic and foreign markets.

While there are vast opportunities, threats can continue in the form of unorganized sector and irrational discounting by regional brands. As the entry barriers are low, any lag in innovation can impact growth.

C. ANALYSIS OF PERFORMANCE :

1. Kitchen Appliances :

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

(In ₹ Lakhs)

	2014-15			2013-14		
	Domestic	Export	Total	Domestic	Export	Total
Pressure Cookers (including Microwave Pressure Cookers)	47841	5072	52913	44193	5161	49354
Cookware	26152	126	26278	22489	169	22658
Kitchen Electrical Appliances	38366		38366	38989	80	39069
Gas Stoves	17464		17464	16689		16689
Others	7039	82	7121	4494	74	4568
Total	136862	5280	142142	**126854**	**5484**	**132338**

a. Domestic Sales grew by about 8% while exports sales decreased by 3.7%. New Microwave Pressure Cooker was launched in Japan towards the end of FY 2014-15.

b. The Pressure Cooker and cookware category registered a growth of 7.2% and 16% respectively. Growth in Cookware category was aided by introduction of new range of Granite Cookware.

c. Kitchen Electrical Appliance's contribution to sales dropped marginally. It is estimated that the industry itself registered a decline in the product lines your Company deals in. While the volume in Induction cook-tops improved, the overall value turnover was less due to product mix leaning more towards entry level SKUs. Notwithstanding the subsidized regime continuing to exist, this product line has become a staple category for the Company holding the market leadership. Your Company introduced more variants in the Electric Rice Cooker line towards the end of the financial year and the response has been encouraging.

d. Gas stoves witnessed a growth of around 5% largely due to introduction of more differentiated models. Towards the end of the financial year, a high-end Hob Top aided by tie-up with a German Component supplier was launched. The response from the market has been encouraging.

e. Introduction of slew of new products/models in the miscellaneous kitchen requisites contributed to the growth in the "others" category.

f. Your Company made a test-entry into the domestic Water Filter category. The results are being analysed and your Company is exploring several alternatives and opportunities to make a meaningful commercial scale entry at a later stage.

g. The operating EBIDTA margin for the year was about 11% as compared to 12.7% in the previous year. This is mainly due to under-absorption of certain overheads in our new plants. Further the growth in top-line was lower than the increase in pay-roll. Moreover there was some lag in passing of increase in input costs due to pipe line inventory. Your Company ensured that all other elements of cost were managed tightly.

h. Given the fact that your Company did not compromise on its brand promotion activities and engaged India's top celebrity couple for endorsing the brand, the EBIDTA margin is quite healthy.

i. It may be noted that various operating ratios are unique to your Company and are not strictly comparable to other players whose composition of business may not be similar to your Company. Further based on category mix and seasonal brand/ sales promotion activities, the margins may vary from quarter to quarter. As a policy your Company passes increase in input costs to the market save for the lag involved due to pipe line inventory and other related factors.

j. The interest cost during the year was ₹ 4.47 crores (PY ₹ 8.54 crores). The Company was able to reduce the borrowing completely through application of free cash flows.

k. Your Company has over the last two years substantially reduced its dependence on imports which has a positive impact on margins and cash-flows. This import substitution continued during the current financial year.

l. During the year under report your Company introduced around 87 new SKUs covering Pressure Cookers, Induction Cook Tops, Mixer Grinders, Rice Cookers, Gas Stoves and other small electric/non-electric appliances/kitchen requisites. All these introductions received good response.

m. Your Company continues to consolidate and expand Prestige Smart Kitchen retail network. Your Company extended its coverage to another 19 towns. The net addition to the number of stores was 35. The number of outlets as at 31.3.2015 was 571. The network now covers 26 States and 294 towns. The spread of the network is also evenly distributed between Metros, Mini-Metros, Tier 1, Tier 2 and Tier 3 cities. About 65% of the Stores are located in South and the balance in Non-South.

2. Properties & Investment :

The shareholders are aware that pursuant to shifting of factory operations to other places, the land at Dooravaninagar Bengaluru became surplus and it was decided to develop the same instead of selling it outright. Your Company has handed over the development to Rajmata Realtors (Salarpuria) for developing an office cum residential complex. The Developers have informed that the portions of developed property allocated to your Company would be ready for handing over by second half of the current financial year. Shareholders will be kept informed of progress in this respect.

D. OUTLOOK

Forecasts on the GDP Growth of over 7% and the growth in Private consumption expenditure of 12% augur well for your Company. If this expectation materializes it can aid your Company look for improved growth rates .Various industry friendly measures announced by the Government would lay a strong foundation for the future of your Company. Your Company is banking on its new brand strategy and new product strategy including tapping some export opportunities to get back to the improved growth trajectory and any revival in the economy in general and consumer sentiment in particular will add strength to your Company's plans.

E. RISKS AND CONCERNS

The various general economic risks and concerns which can impact your Company have already been outlined in the preceding sections. The concerns largely center on external factors. Your Company is continuously improving its efficiencies and is hopeful of dealing with the various challenges described in the preceding sections. 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 developed and implemented a Risk Management Policy which includes identification of elements of risk, if any, which in the opinion of the Board, may threaten the existence of the Company.

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

Risks are being continuously identified in relation to business strategy, operations and transactions, statutory/legal compliance, financial reporting, information technology system and overall internal control frame work.

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 are also carrying out risk audit on a periodical basis.

G. FINANCES:

Your Company continues to generate substantial post-tax operating free cash flows and the same has been applied to meet capital expenditure besides other uses including retirement of debt.

Your Company became debt free at the end of the year and carried cash and cash equivalents of ₹ 25.13 crores.

H. INVESTMENTS

There are no changes in the investments of the Company apart from changes in liquid investments in mutual funds as part of normal treasury operations.

I. INTERNAL CONTROL SYSTEMS

Your Company has necessary Internal Control Systems in place which is commensurate with the size, scale and complexity of its operations. Your Company is continuously making improvements in internal control systems commensurate with the increasing operations. Independent team of Internal Auditors/Management Auditors are carrying out internal audits and advising the management on strengthening of internal control systems. The reports are periodically discussed internally. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

J. DEVELOPMENTS IN HUMAN RESOURCES

Having due regard to the long-range plan, your Company has implemented strategic HR initiatives and have strengthened the in-house Human Resource Department. Many people development programmes are put in place on a continuous basis.

The direct employment strength stood at 1267 as compared to 1276 in the previous year.

Your Company continues to have cordial industrial relations in all its manufacturing units. The long-term settlement with the Union in the Hosur Unit is due for negotiation during the current financial year. Negotiations have started and the shareholders will be kept informed of the progress in this respect.

SCHEME OF ARRANGEMENT:

During November 2012 the Board of Directors of your Company approved a Scheme of Arrangement (Demerger) whereby the Kitchen Appliances Division of Triveni Bialetti Industries Private Limited (TBI), (a subsidiary of Bialetti Industries SpA., Italy) with all its assets, rights, liabilities, obligations, benefits under tax laws etc., will be vested in your Company the Appointed Date being 1st April, 2012. The Scheme has been approved by the Stock Exchanges and further approved by the Honourable High Court of Madras. However the sanction of the Honourable High Court of Mumbai, the jurisdictional court for TBI is still awaited. On sanction of the Scheme by the High Court of Mumbai necessary effect will be given in the books of account.

TBI, which has its manufacturing base in Maharashtra, is contract manufacturing certain products for your Company.

DIRECTORS

Mr. Ajay I. Thakore, an Independent Director stepped down from the office as at the closing hours of 31st March, 2015. Mr. Thakore was a Director on your Board for nearly 40 years giving valuable guidance from time to time. The Board placed on record its deep appreciation for the services rendered by Mr. Thakore during his tenure on the Board.

Mr. S. Ravichandran, Managing Director, retired from the services of the Company with effect from the closing hours of 31st March, 2015. He was with the Company first as Joint Managing Director from 5th February, 1997 and as Managing Director since 2001. He has contributed significantly to the turnaround and growth of the Company during his 18 year association with your Company. The Board placed on record its