

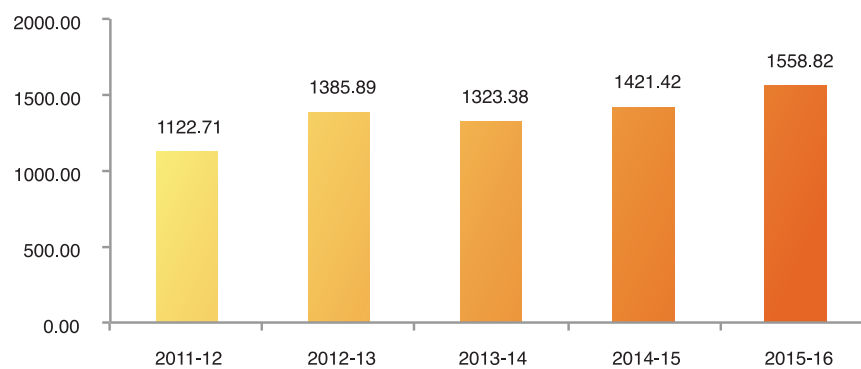


ANNUAL REPORT

2015-16

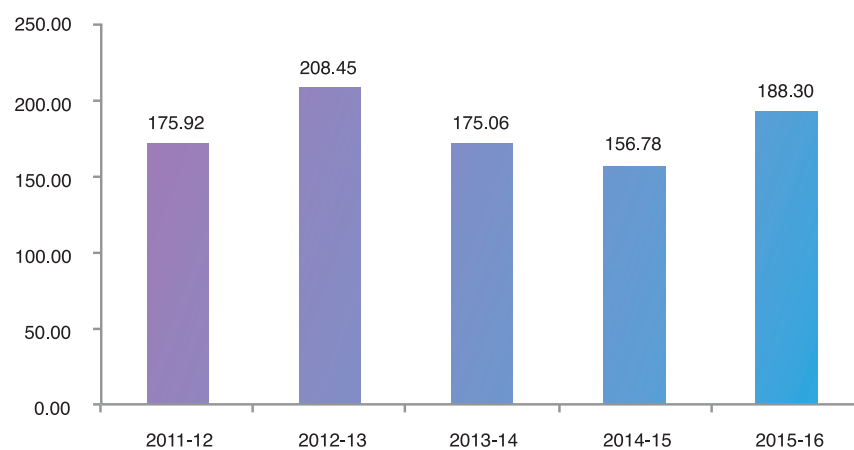
OUR GROWTH CHARTED THROUGH THE YEARS.

REVENUE FROM OPERATIONS (Rs. CRORES)



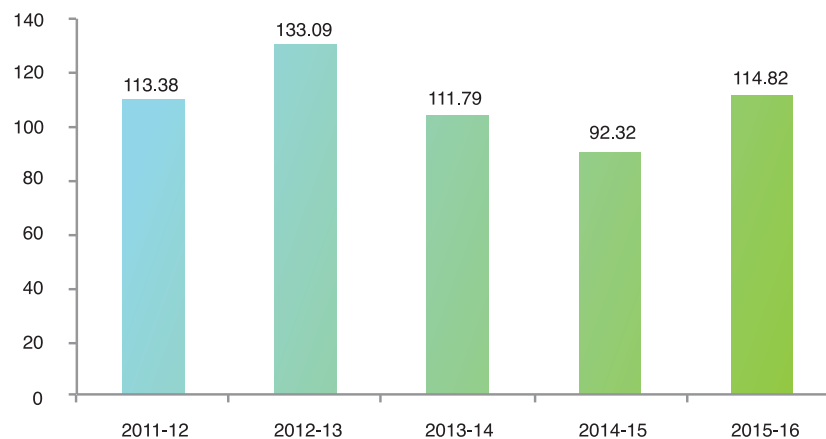
EBIDTA (Rs. CRORES)

(Earnings Before Interest, Tax, Depreciation and Amortization)



PAT (Rs. Crores)

Profit After Tax



TTK PRESTIGE LIMITED

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BOARD OF DIRECTORS

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

REGISTERED OFFICE & WORKS

Plot No. 38, SIPCOT Industrial Complex,
Hosur - 635 126, Tamil Nadu.
CIN: L85110TZ1955PLC015049
website: www.ttkprestige.com
Email:Investorhelp@ttkprestige.com

CORPORATE OFFICE

11th Floor, Brigade Towers, 135, Brigade Road
Bengaluru - 560 025. Tel: 080-22217438/9

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, Vadodara, Gujarat.

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 & Vijayawada

STATUTORY AUDITORS

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

COST AUDITOR

Sri. V. Kalyanaraman
#4, 2nd street, North Gopalapuram, Chennai-86

SECRETARIAL AUDITOR

M/s. Hegde & Hegde
Company Secretaries,
Ganesh Krupa, #34, 1st Main Road, Gandhinagar,
Bengaluru - 560 009.

REGISTRARS & SHARE TRANSFER AGENTS

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

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.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixtieth Annual General Meeting (AGM) of **TTK PRESTIGE LIMITED** will be held at Hotel Claresta Sarovar Portico, SIPCOT Phase II, Bengaluru Road, Hosur – 635109 on Wednesday, the 3rd August, 2016 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 31st March, 2016 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 ratify and confirm the interim dividend of Rs.27 per share paid in March 2016 as final dividend for the financial year 2015-16.
3. To appoint a Director in place of Mr. T.T. Raghunathan (DIN:00043455) 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, LLP, (who were appointed by the Members to hold office up to 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/S200025, 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 Rs.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 in respect of products made out of Stainless Steel for the financial year ending 31st March, 2017, as recommended by the Audit Committee and approved by the Board of Directors of the Company be and is hereby ratified and confirmed".

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

"RESOLVED THAT pursuant to Sec.197 and other applicable provisions, if any of the Companies Act, 2013, and the Rules made thereunder, as amended from time to time, sanction be and is hereby accorded to enable payment of Commission

to directors who are not managing or whole time directors within the ceiling of 1% of the net profits of the Company for each financial year computed in accordance with Sec.198 of the Companies Act, 2013 and that the actual quantum of such Commission be determined by the Board of Directors and divided between such directors by agreement between them or as determined by the Chairman".

"RESOLVED FURTHER THAT the above resolution shall be effective from 1st April 2016".

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

"RESOLVED THAT pursuant to provisions of Section 94(1) of the Companies Act, 2013 ("the Act") and all other applicable provisions of the Act and relevant Rules applicable, if any, consent of the members of the Company be and is hereby accorded to keep the Register of Members and other registers/ records to be maintained under Section 88(1) of the Act and copies of the Annual Returns filed under Section 92 of the Act at the Corporate Office of the Company situated at 11th Floor, Brigade Towers, 135, Brigade Road, Bangalore - 560 025. (i.e. place other than Registered Office where the Registers, returns and other documents are proposed to be kept);

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or Company Secretary be and are hereby severally authorised to intimate to the Registrar of Companies and to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution."

Place : Coimbatore
Dated : 23rd May, 2016

By Order of the Board
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 holder who is higher in the order of names will be entitled to vote.
7. The dividend for the Financial Year 2015-16 has already been paid as Interim Dividend and no further dividend is payable for the Financial Year 2015-16.
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 1st August, 2016 to 3rd August, 2016 (BOTH DAYS INCLUSIVE).
10. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and 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.
11. 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 |
|------------------------------|----------------------|
| 31 st March, 2009 | 11-08-2016 |
| 31 st March, 2010 | 28-06-2017 |
| 31 st March, 2011 | 13-07-2018 |
| 31 st March, 2012 | 01-07-2019 |
| 31 st March, 2013 | 14-07-2020 |
| 31 st March, 2014 | 20-08-2021 |
| 31 st March, 2015 | 22-07-2022 |
| 31 st March, 2016 | 22-03-2023 |

12. 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.
13. A copy of the Annual Report 2016 along with the Notice of the Annual General Meeting, stating the process and manner of e-Voting at the 60th 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

Additional information on directors recommended for appointment re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. T.T. Raghunathan

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

Mr. T.T. Raghunathan is the Executive Vice Chairman of TTK Healthcare Limited, Managing Director of TTK Protective Devices Limited, Director of TTK Tantex Limited, Limited, TTK Services (P) Limited, CignaTTK Health Insurance Company Limited and TTK Property Services (P) Ltd.

He holds 2000 shares in the Company.

Mr. T.T. Raghunathan is the brother of Mr. T.T. Jagannathan and uncle of Mr. T.T. Mukund. Mr. T.T. Raghunathan, Mr T.T. Jagannathan and Mr. T.T. Mukund are deemed to be interested in this Resolution.

The resolution is commended for adoption.

By Order of the Board

Place : Coimbatore

K. SHANKARAN

Dated : 23rd May, 2016

Director & Secretary

Registered Office:

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

TTK Prestige Limited

Notice to Shareholders (Contd...)

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, 2017 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 2017, 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.

ITEM No. 6

Section 197 of the Companies Act, 2013 permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorizes such payment by way of a resolution of members.

The members of the company at the 57th Annual General Meeting held on 15th July, 2013 approved the remuneration payable to Non-Executive Directors by way of commission not exceeding one percent of the net profits of the Company for each year for a period of 3 years commencing from 1 April 2013 and ending with 31st March 2016.

The Non-Executive Directors and the independent Directors of your company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, technology, corporate strategy, information systems and finance. It is proposed that, remuneration not exceeding one percent of the net profits of the Company calculated in accordance with the Sec.198 of the Companies Act, 2013 be continued to be paid and distributed amongst the

Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee of the Board and approval of the Board of Directors of the Company with effect from 1st April 2016. Such payment will be in addition to the sitting fees for attending Board/Committee meetings.

Details of the commission and sitting fees paid to Non-Executive Directors during the Financial Year 2015-16 is provided in the annexure to the Directors Report and the Corporate Governance Report.

Except the Key Managerial Personnel and their respective relatives, all the other Directors are concerned or interested in the Resolution mentioned at Item No.6 of the notice.

The Board recommends the Special Resolution set forth in Item No.6 for the approval of the Members.

ITEM No. 7

To keep Registers, Copies of Returns etc., at Corporate Office of the Company at Bangalore (i.e. at a place other than Registered Office).

The Registered Office of the Company is situated at Plot No.38, SIPCOT Industrial Complex, Hosur – 635 126.

In terms of the provisions of Sec. 94(1) of the Companies Act 2013, Registers and copies of the returns as aforesaid may also be kept at any other place in India other than at the Registered Office of the Company, in which more than one-tenth of the total number of members entered in the Register of Members reside, if approved by a Special Resolution by the members of the Company.

Out of the total number of members of as on 12.05.2016, 1121 members [being 11.13%] reside in Bangalore. The Board recommends to keep the registers maintained under Section 88(1) of the Companies Act, 2013 ("the Act") [i.e. Register of Members etc.] and copies of the annual returns filed under Section 92 of the Act at the Corporate Office at Bangalore.

The Board therefore recommends the resolution as set out at Item No.7 for approval of the members as Special Resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said Resolution.

By Order of the Board

Place : Coimbatore

Dated : 23rdth May, 2016

K. SHANKARAN

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:

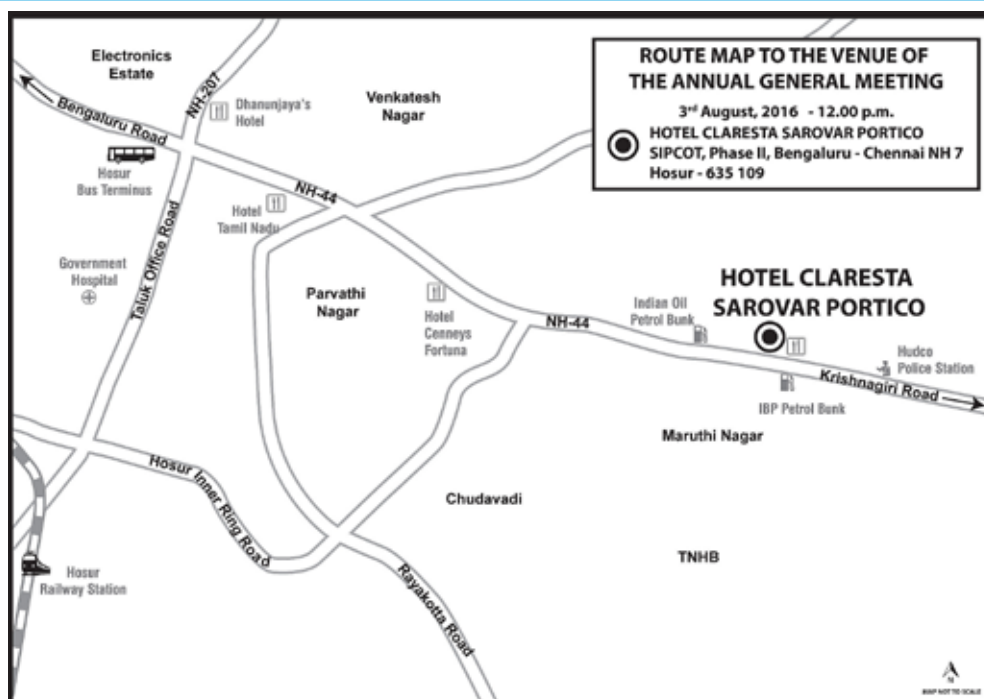
1. Pursuant to the provisions of Section 108 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide e-Voting facility to its members through 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 30th July, 2016 to 5.00 p.m. on 2nd August, 2016 (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 27th July, 2016 **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. 27th July, 2016 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. 27th July, 2016, 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. 3rd August, 2016.

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 27 July, 2016, after which it will be difficult to accommodate your request for transfer facility.



DIRECTORS' REPORT

(Including Managements' Discussion and Analysis Report)

Your Directors have pleasure in presenting their Sixtieth Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March, 2016 as follows:

FINANCIAL RESULTS

(₹ in crores)

| | 2015-16 | 2014-15 |
|--|---------|---------|
| Sales (inclusive of excise duty) | 1558.82 | 1421.42 |
| Other income | 9.60 | 5.10 |
| Exceptional Income/(expense) | (3.74) | 2.44 |
| EBIDTA (before net Exceptional Income) | 192.07 | 154.34 |
| EBIDTA (Including net Exceptional Income) | 188.33 | 156.78 |
| Profit/(Loss) before tax | 165.57 | 133.30 |
| Tax Provision | 50.75 | 40.98 |
| Net Profit/(Loss) after Tax | 114.82 | 92.32 |
| Transfer to General Reserve | 12.00 | 10.00 |
| Dividend paid /Proposed Dividend (including tax) | 37.83 | 30.83 |
| Surplus carried to balance sheet | 64.99 | 51.49 |

REVIEW OF PERFORMANCE :

- Notwithstanding the continuing general sluggishness in the economy your company witnessed a growth of around 10% in top line. While there was a decline in exports, the domestic business registered about 11% growth.
- Aided by a combination of factors - friendly commodity prices, better utilisation of capacities and internal efficiencies EBIDTA before exceptional items registered a growth of over 24%.
- Operating EBIDTA (before exceptional items) margin grew from 10.8% to 12.3%.
- Your Company continued to be debt-free as at the end of 31st March, 2016 and was carrying significant net free cash.
- As stated in the past years, your company does not follow a stand-alone margin led policy but is focussed on growth with a fair long-term return on capital employed. In spite of substantial additions to manufacturing asset base in recent years the ROCE showed marked improvement and stood at a healthy 28% (PY 24%)
- Your Board had already paid an interim dividend of Rs.27/- per share (PY Rs.22 share), the gross pay-out ratio (including dividend distribution tax) being in excess of 33% of net profits. The said dividend is recommended to be confirmed as final dividend.

To sum up, 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. The e-commerce channel conflict was less disruptive as compared to FY 2014-15 and your company's share in this space is impressive.

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 under various parameters. During the Financial Year 15-16, your Company bagged the following awards/recognitions.

- Readers Digest Most trusted Brand award
- D & B top 500 Companies Award
- Selected No 1 Brand in Kitchen Appliances by IBC Infomedia Pvt. Ltd.,
- ICON of the year by Brands academy 9th Oct 2015
- SUPER BRAND
- Master Brand Award in Kitchen Appliances
- CII Design award for Clip on Pressure Cookers
- Brand Excellence Award
- Industrial Design Award to Hobtop
- TPM Excellence award from the Japan Institute of Plant Maintenance for the Coimbatore Plant.
- Best After Sales Service Company Award in the small & kitchen appliance category from "National Award for Excellence in Customer Service.

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

MANAGEMENTS' DISCUSSION AND ANALYSIS

A. ECONOMY /INDUSTRY SCENARIO

There was no major improvement in macroeconomic environment in the domestic markets and the global scenario continued to be dismal. Deficient monsoon in many parts of the country and unprecedented floods in certain pockets like Tamil Nadu had adverse impact on agricultural and rural economy. Though festive season in October 2015 showed a promise, the same was short lived and the consumer sentiment continued to be depressed.

While there have been many initiatives from the Central Government to accelerate investments in infrastructure projects and to ensure that subsidies reach the target population without any leak, lack of political consensus is hampering reforms like land acquisition, recodification of labour laws, GST etc., The rural thrust in the Central Budget for FY 2016-17 and expected normal monsoon can have positive impact on the rural economy especially in the second half of the current Financial Year.

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.

Continued sluggish economic scenario is hampering spend from core middle-class giving room for down-trading by some regional brands and cropping up of some unorganised players. While there is demand for entry level models in certain categories, in other categories the demand is seen more in value added products.

The kitchen 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.

Going forward, proactive innovation and product differentiation will be the key to stay ahead in the market place.

B. OPPORTUNITIES, THREATS AND COMPANY'S RESPONSE

Shareholders are aware that the Company operates out of its core strengths of brand, innovation, design, manufacturing, distribution, sourcing and service capabilities and more importantly 'Customer Engagement'.

a. Opportunities within the Kitchen Domain:

The core vision of the company has been 'A Prestige in every Indian Kitchen'; the core mission being '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. Various new variants such as Clip on, Cute Range, Granite Cookware etc., introduced in FY 2015-16 received good response even in adverse market conditions. Likewise your Company sees greater opportunity in the kitchen appliances segment - both electric and non-electric. Value added gas stoves, hob-tops; new range of mixer-grinders and induction cook tops are expected to lead the growth in the Kitchen Appliances segment. As always, a whole range of innovative assorted products relevant to kitchen (roti makers, kitchen gadgets and accessories) provides scope for significant value addition to topline as well as profits.

Your Company is slated to launch around 100 new SKUs in the financial year 2016-17.

Your Company continues to see a significant opportunity to increase its share of business in the non-south markets.

b. Opportunities beyond Kitchen Domain:

Till now all the strategy for growth has been flowing out of Kitchen Domain. Your Company's strength of constant engagement with the end consumer has thrown open new avenues for occupying the mind share of the core customer - 'the home maker' - travelling beyond kitchen. Based on customer feedback, your Company believes that as a first step outside the Kitchen Domain, Cleaning Solutions offers a good platform. A wide range of Cleaning equipment- both electrical and non-electrical - is being launched from the first quarter of FY 2016-17. The number of SKUs being launched is around 30. Your Company has already tested the domain outside the kitchen by launching 'LED Lanterns' during FY 2015-16 and the response has been encouraging.

c. Opportunities outside India: -Overseas Acquisition

Till now, the opportunity outside India has been product exports in third party brands. This has been tactical and exports have been volatile and dependent on the OE Buyers' fortunes and marketing strategies. Your Company has been scouting for acquisition of brands outside India with strengths in sales, marketing and distribution and not saddled with high-cost manufacturing. Your Company identified Horwood Homewares Limited, UK, a century old business owning and trading in well-respected brands Judge and Stellar. Your Company's wholly owned subsidiary TTK British Holdings Limited, UK acquired this business in April 2016. The subsidiary is capitalized by equity infusion to the extent of 10 million GBP from your Company. This business is currently of the order of 18 million GBP with an EBIDTA of around 3 million GBP. This acquisition is expected to leverage the manufacturing capacities of your Company as well as provide a platform to tap key markets in Europe.

d. Channel Management and Service Network:

Over the last few years the method of reaching the ultimate consumer is undergoing a churn. Every channel - traditional dealers, modern format stores, own retail network or online stores - is rediscovering and re-orienting itself to maximize footfalls. This process has thrown in opportunities as well as conflicts besides disruptions. Your Company is fully seized of the situation and has put in place strategies to leverage every channel to reach the ultimate consumer.

Prestige Smart Kitchen network continues to attract good traction and provides a significant contribution to the total domestic sales. Current focus is on quality of the network rather than the quantity. The network is now well consolidated after pruning unproductive stores. Due to this process the same store growth has been healthy. The current strength of the network is 539.

Your Company is continuing the process of strengthening the service network and call-centre operations so as to ensure timely service and build customer loyalty. It also provides the platform to increase sale of original spares. Current strength of the service network is 225.

TTK Prestige Limited

Directors' Report (Contd...)

Your Company sees reasonable opportunity in OE export markets based on its modern facilities established in Gujarat. 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 in the Domestic Market, 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 ₹ Crores)

| | 2015-16 | | | 2014-15 | | |
|--|----------------|--------------|----------------|----------------|--------------|----------------|
| | Domestic | Export | Total | Domestic | Export | Total |
| Pressure Cookers(including Microwave Pressure Cookers) | 522.45 | 34.15 | 556.60 | 478.41 | 50.72 | 529.13 |
| Cookware | 272.69 | 2.53 | 275.22 | 261.52 | 1.26 | 262.78 |
| Kitchen Electrical Appliances | 446.73 | 1.09 | 447.82 | 383.66 | - | 383.66 |
| Gas Stoves | 209.53 | 1.40 | 210.93 | 174.64 | - | 174.64 |
| Others | 67.43 | 0.82 | 68.25 | 70.39 | 0.82 | 71.21 |
| Total | 1518.83 | 39.99 | 1558.82 | 1368.62 | 52.80 | 1421.42 |

- Domestic Sales grew by about 11%. Due to adverse global economic conditions exports declined by 24.3%.
- The Pressure Cooker and cookware category registered a growth of 5.2% and 4.7% respectively. The lower growth was due to depressed market conditions in South India.
- The sale of induction cooktop witnessed 18% growth in quantity however the value growth was in the region of 7%. Introduction of several value added models helped in improving the value realization, which was a major concern during the last year.
- Gas stoves recorded an impressive growth of over 20%,owing to the new higher end models introduced during the fag end of the previous financial year.
- The operating EBIDTA margin for the year was about 12.32% as compared to 11% in the previous year. This margin improvement was aided by improvement in operating efficiency through increased capacity utilization and also the softening of metal prices.
- Not withstanding the long-term wage settlement at the Hosur Unit, the overall pay-roll cost ratio to Sales wasaround 7.1% as compared to 7.3% in the previous year.

- The interest cost during the year was Rs.1.84 crs (PY Rs.4.47 crores). The Company was able to reduce the borrowing completely through application of free cash flows.
- 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. There was an increase in inventory at the end of the financial year to meet the plans for sale during the first quarter of FY 2016-17. However net-working capital excluding free cash was commensurate with the increased sales.
- During the year under report your Company introduced around 125 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.
- PSK network was consolidated and rationalized where necessary. The number of outlets as at 31.3.2016 was 539. 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 Your Company has handed over the development of the Dooravani Nagar, Bangalore property 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 marketing in the first half of the current financial year. Shareholders will be kept informed of progress made in this respect.

D. OUTLOOK

The consumer sentiment continues to be sluggish at the start of the Financial Year 2016-17 though some green shoots are visible. Depending on the progress of a normal monsoon and the impact of the Central Government's budget on rural economy and infrastructure a GDP growth of 7% is expected. Given the new business initiatives your Company expects to grow at a better rate than the economy.

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.