
TTK Prestige

L I M I T E D

ANNUAL REPORT
2016-2017



S. NO.	RSC LOCATION	TOTAL NO.OF ASC OPERATIONAL (15.06.17)	S. NO.	RSC LOCATION	TOTAL NO.OF ASC OPERATIONAL (15.06.17)
1	AHMEDABAD	6	13	HYDERABAD	11
2	BANGALORE	19	14	INDORE	10
3	CHANDIGARH	7	15	JAIPUR	9
4	CHENNAI	16	16	JAMSHEDPUR	4
5	CUTTACK	9	17	KOLKATTA	16
6	DELHI	6	18	LUCKNOW	8
7	ERNAKULAM	30	19	MUMBAI	8
8	GHAZIABAD	8	20	PATNA	1
9	GOA	2	21	PUNE	23
10	GUWAHATI	13	22	RAIPUR	1
11	HARYANA	5	23	TRICHY	21
12	HUBLI	12	24	VIJAYAWADA	14
	TOTAL	133		TOTAL	126



TTK PRESTIGE
COUNTRYWIDE
SERVICE CENTRES



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. T.T. Mukund	Director
Dr. (Mrs.) Vandana R. Walvekar	Director
Shri. Dileep Kumar Krishnaswamy	Director
Shri. Arun K. Thiagarajan	Director
Shri. Murali Neelakantan	Director
Shri. K. Shankaran	Director & Whole-time Secretary

REGISTERED OFFICE & WORKS

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

STATUTORY AUDITORS

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

CORPORATE OFFICE

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

COST AUDITOR

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

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.
- 231, Khardi, Shahpur, Thane,
Maharashtra - 421301

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.

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

BANKERS

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

NOTICE TO SHARE HOLDERS

NOTICE is hereby given that the Sixty First Annual General Meeting (AGM) of **TTK PRESTIGE LIMITED** will be held at Hotel Claresta Sarovar Portico, SIPCOT Phase II, Bengaluru-Chennai NH7, Hosur – 635109 on Friday, the 11th August, 2017 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance sheet as at 31st March, 2017 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 final dividend of Rs.12/- per equity share and to approve interim dividend of Rs.15/- per equity share already paid during the year ended 31st March, 2017
3. To appoint a Director in place of Dr. T.T. Mukund (DIN:07193370) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint PKF Sridhar & Santhanam LLP, Chartered Accountants (ICAI Registration No. 003990S/S200018) as Statutory Auditors of the Company and fix their remuneration and in this regard, to pass the following resolution as an Ordinary Resolution"

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, PKF Sridhar & Santhanam (ICAI Registration No. 003990S/S200018) in place of the retiring auditors M/s. S Viswanathan LLP, Chartered Accountants, Bangalore (Firm Regn No.S200025) be and are hereby appointed as Statutory Auditors of the Company, for a term of five years to hold office from the conclusion of this Annual General Meeting till the conclusion of 66th Annual General Meeting, subject to ratification at every Annual General Meeting, on such remuneration, as may be recommended by the Audit Committee and fixed 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, for the financial year ending 31st March, 2018, as recommended by the Audit Committee and approved by the Board of Directors of the Company be and is hereby approved".

By Order of the Board

Place: Bangalore

K. SHANKARAN

Dated : 30th May, 2017

Director & Whole-time 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 9th August, 2017.
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 will remain closed on 10th August, 2017 for the purpose of payment of final dividend for the FY ended March 31st, 2017 and the AGM.
10. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the

TTK Prestige Limited

Notice to Shareholders (Contd...)

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
31 st March, 2010	03.08.2017
31 st March, 2011	19.08.2018
31 st March, 2012	07.08.2019
31 st March, 2013	19.08.2020
31 st March, 2014	25.09.2021
31 st March, 2015	27.08.2022
31 st March, 2016 - Interim	16.04.2023
31 st March, 2017 - Interim	29.05.2024

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 2017 along with the Notice of the Annual General Meeting, stating the process and manner of e-Voting at the 61st 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 Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

st L P T

Dr. T.T. Mukund

Dr. T.T. Mukund was appointed as Director with effect from 29th May 2015 in place of Dr.(Mrs.) Latha Jagannathan. He retires by rotation and is eligible for re-appointment.

Dr. T.T. Mukund is a Reader, National Centre for Biological Services, Bangalore. He has been on the Board of your Company since May 2015 and was co-opted in the casual vacancy created by the resignation of Dr. (Mrs.) Latha Jagannathan and retires by rotation and is eligible for re-appointment.

He holds 284374 shares in the Company.

He is the son of Mr. T.T. Jagannathan

The resolution is commended for adoption.

By Order of the Board

Place : Bangalore

Dated : 30th May, 2017

K. SHANKARAN

Director &

Whole-time 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, 2018 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 2018, 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 : Bangalore

Dated : 30th May, 2017

K. SHANKARAN

Director &

Whole-time Secretary

Registered Office:

Plot No. 38, SIPCOT Industrial Complex,

HOSUR – 635 126, Tamil Nadu.

TTK Prestige Limited

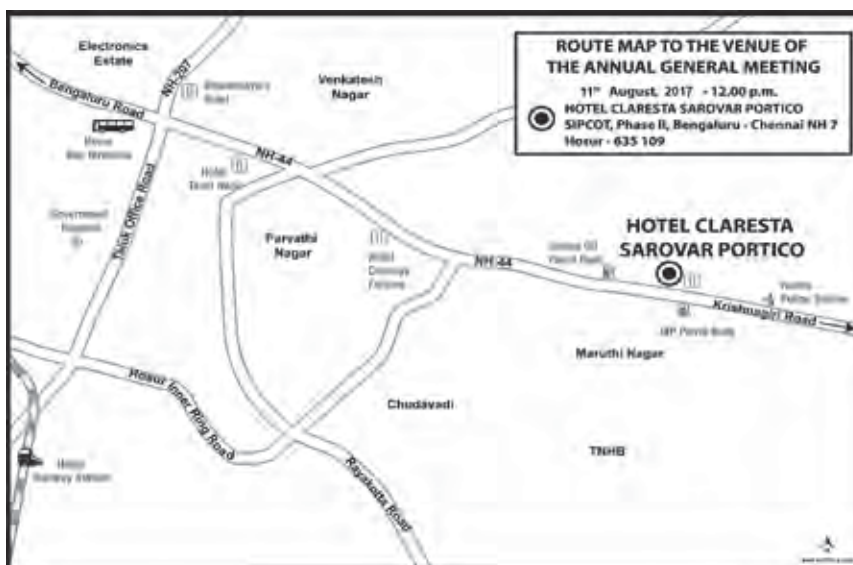
Notice to Shareholders (Contd...)

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 8th August, 2017 to 5.00 p.m. on 10th August, 2017 (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 4th August, 2017 **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. 4th August, 2017 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. 4th August, 2017, 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. 11th August, 2017.

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 2nd August 2017, after which it will be difficult to accommodate your request for transfer facility.



BOARD'S REPORT**(Including Managements' Discussion and Analysis Report)**

Your Directors have pleasure in presenting their Sixty First Annual Report, together with the Audited Accounts of the Company, for the year ended 31st March, 2017 as follows:

FINANCIAL RESULTS (STAND ALONE)

(₹ in crores)

	2016-17	2015-16
Sales (inclusive of excise duty)	1683.06	1558.82
Other income	6.74	10.37
Exceptional Income/(expense)	1.77	(3.74)
EBIDTA (before Exceptional Income)	201.65	193.27
EBIDTA (Including Exceptional Income)	203.42	189.53
Profit/(Loss) before tax	172.99	166.80
Tax Provision	29.99	51.17
Net Profit/(Loss) after Tax	143.00	115.63
Other Comprehensive Income (Net of Tax)	(0.43)	(0.79)
Total comprehensive Income	142.57	114.84
Transfer to General Reserve	15.00	12.00
Dividend paid /Proposed Dividend (including tax)*	0.00	37.83
Surplus carried to balance sheet	127.57	65.01

* Please see para (g) under Review of Performance

REVIEW OF PERFORMANCE:

- a. Each quarter of FY 16-17 witnessed different sets of external factors having a bearing on the overall economy including your Company. The first quarter reeled under severe drought conditions across the domestic market due to deficient monsoon in the preceding couple of years. Owing to the arrival of bountiful monsoon during the second quarter, certain buoyancy was seen till October 2016, the beginning of the 3rd quarter. A few key geographies like Tamil Nadu, Kerala and parts of Karnataka continued to suffer under severe drought conditions. The demonetization initiative in November 2016 sucked the liquidity in the market leading to sharp decline in consumption both in November and December. This adverse impact continued in the fourth quarter also, except for players who adopted different strategies to attract consumers and to tap the release of pent up demand of the previous quarter. Your Company tailored its strategies in each of these situations and could deliver a domestic growth of around 8%. The YoY growth for the fourth quarter alone was 22% reflecting the resilience of Your Company and its Brands. The overall growth was around 8% including exports.
- b. As compared to FY 15-16 the commodity prices hardened during FY 16-17; comparatively the capacity utilization was also moderate hampering full absorption of overheads. In addition some overheads arising out of absorption of the Kitchen Appliance Division under a Scheme of Demerger with Triveni Bialetti Industries P Limited (TBI) were accounted for. Notwithstanding all these factors the EBIDTA registered a moderate growth and EBIDTA margin was maintained at about 12%.

- c. As stated in the past years, your company does not follow a stand-alone margin led policy but is focused on growth with a fair long-term return on capital employed. In spite of substantial additions to manufacturing asset base in recent years the operating ROCE was maintained at a healthy 27%.
- d. The net profit after tax for the year was Rs.143.00 Crores. The net tax charge was lower as compared to previous year on account of reversal of excess provisions/MAT credit arising out of the retrospective appointed date of 1.4.2012 provided under the Scheme of Arrangement with TBI. Hence the stand alone EPS was Rs 122.81 (PY Rs 99.33)
- e. Your Company continued to be debt-free as at the end of 31st March, 2017 and was carrying significant net free cash after investing Rs. 97 Crores in the UK subsidiary.
- f. As shareholders are aware, your Company acquired through its UK subsidiary the business of Horwood Homewares Limited effective from April 2016. On a consolidated basis taking into account the performance of UK Subsidiaries, the Sales was Rs.1837.01 crores EBIDTA was Rs.221.24 Crores and EPS Rs.133.23.
- g. Your Board had already paid an interim dividend of Rs.15/- per share for the FY 16-17; a final dividend of Rs.12/- is now recommended by your Board.

To sum up, your Board of Directors is of the view that the current year performance is commendable against the background of various external factors described earlier as well as continuing dismal global economic conditions. The market share of the key product categories was maintained across geographies. The e-commerce channel contribution to total sales is on the increase and is less disruptive.

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

MANAGEMENTS' DISCUSSION AND ANALYSIS**A. ECONOMY / INDUSTRY SCENARIO**

The overall domestic economic scenario was somewhat chequered. Government's initiatives to unearth black money, though beneficial for the economy in the long-run, impacted liquidity in the short-run dampening the Private Final Consumption Expenditure. Despite a good monsoon benefiting major parts of India the trickle down to consumption was moderate. As mentioned earlier, certain geographies in the southern states continue to suffer from severe drought conditions. The global picture was also not encouraging.

Specific initiatives of the Government such as providing gas connections to BPL families, direct cash benefit transfer etc., and the rural and infrastructure thrust envisaged under the Union Budget for 2017-18 coupled with a normal monsoon can drive up the GDP growth in FY 2017-18. The proposed implementation of GST from 1st July, 2017 is expected to augur well for the organized players in the long-run.

Your Company predominantly operates in the kitchen appliances segment with a wide range of product

TTK Prestige Limited

Board's Report (Contd...)

categories. The product categories broadly 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.

As mentioned in the last year's Annual Report your company is entering categories adjacent to Kitchen thus expanding the business to cover select home appliances and requisites keeping in view the 'mind share' of your Company's core customer, the home maker and building around the trust and goodwill your Company and its brands enjoy with its core customer base. This extended segment would henceforth include Cleaning Solutions, Irons, Lanterns, Water filters etc., Each of the product-line within the Home portfolio has competition both from organized and unorganized players. Your company's focus is to bring in upgraded differentiated products at several price points to get a sizable addition to the overall turnover of the Company to start with and establish a decent market share in the long run.

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. As a result, value added products in general witnessed a better performance.

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'.

Driven by the above vision duly supported by the strengths outlined earlier your Company has been continuously broad basing its product offerings, customer segments 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.

Given the fact that vast sections of Indian homes are to yet to equip their kitchens with various products- whether unbranded or branded- there is a significant opportunity in the long-run for every product category of your Company in the kitchen domain. Your Company's growth over the last decade has largely come from tapping urban markets and offering innovative products at price points relevant to this consumer segment. Aided by the State policy of providing LPG connections to rural households and electrification of rural areas across India, rural markets are expected to drive growth in the coming years. Your company has geared its innovation efforts to offer a slew of products to the rural segment with appropriate price points.

Your Company is slated to launch around 100 new SKUs in the financial year 2017-18

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

b. Opportunities adjacent to Kitchen Domain:

As outlined in the earlier sections of this report, your Company has been constantly in the lookout for offering products adjacent to the Kitchen Domain keeping the mind-share of the core customer. The response from the few markets where the products have been placed has been encouraging. These adjacencies can become a growth driver in the years to come.

c. Opportunities outside India: -Overseas Acquisition/Export Thrust

Shareholders are aware of the acquisition of the branded business of Horwood Homewares Limited through the overseas subsidiary TTK British Holdings Limited. Your Company is expected to leverage this acquisition for developing global business. Any further opportunity, appropriate to the size of your company will be examined. Your Company has kept all its India based manufacturing facilities 'export ready', by meeting global standards in every respect - technology, manufacturing, processes, green initiatives and governance. These are expected to drive white-label exports as well as exports to overseas brands acquired by your Company. Your Company envisions to be a significant part of "Make In India" policy of the Government of India.

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, exclusive 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 provide a significant contribution to the total domestic sales. Current focus is on consolidation and rationalization

based on quality of the network rather than quantity. Due to this process, the same store growth has been satisfactory. The current strength of the network is 531.

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 254.

e. Threats:

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. In the short-term, GST implementation can cause some disruptions though transient.

C. ANALYSIS OF PERFORMANCE:

1. Kitchen & Home Appliances:

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

(₹ in crores)

	2016-17			2015-16		
	Domestic	Export	Total	Domestic	Export	Total
Pressure Cookers(including Microwave Pressure Cookers)	561.10	34.35	595.45	522.45	34.15	556.60
Cookware	274.43	5.91	280.34	272.69	2.53	275.22
Kitchen Electrical Appliances	491.69	0.89	492.58	446.73	1.09	447.82
Gas Stoves	229.88	0.89	230.77	209.53	1.40	210.93
Home Appliances	24.71	0.00	24.71	6.32	0	6.32
Others	58.15	1.06	59.21	61.11	0.82	61.93
Total	1639.96	43.10	1683.06	1518.83	39.99	1558.82

- Domestic Sales grew by about 8% and the Export Sales by 7.8%.
- The Pressure Cooker and cookware category registered a growth of 6.98% and 1.86% respectively. The lower growth was due to depressed market conditions in parts of South India as well as subdued demand for non-premium products.
- Gas stoves recorded a growth of around 9.5% while kitchen electrical appliances grew by around 10%.
- 'Cleaning Solutions' introduced in select markets for part of the year was received well and contributed around Rs.13 crores to the Sales.
- The EBIDTA before exceptional items margin for the year was about 12% as compared to 12.40% in the previous year. This marginal drop was caused by the factors already mentioned earlier in this report.
- The overall pay-roll cost ratio to Sales was around 7.16% as compared to 7.07 % in the previous year.
- The interest cost during the year was Rs.5.13 crores (PY Rs.1.84 crores). The higher interest outflow was on

account of transitional borrowings. The Company continued to be debt free and carried a sizeable cash balance at the year end.

- Your Company has over the last three years substantially reduced its dependance on imports which has a positive impact on margins and cash-flows. Working capital efficiency improved as compared to the previous year.
- During the year under report your Company introduced around 109 new SKUs covering Pressure Cookers, Induction Cook Tops, Mixer Grinders, Rice Cookers, Gas Stoves and other small electric/non-electric appliances and cleaning solutions. All these introductions received good response.
- PSK network was consolidated and rationalized where necessary. The number of outlets as at 31.3.2017 was 531. The network now covers 26 States and 302 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. Your Company has completed arrangements for monetizing its share of rights and the proceeds have started to flow in and expects completion of realization of proceeds during the FY 17-18. Accrual of income from this source will be reflected in the quarterly results from the first quarter of FY 17-18.

3. Overseas Subsidiary & Consolidated Results:

As the shareholders are aware, your Company through its wholly owned subsidiary TTK British Holdings Limited, acquired the ultimate operating subsidiary Horwood Homewares Limited, UK. This acquisition was made in April 2016, prior to the impact of Brexit. It is heartening to note that this business withstood the shock of Brexit and delivered a sale of GBP 16.2 million with operating EBIDTA of GBP 2.3 million. The UK operations are managed by the whole-time directors and senior management based in UK. The consolidated statement of results is separately attached to this annual report.

D. OUTLOOK

The Central Government Budget for 2017-18 has a major thrust on rural economy including investments in infrastructure and direct transfer of subsidies. The overall consumer sentiment is expected to pick up. The demonetization and the digital payment policies coupled with the expected implementation of GST is expected to drive the formal economy and render the market more organized. 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 7.5% is expected. All these augur well for the overall economy. Your Company's specific plans such as category expansion, market expansion to

TTK Prestige Limited

Board's Report (Contd...)

enlarge its customer base in select rural areas, global and export initiatives, etc., can help your Company to grow at a better pace 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.

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 framework 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 framework.

Your Company is utilizing 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 periodic basis.

Your Board is periodically reviewing the broad risk framework to ensure that there is a dynamic process to capture and measure key elements of risks.

G. SHARE CAPITAL

The paid up equity share capital as on 31st March 2017 was Rs.11.66 Crores (PY Rs.11.65 crores). During the year 1999 equity shares were allotted to the shareholders of Triveni Bialelli Industries (P) Limited pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Courts of Madras and Bombay. The Company has not issued any shares with differential voting rights nor granted stock options nor sweat equity.

H. FINANCES

Your Company continues to generate substantial post-tax operating free cash flows and the same have been applied to meet capital expenditure besides other uses including retirement of debt and payment of dividend. Your Company on a standalone basis continued to be debt-free and at the end of the year carried cash and cash equivalents of around Rs.14 crores and short term investments of around Rs. 75 crores after investing Rs.97 crores in the UK Subsidiary.

I. INVESTMENTS

During the year your Company invested an amount Rs.97 crores in the wholly owned UK subsidiary, TTK British Holdings Limited in order to acquire through them Hor-

wood Homewares Limited, being the ultimate operating subsidiary in UK. Other than this your Company carries short-term investments in mutual funds as a part of treasury operations.

J. 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 keeping in view the increasing level of activities. 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.

K. DEVELOPMENTS IN HUMAN RESOURCES

In pursuit of the Long-Range Plan, your Company has forayed into overseas markets by establishing a subsidiary in UK. Your company is also expanding its operations beyond kitchen. Having due regard to entering new frontiers your Company has implemented strategic HR initiatives covering talent management, leadership development, succession management etc. The in-house Human Resource Department is constantly being strengthened. A host of people development programmes are put in place on a continuous basis.

The industrial relations across all the manufacturing units has been cordial.

The direct employment strength stood at 1295 as compared to 1217 in the previous year.

SCHEME OF ARRANGEMENT:

During FY 2012-13, the Board of Directors of your Company approved a Scheme of Arrangement (Demerger) whereby the Kitchen Appliances Division of Triveni Bialelli Industries Private Limited (TBI), (a subsidiary of Bialelli Industries SpA., Italy) with all its assets, rights, liabilities, obligations, etc., would be vested in TTK Prestige Limited (Company) at book values, the Appointed Date being 1st April, 2012. All profits, losses etc. on and from 1.4.2012 and the benefit of accumulated losses relating to the said Division as on that date would accrue to the Company.

The Scheme was approved by the Stock Exchanges and further approved by the Honourable High Court, Madras on 13.12.2013 subject to sanction of the Scheme by the Hon'ble High Court, Bombay being the jurisdictional court of the Transferor. The Hon'ble High Court, Bombay by its order of 28.1.2016 sanctioned the Scheme. With the sanction of the Scheme by the Hon'ble High Court, Bombay (the jurisdictional Court of the Transferor) the Scheme acquired the necessary legal sanction. However, the Scheme could not be given effect due to the 'status quo' orders on account of some disputes raised by a 6% minority shareholder of TBI before various forums. Pending admission of the appeal of the said minority by the Division Bench of High Court, Bombay, the status quo orders ceased during the FY 2016-17 and the said Division stands fully absorbed in to the Company with effect from the appointed date of 1.4.2012.

Consequently, necessary effect has been given in the books of accounts during FY 2016-17 and necessary disclosures have been made in the financial statements and the notes thereto.