

# TTK Prestige LIMITED



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**CERT**  
ISO 9001

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[www.ttkprestige.com](http://www.ttkprestige.com) CIN : L85110TZ1955PLC015049

July 8, 2021

National Stock Exchange "Exchange Plaza", C-1, Block G, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051.  Scrip Symbol : TTKPRESTIG	BSE Limited 27th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.  Scrip Code : 517506
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Dear Sir,

Sub: Chairman's Speech

Please find enclosed a copy of the Chairman's speech delivered today at the 65<sup>th</sup> Annual General Meeting of our company.

This is for your information and records.

Thanking you,

Yours faithfully,  
**For TTK Prestige Limited,**

  
**K. Shankaran**  
**Wholetime Director & Secretary**

A  **Group Company**

(Registered Office: Plot No.38, SIPCOT Industrial Complex, Hosur – 635 126, Tamil Nadu. INDIA)

**TTK PRESTIGE LIMITED**  
**CHAIRMAN'S SPEECH AT THE AGM OF 8<sup>th</sup> July 21**

I have great pleasure in welcoming you all to the 65<sup>h</sup> Annual General Meeting of your Company.

**General Economic Climate:**

The Indian economy that was witnessing a sharp drop in GDP following the impact of Covid 19 induced lockdown showed signs of improvement during the second half of FY 21. The GST collections also got robust from November 2020 onwards. However, the second wave that started in late March 2021 has come in the way of further recovery necessitating deployment of resources to protect the lives, safety, and basic needs of a large vulnerable sections of society besides augmenting healthcare infrastructure that is needed to fight this second wave. There have been lock downs by all the States across the country since April 2021, causing shutdown of manufacturing facilities as well as off-line trade in most geographies. Following the drop in cases and mass scale vaccination initiatives, the lockdown is being relaxed in stages in many geographies since mid-June 2021.

The silver lining is that following a bountiful monsoon in FY 21, the monsoon during FY 22 is also expected to be normal. Unlike the Q1 of the previous year, the GST collections during the first quarter of this fiscal have been sizable indicative of a reasonable state of activity in the overall economy.

Notwithstanding the huge spends on covid relief packages, the Union Government kept investing in various infrastructure projects and schemes envisaged in the Union Budget for FY 20-21 and it is expected that the planned investments outlined in the FY 22 budget will also continue. This can create employment as well as income generation that can boost consumption especially in the rural economy once the lockdown is eased further in the coming months.

Notwithstanding the positives outlined above, there does exist a fair probability of conditions remaining uncertain over a longer duration as the pandemic is yet to abate, both globally and locally, with the emergence of newer and newer strains. The second wave has impacted every other family forcing sizable spends on healthcare and also leading to a mindset to preserve cash for any future emergency. Large scale deficit financing necessitated by the pandemic can have inflationary effects affecting disposable income. It is expected that the ever-resilient Indians will fight their way up to restore growth.

With the above background I shall proceed to briefly cover the highlights of FY 21 and the steps being taken by your Company to stay stronger.

## **FINANCIAL YEAR 2020-21**

The Annual Report for the year has already been circulated. This Annual Report contains both stand-alone and consolidated financials incorporating the business operations of the UK Subsidiaries. The Directors Report vividly covers the impact of the first incidence of Covid-19 on the company during the year under report, the impact of the second wave that commenced during the fag end of the FY 21, the current standing point, outlook, and future strategy.

Your company had to deal with the following major challenges during FY 20-21.

- a. Lockdown that started during the second fortnight of March 2020 and continued during a major part of Q1 of FY 21
- b. Gearing of supply chain – both own-manufactured and outsourced – to meet the spurt in pent-up demand till September 2020. Some sale opportunities were lost during Q2 of FY 21 due to supply chain constraints.
- c. Volatility in channel-mix and the need to allocate sufficient stocks to different channels – online, large format, general trade and rural.
- d. Keeping the momentum of launch of new SKUs with most of the channels other than online just limping to normalcy.
- e. Making alternate indigenous supplies for a couple of key products that were being imported from China. You are aware that your company has taken a policy decision to stop import of finished goods from China and make the company self-reliant without depending on China. The impact of Covid, delayed the process of indigenization. This also caused loss of sizable sale opportunities during FY 21.
- f. Absorption of idle costs of around Rs.20 crores incurred during Q1 as your company did not resort wage cuts, employment cuts or knee-jerk cost saving measures.
- g. Continuous hardening of key raw-material prices from the third quarter onwards and the need to take timely price-increases without disturbing the consumer sentiment.

Your company has successfully met each of the above challenges in record time that enabled your company to clock in an average monthly sale of Rs.200 crore during the last three quarters. Your company recorded a robust growth from the months of August 2020 onwards all the way up to mid-March 2021 i.e., when signs of second wave started hitting the markets. Your Company's innovative 'Svachh' range of pressure cookers and other new models of appliances were well accepted by the ultimate consumers.

Your company also improved its operating EBITDA margins significantly by improving efficiencies across all activities. By the end of FY 21, the supply chain has largely been streamlined with capacity enhancements both at own manufacturing locations and those at vendor level.

Against the above backdrop, it is considered commendable that your company, on standalone basis, achieved an all-time high sale of Rs. 2033 crores and an all-time of EBIDTA (before exceptional items) of Rs. 342 crores with an all-time operating EBIDTA margin of 16.8%. Standalone EPS was Rs.169.64 (PY Rs.143.21).

'Cleaning Solutions' business launched in FY 2017-18 has been gaining momentum and witnessed a significant growth in FY 21.

Prestige Xclusive Channel has been expanded and we now have more than 620 stores in place.

Notwithstanding the difficult times, your Company continued to maintain its leadership in the core product categories.

Your company's UK business through the subsidiary Horwood, has gained momentum during FY 21 both in sales and profitability.

#### **DIVIDEND:**

During the financial year, in November 2020, an interim dividend of Rs.20/- per share was paid. Your Directors have recommended a Final Dividend of Rs.30/- per share taking the total dividend for the financial year to Rs.50/- per share.

#### **Finances:**

On a stand-alone basis, your Company is debt-free and carried a free cash of around Rs.550 Crores (including short-term liquid investments) as on 31.3.2021 after incurring capital expenditure and investments in the UK subsidiary aggregating to more than Rs 68 crores.

#### **Brand Salience & Recognitions**

Prestige brand continues to be recognized as the Super Brand in the Kitchen Segment. Various recognitions for your company's innovations and stature have been mentioned in the Annual Report. As always, your company will be investing significant amounts in brand promotion and attractive campaigns.

#### **Ranking:**

Your Company is ranked within the Top 300 listed companies of India based on market capitalization.

## **Going Forward**

In my last year's speech, I had mentioned that "Every business and every venture has to discover its own ways to adapt to the new normal, find innovative ways in every aspect. The one who moves swiftly and takes proactive measures is bound to sail through these turbulent times and emerge stronger".

Your company took the disruptions caused by the pandemic as an opportunity and took several proactive steps in digitalizing sales, marketing, and HR processes, launching digitalization initiatives in manufacturing processes and most importantly augmenting supply chain to ensure that your company is geared to meet the requirement of every sales channel that is used by the ultimate consumer.

Your company is committed to the welfare its employees at all levels and has kept their morale high through various support measures to tide over these difficult times.

Your company is closely mapping the various geographies in the domestic market based on the infrastructure spends of the State that can generate consumption in hither to dormant markets and is putting in place distribution efforts to reach these markets. Your company has already added over 2000 touch points in non-south geographies during FY 21 and this effort will continue in the coming years.

Your Company has launched the 'Judge' brand to tap the value seeking consumer segment hitherto unaddressed by your company. This brand will also accommodate product categories not addressed by the flagship brand Prestige. The positing and planning of this brand is such that it will not cannibalize the Prestige space and that the margin and ROCE profile will further the cause of increasing the earnings per share.

Your company has strengthened interactions with export customers and has established that your Company can be a viable alternative to China for sourcing products from our India facilities and this has started paying dividends as witnessed by the growth in export sales in FY21 and an encouraging order book for FY 22.

Your company has also taken steps to enhance production capacities where required and will be in a better position to meet with demand during the year FY 22.

As regards FY 22, while the month of April '21 started as per plans, the lockdowns caused by the second wave of the pandemic have impacted the originally planned domestic sales for the months of May and June. However, both sales and profit for the first quarter are expected to be well ahead of the Q1 of the previous year. Your company is geared to launch more than 100 new SKUs during FY 22. I am confident that the new normal of working

from home and eating healthy food cooked at home will continue to augur well for the kitchen and home appliances industry and with innovative products and the new launches your company will be in a better position to gain deeper penetration.

Though the covid pandemic has become a speed breaker, your company's long-range plan of doubling the sales with stable margins is very much on the radar and investments in supply chain and innovation are being continued to reach this milestone.

**Acknowledgement:**

I acknowledge the strong support received from the shareholders, employees, suppliers, channel partners and banks during these challenging times and look forward to engaging with them more intensely.

