

TTK Prestige LIMITED



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August 3, 2016

1) Bombay Stock Exchange

2) National Stock Exchange

Dear Sir,

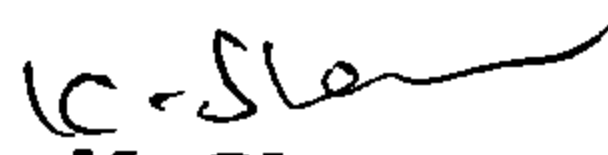
Sub: Chairman's Speech

Please find enclosed a copy of the Chairman's speech delivered today at the 60th Annual General Meeting of our company.

This is for your information and records.

Thanking you,

Yours faithfully,
For TTK Prestige Limited,


K. Shankaran
Director & Secretary

CHAIRMAN'S SPEECH

I have great pleasure in welcoming you all to the 60th Annual General Meeting of your Company.

General Economic Scenario:

I would like to begin on a positive note, welcoming the bountiful monsoon after a gap of almost three years and its expected beneficial impact on our economy as a whole.

Yet I would like to reflect on the situation on the ground as it existed till June 2016.

The overall domestic economic conditions in FY 2015-16 continued to be sluggish owing to severe drought conditions affecting both rural and urban demand, save for a few regions. Pending arrival of the monsoon, the impact of drought conditions was visible even during Q1 of current Financial Year on the Agricultural Sector and rural and semi-urban demand. The inflationary trend in articles of daily consumption has also affected the disposable income of the core middle-income group. Select product groups like air-conditioners, refrigerators, fans etc. did register growth due to the hottest summer ever seen in India.

The global market conditions continued to be depressed, now compounded by the Brexit phenomenon. The silver-lining is that India is regarded as the best growing economy and is able to attract sizable foreign investments. The fundamentals of the Indian economy are considered to be strong and the various policy initiatives by the Government to broad-base the economy can further strengthen the economic foundation for a rewarding long-term growth.

Going forward, the favourable monsoon is expected to result in significant revival of the agricultural sector and thus boost rural income. The thrust provided to rural economy in the current year Budget and the direct-benefit transfer of subsidies can have overall positive impact. The implementation of 7th Pay Commission recommendations is also expected to leave a higher disposable income in the hands of government employees. However any visible impact on consumer demand can be expected only in the second-half of the current fiscal.

FINANCIAL YEAR 2015-16

The Annual Report for the year has already been circulated.

Your company is back to double-digit growth in spite of the sluggish domestic economic conditions and the significant drop in exports due to dismal global economic conditions.

Your Company has recorded an all-time high turnover of Rs.1559 cr. While the growth in domestic sales was around 11%, exports dropped by around 24%. Operating EBIDTA margins improved from around 11% to 12.3%.

The Post-tax profits stood at Rs.114.82 crores as against Rs.92.3 crores in the previous year. Margin improvement was achieved by a combination of factors – friendly metal prices, improved internal efficiencies and improved capacity utilisation

Notwithstanding the sluggish economic conditions, your company continues to invest in the launch of new models/products, building markets and brand, manufacturing excellence and keeping the Company ready for meeting future demand- both domestic and global.

DIVIDEND:

Your Directors have increased the rate of dividend for the FY 2015-16. A dividend of Rs.27 per share (Previous Year Rs.22 per share) was already paid in March 2016. This accounts for Rs.31.43 crores (PY Rs.25.61 crores) by way of Dividend and Rs.6.40 crores (PY Rs.5.22 crores) by way of Dividend Distribution Tax. The overall pay-out ratio including dividend tax is around 33% of the net-profit.

Finances:

Your Company was debt-free and carried substantial free cash crores as on 31st March 2016. In order to fund the overseas acquisition, these have been utilized in the first quarter of current financial year. Your company, on a standalone basis, is expected to be debt-free at the end of current financial year. Your company will continue to have low-cost lines of credit for treasury profit improvement.

Brand Salience & Recognitions

Due to consistent investments in brand building, the Prestige brand continues to be recognized as the Super Brand in the Kitchen Segment. The brand has also received the Readers Digest's Most Trusted Brand Award.

Apart from the Brand, your company's unique product designs are also receiving recognitions. The Clip-On pressure cooker has won the CII design award. The feather on the cap is the receipt of the award from Industrial Designers Society of America for the 'Four Burner Hob top" developed by your Company. This product will find a permanent place in the Henry Ford Museum in Dearborn, MI.

Prestige Brand has retained or improved its share in various markets even under difficult economic conditions and intense competition from both large and small players.

Ranking:

Your Company is now ranked within the Top 500 listed companies of India based on market capitalization as on 31st March 2015.

CRISIL continues to rate your Company as 5/5 in terms of fundamentals.

Financial Year 16-17:

As mentioned earlier, the weak consumer sentiment of FY15-16 continued in the first quarter as a result of drought. Your Company registered a marginal growth in top-line but with an improved margin and profits. The UK acquisition has benefited the Company as the consolidated financials have yielded a superior turnover and profits.

The monsoon activity in late June and July has been encouraging and is expected to improve consumer sentiment in the second-half of the year. Your Company does have a positive outlook for the second half.

Entering New-Frontiers:

The long-range plan of your Company encompasses travelling beyond kitchen within India and establishing foundations outside India for select category of products. Some of the initiatives in this direction are as follows:

a. Cleaning Solutions:

Members are well aware that the brand 'Prestige' has been successfully extended from just 'Pressure Cookers' to the entire kitchen and from non-electric to Electric Kitchen appliances, all within a decade. Today more than 60% of the sales come from products other than pressure cookers and your company has significant market share in most of the new product categories.

After detailed market study and consumer preferences, your Company has identified a category outside the core kitchen domain –‘Cleaning Solutions’. A wide range of products with nearly 30 SKUs are proposed as part of this portfolio. Soft-launch in select markets has been made and it is envisaged that this category can become a sizable contributor to sales and profits in the long-run.

b. Overseas Acquisition:

In order to further broad-base your Company and to provide a platform for global foray, your Company formed a 100% subsidiary in UK, by name TTK British Holdings Limited. This subsidiary has acquired 100% ownership of Horwood Homewares Limited, Bristol in UK. Horwood is a century old company and owns the brands Judge, Stellar, Horwood and Kauffmann. Horwood is a consistently profit making company and its turnover has been in the range of 17 to 18 million GBP.

Ongoing Process Improvements:

In my last year address I highlighted the following key initiatives for continuous improvement involving sizable soft investments

- a. Supply Chain & logistics
- b. Service network
- c. Leadership- Training and Development
- d. Digital Prestige
- e. E-Commerce
- f. Innovation and product port-folio expansion.
- g. Rural Market Development.

I am happy to state that these investments are well directed and we have started reaping some benefits. Your Company’s service network has earned the ‘Best After-Sales Company Award in the small appliance category from “National Award for Excellence in Customer Service”. E-Commerce is yielding good business.

CONCLUSION

I acknowledge the support received from the shareholders, employees, channel partners and banks in putting the Company into the track of sustainable growth.

