

**NOT
RATED**
TTK PRESTIGE

| Consumer Durables

| 30 November 2023

Management call: Sustained leadership in key categories

- Management confident of robust demand recovery through H2FY24 as festive and wedding seasons coincide
- Strategic focus on network expansion and deepening its presence by catering to mass segments via repositioned Judge brand
- Maintains market leadership in key categories, such as pressure cookers, despite slowdown in kitchen appliances segment

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We hosted an investor call with K Shankaran, ED, and R Saranyan, CFO, of TTK Prestige (TTKPT IN, Not Rated). Key takeaways:

Leadership maintained: TTKPT indicated that demand for kitchen appliances remains tepid as customer wallet share has shifted to services such as travel and hospitality. The company, however, has been able to maintain market share and retain leadership in key categories, such as pressure cookers, nonstick cookware and induction cooktops.

Demand outlook robust: India's festive season has shifted to the third quarter and is coinciding with the wedding season, leaving management confident of strong growth in Q3 and Q4FY24, further aided by a low base last year. TTKPT is seeing higher demand for premium products as compared to the mid segment with no downtrading trends and indicated that its 'Prestige Exclusive' stores continue to do well. Although the company is witnessing some slowdown in rural markets, the impact is limited as these markets constitute just 4-5% of its topline. However, the Europe subsidiary is facing muted demand and a challenging H2FY24 outlook.

Guidance intact: Management reiterated its revenue guidance of low-single-digit growth in the medium term and believes growth will come mainly from the northern region, where the company has scope for further market penetration. The topline is also likely to be aided by mass segment brand *Judge* and new acquisition *Ultrafresh* (modular kitchen solutions).

Launches gaining momentum: The company has launched new products across categories with a variety of features and colours. According to management, these products are gaining traction and boosting brand recognition.

Network expansion underway: TTKPT has a robust distribution network in South India along with a presence across the country. It is expanding its footprint in smaller towns and cities in the north and east. In our last [management call in September](#), TTKPT highlighted a focus on three northern states – Uttar Pradesh, Rajasthan, and Madhya Pradesh, along with expansion plans in eastern markets aided by Ultrafresh.

Ticker/Price	TTKPT IN/Rs 768
Market cap	US\$ 1,199mn
Free float	29%
52wk high/low	Rs 896/Rs 652
Promoter/FPI/DII	70%/8%/22%

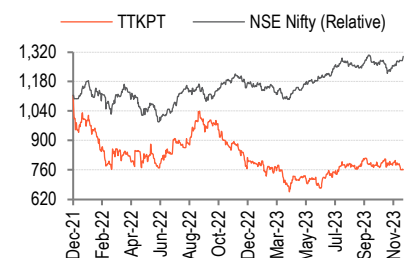
Source: NSE | Price as of 29 Nov 2023

Key financials

Y/E 31 Mar	FY21A	FY22A	FY23A
Total revenue (Rs mn)	21,942	27,225	27,771
EBITDA (Rs mn)	3,273	4,259	3,585
Adj. net profit (Rs mn)	2,310	3,048	2,542
Adj. EPS (Rs)	16.7	22.0	18.3
Consensus EPS (Rs)	16.7	22.0	18.3
Adj. ROAE (%)	16.4	18.8	13.9
Adj. P/E (x)	46.1	34.9	41.9
EV/EBITDA (x)	31.6	24.3	28.8
Adj. EPS growth (%)	17.7	32.0	(16.6)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23A
Total revenue	21,069	20,730	21,942	27,225	27,771
COGS	12,206	12,046	12,762	15,949	16,607
Employee Expense	1,860	1,893	1,912	2,187	2,364
Other expense	4,083	4,156	3,996	4,830	5,215
EBITDA	2,920	2,635	3,273	4,259	3,585
EBITDA margin (%)	13.9	12.7	14.9	15.6	12.9
Depreciation	265	366	400	442	530
EBIT	2,656	2,269	2,873	3,818	3,055
Net interest inc./(exp.)	45	55	51	62	80
Other inc./(exp.)	252	247	287	351	457
Exceptional items	-	-	-	-	-
EBT	2,863	2,461	3,110	4,106	3,432
Income taxes	940	499	800	1,052	882
Extraordinary items	-	117	(58)	-	-
Min. int./Inc. from assoc.	(0)	(0)	-	(6)	(8)
Reported net profit	1,923	1,845	2,368	3,048	2,542
Adjustments	-	-	-	-	-
Adjusted net profit	1,923	1,962	2,310	3,048	2,542

Balance Sheet

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23A
Accounts payables	2,033	1,978	2,538	3,894	2,712
Other current liabilities	1,808	2,090	1,611	1,650	2,111
Provisions	-	-	-	-	-
Debt funds	543	486	835	923	1,309
Other liabilities	473	374	349	382	324
Minority Interest	-	24	0	0	33
Equity capital	116	139	139	139	139
Reserves & Surplus	11,547	12,924	14,912	17,157	19,246
Shareholders Fund	11,663	13,087	15,050	17,296	19,385
Total liab. and equities	16,519	18,015	20,384	24,145	25,875
Cash and cash eq.	811	576	1,612	4,046	5,956
Accounts receivables	3,051	2,781	2,909	3,297	3,331
Inventories	4,714	4,706	4,479	5,856	5,930
Other current assets	2,140	3,818	4,960	4,144	3,399
Investments	264	1	179	195	2
Net fixed assets	5,020	5,725	5,547	5,967	6,836
CWIP	206	57	180	66	98
Other assets	314	351	518	573	325
Total assets	16,519	18,015	20,383	24,145	25,875

Cash Flows

Y/E 31 Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23A
Cash flow from	940	2,535	2,888	2,936	1,990
Capital expenditures	(572)	(577)	(283)	(412)	(654)
Change in investments	391	(1,413)	(1,704)	(1,875)	(1,351)
Other investing cash flows	179	153	146	78	437
Cash flow from investing	(2)	(1,837)	(1,841)	(2,210)	(1,569)
Equities issued/Others	-	-	-	-	-
Debt raised/repaid	(380)	(421)	(245)	(123)	(151)
Other financing cash flows	(463)	(534)	(575)	(785)	(524)
Cash flow from financing	(843)	(955)	(821)	(907)	(675)
Chg in cash & cash eq.	95	(257)	227	(181)	(254)

Per Share

Y/E 31 Mar (Rs)	FY19A	FY20A	FY21A	FY22A	FY23A
Reported EPS	13.9	13.3	17.1	22.0	18.3
Adjusted EPS	13.9	14.2	16.7	22.0	18.3
Dividend per share	30.0	20.0	5.0	6.0	6.0
Book value per share	84.1	94.2	108.6	124.8	139.9

Valuations Ratios

Y/E 31 Mar (x)	FY19A	FY20A	FY21A	FY22A	FY23A
EV/Sales	4.9	5.0	4.7	3.8	3.7
EV/EBITDA	35.4	39.2	31.6	24.3	28.8
Adjusted P/E	55.4	54.3	46.1	34.9	41.9
P/BV	9.1	8.2	7.1	6.2	5.5

DuPont Analysis

Y/E 31 Mar (%)	FY19A	FY20A	FY21A	FY22A	FY23A
Tax burden (Net profit/PBT)	0.7	0.8	0.7	0.7	0.7
Interest burden (PBT/EBIT)	1.1	1.1	1.1	1.1	1.1
EBIT margin (EBIT/Revenue)	0.1	0.1	0.1	0.1	0.1
Asset turnover (Rev./Avg TA)	4.2	3.6	4.0	4.6	4.1
Leverage (Avg TA/Avg Equity)	0.9	0.5	0.4	0.4	0.4
Adjusted ROAE	33.0	15.9	16.4	18.8	13.9

Ratio Analysis

Y/E 31 Mar	FY19A	FY20A	FY21A	FY22A	FY23A
YoY growth (%)					
Revenue	12.6	(1.6)	5.8	24.1	2.0
EBITDA	18.0	(9.8)	24.2	30.1	(15.8)
Adjusted EPS	43.0	2.0	17.7	32.0	(16.6)
Profitability & Return ratios (%)					
EBITDA margin	13.9	12.7	14.9	15.6	12.9
EBIT margin	12.6	10.9	13.1	14.0	11.0
Adjusted profit margin	9.1	9.5	10.5	11.2	9.2
Adjusted ROAE	33.0	15.9	16.4	18.8	13.9
ROCE	21.8	16.7	18.1	21.0	14.8
Working capital days (days)					
Receivables	53	49	48	44	44
Inventory	82	83	75	79	78
Payables	35	35	42	52	36
Ratios (x)					
Gross asset turnover	4.2	3.6	4.0	4.6	4.1
Current ratio	2.8	2.9	3.4	3.1	3.9
Net interest coverage ratio	59.0	41.6	56.9	61.4	38.3
Adjusted debt/equity	0.0	0.0	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Note: Recommendation structure changed with effect from 21 June 2021

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