

RESULT UPDATE

MID CAP

Share Data

Reuters code	TTKLBO
Bloomberg code	TTKPIN
Market cap. (US\$ mn)	508
6M avg. daily turnover (US\$ mn)	7.7
Issued shares (mn)	11.3
Target price (Rs)	2,495

Performance (%)	1M	3M	12M
Absolute	(14)	(18)	50
Relative	(14)	(14)	83

Valuation Ratios

Yr to 31 Mar	FY12E	FY13E
EPS (Rs)	101.6	124.8
+/- (%)	36.6	22.7
PER (x)	22.8	18.6
PBV (x)	9.6	6.6
Dividend/Yield (%)	1.1	0.4
EV/Sales (x)	2.4	1.9
EV/EBITDA (x)	15.3	12.1

Major shareholders (%)

Promoters	75
FII's	8
DII's	4
Public & Others	13

Financial highlights

(Rs mn)	3QFY11	3QFY12	YoY (%)	9MFY11	9MFY12	YoY (%)	FY11	FY12E	YoY (%)	FY13E	YoY (%)
Net sales	2,365	3,343	41.4	5,817	8,710	49.7	7,636	11,029	44.4	13,859	25.7
EBITDA	422	528	25.1	978	1,397	42.8	1,253	1,731	38.1	2,145	23.9
EBITDA margin (%)	17.9	15.8	-	16.8	16.0	-	16.4	15.7	-	15.5	(1.4)
Other income	12	13	9.5	32	29	(9.1)	43	44	2.1	35	(20.3)
Depreciation	11	19	72.3	31	43	36.6	43	62	45.5	81	30.3
Interest	2	25	1311.1	5	43	694.4	44	68	53.5	65	(4.4)
Extraordinary items	-	-	-	(6)	-	(100.0)	(6)	-	-	-	-
PBT	421	496	17.9	968	1,341	38.5	1,204	1,645	36.7	2,034	23.6
Tax	128	150	17.5	297	405	36.7	366	494	34.8	620	25.7
Reported PAT	293	346	18.1	671	935	39.3	838	1,152	37.5	1,413	22.7
Adjusted PAT	293	346	18.1	677	935	38.1	843	1,152	36.6	1,413	22.7
Adjusted EPS (Rs)	25.9	30.5	18.1	59.8	82.6	38.1	74.5	101.6	36.4	124.8	22.8

TTK Prestige

Maintain Outperformer

Price: Rs 2,321

BSE Index: 16,038

12 January 2012

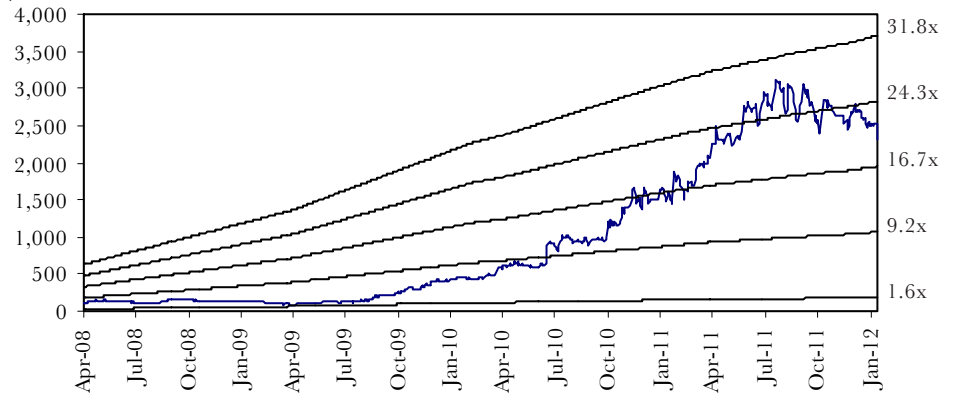
3QFY12 Result – Strong sales but margins impacted

TTK Prestige (TTK) has once again posted good revenue growth for the quarter. TTK's revenue increased from Rs 2,365 mn in 3QFY11 to Rs 3,343 mn this quarter, growth of 41.4% YoY. Increase in revenue has come in with higher volumes sales across all the product segments. EBITDA for the quarter stood at Rs 528 mn versus Rs 422 mn in 3QFY11, growth of 25.1%, YoY. However, the EBITDA margins were down by 210 bps on the back of rupee depreciation impacting the cost of imported traded goods. Purchase of traded goods as a percentage of sales stood at 45.9% in 3QFY12 versus 28.9% in 3QFY11. Increase in depreciation, up 72.3% YoY and interest, up 1311.1% YoY had limited the PBT to Rs 496 mn. Net profit increased from Rs 293 mn in 3QFY11 to Rs 346 mn currently, growth of 18.1% YoY.

Decision on the proposed merger of the kitchen appliances division of Triveni Bialetti Private Limited is currently under consideration by a sub-committee constituted by TTK board. The Gujarat expansion (for manufacture of cookware) is expected to be completed and commissioned in FY13.

TTK for the past one year had enjoyed better earnings multiple due to high revenue growth, healthy EBITDA margins and robust bottom line growth. Going forward, we expect earnings growth to moderate with fall in the EBITDA margins. To factor the fall in the EBITDA margins we have downward revised the earnings estimate for FY12E and FY13E by 2.5% and 3.0%, respectively despite increasing the revenue estimate for FY12E and FY13E by 3.1% and 1.3%, respectively. Overall, stable operating performance, strong balance sheet and capacity expansions will drive the growth, going forward. At the current market price of Rs 2,321, the stock trades at 22.8x FY12E and 18.6x FY13E earnings of Rs 101.6 and Rs 124.8, respectively. We maintain our Outperformer rating with the target price of Rs 2,495 (20x FY13E earnings).

PER Band



Source: B&K Research

Income Statement

Yr end 31 Mar (Rs mn)	FY10	FY11	FY12E	FY13E
Net sales	5,079	7,636	11,029	13,859
<i>Growth (%)</i>	26.6	50.3	44.4	25.7
Operating expenses	(4,306)	(6,382)	(9,298)	(11,714)
Operating profit	774	1,253	1,731	2,145
EBITDA	774	1,253	1,731	2,145
<i>Growth (%)</i>	97.0	62.0	38.1	23.9
Depreciation	(36)	(43)	(62)	(81)
Other income	11	43	44	35
EBIT	749	1,254	1,713	2,099
Interest paid	(35)	(44)	(68)	(65)
Pre-tax profit	714	1,209	1,645	2,034
(before non-recurring items)				
Non-recurring items	40	(6)	0	0
Pre-tax profit	754	1,204	1,645	2,034
(after non-recurring items)				
Tax (current + deferred)	(230)	(366)	(494)	(620)
Net profit	524	838	1,152	1,413
Adjusted net profit	485	843	1,152	1,413
<i>Growth (%)</i>	116.5	74.0	36.6	22.7
Net income	524	838	1,152	1,413

Balance Sheet

Yr end 31 Mar (Rs mn)	FY10	FY11	FY12E	FY13E
Cash & marketable securities	440	535	554	776
Current assets	1,641	2,579	2,714	3,385
Investments	4	226	4	4
Net fixed assets	640	914	1,805	1,872
Other non-current assets	0	11	0	0
Total assets	2,725	4,266	5,077	6,038
Current liabilities	1,424	2,285	1,513	1,527
Total debt	28	22	782	478
Other non-current liabilities	31	44	31	0
Total liabilities	1,483	2,351	2,326	2,006
Share capital	113	113	113	113
Reserves & surplus	1,128	1,801	2,638	3,919
Shareholders' funds	1,242	1,915	2,751	4,032
Total equity & liab.	2,725	4,266	5,077	6,038
Capital employed	1,301	1,981	3,565	4,511

Cash Flow Statement

Yr end 31 Mar (Rs mn)	FY10	FY11	FY12E	FY13E
Pre-tax profit	754	1,204	1,645	2,034
Depreciation	35	43	62	81
Chg in working capital	(137)	(419)	(975)	(582)
Total tax paid	(0)	(55)	(600)	(522)
Cash flow from oper. (a)	652	772	133	1,011
Capital expenditure	(79)	(317)	(953)	(148)
Chg in investments	0	(222)	222	0
Cash flow from inv. (b)	(79)	(539)	(731)	(148)
Free cash flow (a+b)	573	233	(598)	863
Equity raised/(repaid)	(0)	0	0	0
Debt raised/(repaid)	(179)	(6)	760	(304)
Dividend (incl. tax)	(66)	(132)	(164)	(337)
Other financing activities	0	0	22	0
Cash flow from fin. (c)	(245)	(137)	617	(641)
Net chg in cash (a+b+c)	328	96	19	222

Key Ratios

Yr end 31 Mar (%)	FY10	FY11	FY12E	FY13E
EPS (Rs)	42.8	74.4	101.6	124.8
EPS growth	116.5	74.0	36.6	22.7
Book NAV/Share (Rs)	107.7	167.1	240.9	354.0
DPS (Rs)	10.0	12.5	25.4	10.0
Dividend payout ratio	27.2	19.5	29.2	9.4
EBITDA margin	15.2	16.4	15.7	15.5
EBIT margin	14.7	16.4	15.5	15.1
RoCE	62.8	76.4	61.8	52.0
Net debt/Equity	(33.2)	(26.8)	8.3	(7.4)

Valuations

Yr end 31 Mar (x)	FY10	FY11	FY12E	FY13E
PER	54.3	31.2	22.8	18.6
PCE	50.5	29.7	21.7	17.6
Price/Book	21.6	13.9	9.6	6.6
Yield (%)	0.4	0.5	1.1	0.4
EV/Net sales	5.1	3.4	2.4	1.9
EV/EBITDA	33.5	20.6	15.3	12.1

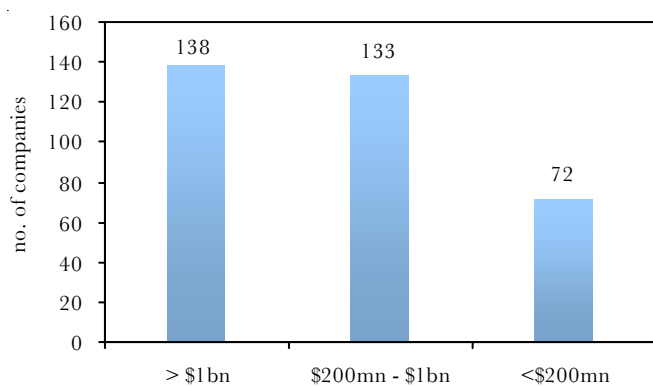
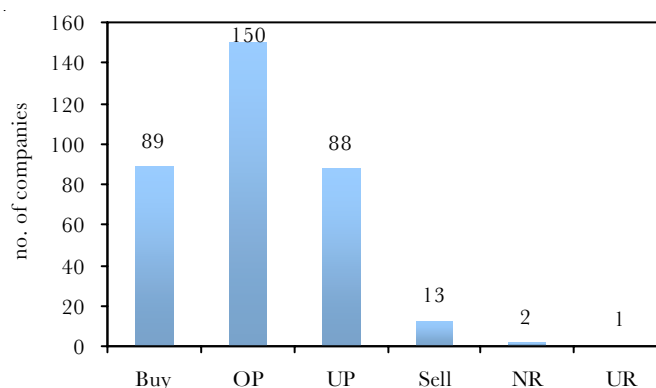
Du Pont Analysis – ROE

Yr end 31 Mar (x)	FY10	FY11	FY12E	FY13E
Net margin (%)	9.5	11.0	10.4	10.2
Asset turnover	2.2	2.2	2.4	2.5
Leverage factor	2.2	2.2	2.0	1.6
Return on equity (%)	46.4	53.4	49.4	41.7

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Analyst Declaration: I, Ayyathurai Rajkumar, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendation or view expressed in this report.

B&K Universe Profile

By Market Cap (US\$ mn)**By Recommendation**

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1. **BUY:** Potential upside of > +25% (absolute returns)
2. **OUTPERFORMER:** 0 to +25%
3. **UNDERPERFORMER:** 0 to -25%
4. **SELL:** Potential downside of < -25% (absolute returns)

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