

Retail Equity Research

TTK Prestige Ltd

Kitchen Appliances

BSE CODE: 517506

NSE CODE: TTKPRESTIG

Bloomberg CODE: TTKPT:IN

SENSEX: 52,100

Accumulate

12Months Investment period Rating as per Small Cap

CMP Rs. 8,900 TARGET Rs. 9,750 RETURN 10% ↑
(Closing: 04-06-21)

KEY CHANGES:

TARGET ↑

RATING ↔

EARNINGS ↑

Growth across all category & channels

TTK Prestige Ltd (TTK), the flagship company of TTK group, mainly operates in the Kitchen Appliances segment. The company has 5 manufacturing plants and a strong distribution network, including 620 Prestige Xclusives.

- We revise upwards our Target to Rs.9,750 (earlier Rs.8,180) and maintain Accumulate rating considering strong performance.
- Q4FY21 revenue growth was strong at 43%YoY led by growth across all categories, channels and geographies along with price hike (5%-19%).
- EBITDA margin was at all-time high of 18% (+910bpsYoY) mainly aided by price hike, better channel & product mix, operational leverage, and cost reduction. EBITDA grew by 191%YoY.
- Sharp surge in commodity prices impacts cost of production, but the company is able to pass on and gross margin improved 310bps YoY.
- TTK has almost doubled its capacity for cookware segment and has significantly expanded distribution in FY21 in high growth areas.
- Second wave of Covid-19 is likely to impact in the near-term, but long-term-demand outlook is positive given ongoing vaccination and strong thrust of GoI to revive the economy. We value TTK at 42x FY23E.

Significant distribution expansion will support future growth.

Q4FY21 consolidated revenue increased 43%YoY aided by revival across all categories & channels along with price hike (5%-19%). The core segments, Pressure Cooker and Cookware grew by 49% and 67%YoY respectively while Kitchen appliances grew by 34%YoY. E-Com sales growth continued to be strong and the revenue mix increased to 19% from 14% in FY20 (16% in Q3FY21). MFI (Micro Finance) routed sales were very small. TTK has introduced 15 new SKUs during the quarter (127 in FY21) and has slated for launch of ~120 SKUs in FY22. The company has almost doubled its capacity in Cooker segment and the plant is expected to be commissioned in next 3 months. FY22 capex plan is ~Rs.70cr. In FY21, the company has significantly expanded its distribution network in high growth areas. All these initiatives will support market share gains and growth. We expect revenue CAGR of ~14% over FY21E-FY23E.

Record high margins led by price hike, better mix & cost reduction

EBITDA margin improved by 910bps YoY to 18% mainly aided by price hike, better channel & product mix, operational leverage and cost reduction. Despite sharp surge in raw material prices, gross margin improved by 310bps YoY as the company took a hike in prices by ~5%-19% in various categories. TTK has strong pricing power which helps the company to pass on surge in costs to the consumer.

Export focus continues...

Exports continued strong performance with 218%YoY growth to ~Rs.22cr (+70%YoY in FY21 to Rs.71cr). The company targets doubling its exports in the coming years. Exports contribution has improved to 3.5% in FY21 from 2.2% in FY20. ~90% of exports is cookware and the company has almost doubled its capacity. Also, TTK's UK subsidiary, Horwood reported a strong growth of 28%YoY (14%YoY in FY21).

Valuation & Outlook

Though Covid-19 second wave impacts the near-term demand, we believe the long term outlook is intact given GoI's strong thrust to revive the economy. TTK has strong balance sheet and brand recall. The stock currently trades at ~43x 1Yr Fwd P/E. We value at 42x FY23E P/E to arrive at a revised Target of Rs.9,750 (Rs.81,80 earlier). Maintain Accumulate rating

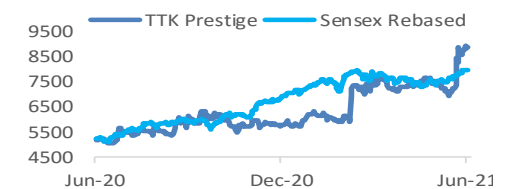
Company Data

Market Cap (Rs.cr)	12,336
Enterprise Value (Rs.cr)	12,038
Outstanding Shares (cr)	1.4
Free Float	30%
Dividend Yield	0.20%
52 week high (Rs.)	9,267
52 week low (Rs.)	4,988
6m average volume (Lakhs)	0.26
Beta	0.8
Face value Rs.	10

Shareholding %	Q2FY21	Q3FY21	Q4FY21
Promoters	70.4	70.4	70.4
FII's	9.4	9.5	10.0
MFs/Insti	11.8	11.7	12.5
Public	6.6	6.5	5.4
Others	1.8	1.9	1.6
Total	100	100	100
Promotor pledge	0.0%	0.0%	0.0%

Price Performance	3 Month	6 Month	1 Year
Absolute Return	21.1%	53.2%	71.0%
Absolute Sensex	3.4%	15.6%	53.3%
Relative Return*	17.8%	37.6%	17.7%

*over or under performance to benchmark index



Consolidated (cr)	FY21	FY22E	FY23E
Sales	2,187	2,511	2,850
Growth (%)	5.5	14.8	13.5
EBITDA	327	385	437
EBITDA Margin (%)	15.0	15.3	15.3
Adj. PAT	231	281	322
Growth (%)	25.3	21.5	14.5
Adj. EPS	175.2	202.5	232.0
Growth (%)	25.3	21.5	14.5
P/E	53.4	43.9	38.4
P/B	8.2	7.1	6.1
EV/EBITDA	36.4	30.7	26.6
ROE (%)	16.4	17.3	17.2
D/E	0.1	0.0	0.0

Quarterly Financials (Consolidated)

Profit & Loss

Rs cr)	Q4FY21	Q4FY20	YoY Growth (%)	Q3FY21	QoQ Growth (%)	FY21	FY20	YoY Growth (%)
Sales	598	418	43.0%	726	-17.6%	2187	2073	5.5%
EBITDA	108	37	190.9%	123	-12.6%	327	263	24.2%
EBITDA margins %	18.0%	8.8%	910bps	17.0%	100bps	15.0%	12.7%	230bps
Depreciation	10	11	-10.2%	11	-5.4%	40	37	9.3%
EBIT	97	26	278.3%	112	-13.3%	287	227	26.6%
Interest	2	2	-15.1%	1	44.7%	5	5	-7.5%
Other Income	5	6	-15.5%	9	-38.7%	29	25	16.4%
Exceptional Items	12	-12	0.0%	0	0.0%	12	-12	0.0%
PBT	113	18	521.0%	120	-5.8%	323	234	37.7%
Tax	27	10	175.4%	30	-8.1%	80	50	60.4%
Share of profit from associates	0	0	NA	0	NA	0	0	NA
Minority interest	0	0	NA	0	NA	0	0	NA
Reported PAT	85	8	942.2%	90	-5.1%	243	185	31.6%
Adjustments	12	0	0.0%	0	0.0%	12	0	0.0%
Adj PAT	97	8	1087.5%	90	8.1%	255	185	38.1%
No. of Shares	1	1	0.0%	1	0.0%	1	1	0.0%
Adj EPS (Rs)	84.2	7.1	1087.5%	77.9	8.1%	220.6	159.8	38.1%

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change %	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	2,346	2,554	2,511	2,850	7.0%	11.6%
EBITDA	327	362	385	437	17.6%	20.7%
Margins (%)	13.9%	14.2%	15.3%	15.3%	(40bps)	(40bps)
Adj. PAT *	239	270	281	322	17.5%	19.1%
EPS	172.0	194.9	202.5	232.0	17.8%	19.0%

PROFIT & LOSS

Y.E March (Rs. cr)	FY19A	FY20A	FY21	FY22E	FY23E
Revenue	2,107	2,073	2,187	2,511	2,850
% change	12.6	-1.6	5.5	14.8	13.5
EBITDA	292	252	327	385	437
% change	18.0	-13.8	30.0	17.5	13.6
Depreciation	26	37	40	41	44
EBIT	266	215	287	344	393
Interest	5	5	5	4	3
Other Income	25	25	29	38	43
PBT	286	234	323	378	433
% change	24.4	-18.1	37.7	17.0	14.5
Tax	94	50	80	97	111
Tax Rate (%)	32.8%	21.3%	24.8%	25.7%	25.7%
Reported PAT	192	185	243	281	322
Adj*	0	0	12	0	0
Adj PAT	192	184	231	281	322
% change	43.0	-4.1	25.3	21.5	14.5
No. of shares (cr)	1.2	1.4	1.4	1.4	1.4
Adj EPS (Rs.)	166.5	133.1	175.2	202.5	232.0
% change	43.0	-20.1	25.3	21.5	14.5
DPS (Rs.)	36	36	36	36	36
CEPS (Rs.)	189.4	159.4	195.5	231.9	263.5

CASH FLOW

Y.E March (Rs. cr)	FY19A	FY20A	FY21E	FY22E	FY23E
Net inc. + Depn.	219	221	283	321	365
Non-cash adj.	-4	4	11	0	0
Other adjustments	-11	-27	-9	4	3
Changes in W.C	-110	56	-3	-96	-106
C.F. Operation	94	254	282	229	262
Capital exp.	-57	-58	-28	-62	-40
Change in inv.	39	-141	-170	-100	-100
Other invest.CF	18	15	21	0	0
C.F - Investment	0	-184	-177	-162	-140
Issue of equity	0	0	0	0	0
Issue/repay debt	-38	-42	-25	-19	-19
Dividends paid	-42	-50	-55	-50	-50
Other finance.CF	-5	-3	-2	-4	-3
C.F - Finance	-84	-96	-82	-72	-72
Chg. in cash	10	-26	23	-5	51
Closing cash	79	53	76	71	121

BALANCE SHEET

Y.E March (Rs. cr)	FY19A	FY20A	FY21E	FY22E	FY23E
Cash	79	53	76	71	121
Accounts Receivable	316	295	291	344	390
Inventories	471	471	448	529	625
Other Cur. Assets	51	55	161	158	160
Investments	192	331	420	520	620
Gross Fixed Assets	476	580	616	686	726
Net Fixed Assets	371	444	441	470	466
CWIP	21	6	18	10	10
Intangible Assets	131	128	132	132	132
Def. Tax (Net)	0	0	0	0	0
Other Assets	31	35	52	61	70
Total Assets	1,663	1,818	2,038	2,294	2,596
Current Liabilities	395	423	415	457	505
Provisions	3	4	0	2	2
Debt Funds	54	49	84	65	47
Other Liabilities	45	33	35	35	35
Equity Capital	12	14	14	14	14
Reserves & Surplus	1,155	1,292	1,491	1,722	1,993
Shareholder's Fund	1,166	1,309	1,505	1,736	2,007
Total Liabilities	1,663	1,818	2,038	2,294	2,596
BVPS (Rs.)	1,007	940	1,084	1,251	1,446

RATIOS

Y.E March	FY19A	FY20A	FY21E	FY22E	FY23E
Profitab. & Return					
EBITDA margin (%)	13.9	12.1	15.0	15.3	15.3
EBIT margin (%)	12.6	10.4	13.1	13.7	13.8
Net profit mgn.(%)	9.1	8.9	10.6	11.2	11.3
ROE (%)	17.6	14.9	16.4	17.3	17.2
ROCE (%)	11.0	11.3	11.9	12.5	12.5
W.C & Liquidity					
Receivables (days)	50.6	53.8	48.9	46.1	47.0
Inventory (days)	78.7	82.9	76.7	71.0	73.9
Payables (days)	66.8	61.8	61.2	59.2	57.4
Current ratio (x)	2.7	2.8	3.3	3.5	3.7
Quick ratio (x)	1.0	0.8	0.9	0.9	1.0
Turnover & Leverage					
Gross asset T.O (x)	4.6	3.9	3.7	3.9	4.0
Total asset T.O (x)	1.3	1.2	1.1	1.2	1.2
Int. coverage ratio (x)	59.0	39.4	56.9	92.3	120.3
Adj. debt/equity (x)	0.1	0.1	0.1	0.0	0.0
Valuation					
EV/Sales (x)	4.8	5.8	5.5	4.7	4.1
EV/EBITDA (x)	34.6	47.8	36.4	30.7	26.6
P/E (x)	53.4	66.9	53.4	43.9	38.4
P/BV (x)	8.8	9.4	8.2	7.1	6.1

Recommendation Summary-(Last 3 Years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
10-Nov-20	Buy	6870
12-Feb-21	Accumulate	8,180
07-June-21	Accumulate	9,750

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note.

Accumulate: Partial buying or to accumulate as CMP dips in the future.

Hold: Hold the stock with the expected target mentioned in the note.

Reduce: Reduce your exposure to the stock due to limited upside.

Sell: Exit from the stock.

Not rated: The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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