

Retail Equity Research

TTK Prestige Ltd.

Kitchen Appliances

BSE CODE: 517506

NSE CODE: TTKPRESTIG

Bloomberg CODE: TTKPT:IN

SENSEX: 76,811

BUY

12Months Investment Period Rating as per Small Cap

CMP Rs. 751 TARGET Rs. 902 RETURN 20% ↑
(Closing: 13-06-24)

KEY CHANGES:

TARGET ↓

RATING ↔

EARNINGS ↓

Demand to improve...

TTK Prestige Ltd. (TTK), the flagship company of the TTK group, mainly focuses on the kitchen appliances segment. The company operates five manufacturing plants and has strong distribution networks.

- We revised our target price to Rs. 902 (earlier Rs. 950) and maintain Buy rating considering the positive demand outlook.
- Revenue grew by 2% YoY in Q4FY24 (-8% YoY in exports & 3%YoY in domestic). Exports were impacted due to inflationary pressure.
- Gross margin improved by a 100bps, aided by reduction in input prices, however, operating margin declined by 70bps YoY to 12.4% due to higher other expenses.
- The recently acquired modular kitchen business (Ultrafresh) has recorded a sale of Rs. 31cr in FY24 (Rs. 23cr YoY) and has a total of 147 studios now vs 142 YoY.
- Decreasing inflation will improve discretionary spending, while strong growth in real estate and the GOI's push for affordable housing are expected to improve demand for kitchen appliances, positive for TTK.
- Expect Revenue/EBITDA/PAT to grow at 9%/17%/17% CAGR over FY24-FY26E. We value TTK at 41x FY26E EPS.

Modest revenue growth due to pressure on discretionary spending

For Q4FY24, consolidated revenue grew only marginally by 2%YoY due to tepid demand amidst inflationary pressure. Domestic business grew by 3%YoY, while export business declined by ~8% YoY to Rs.13.5cr due to inflationary pressure in global markets. Going forward, exports are expected to improve, aided by decreasing global inflation and new client additions (in the European market). Domestically, decreasing inflation will improve discretionary spending, while strong growth in real estate and GOI's push for affordable housing are expected to improve demand for kitchen appliances which is positive for TTK. TTK has introduced 27 new SKUs during the quarter and is slated to launch ~90 new SKUs in Q1FY25. General trade continues to struggle while e-commerce and the company's own exclusive retail channel have done well. Amidst increased competition, TTK has maintained its market share in various product categories due to its well-established brand, extensive distribution network, and diverse range of products. Additionally, the company is actively pursuing a sub-segmentation strategy to further enhance its market share across different product categories. TTK's Judge brand caters to the lower price segment, while the company is planning to launch a new premium brand. We expect a revenue CAGR of ~9% over FY24-FY26E.

Decline in input prices will benefit margins going forward.

The gross margin improved by 100bps YoY due to a reduction in input prices, while EBITDA margin declined by 70bps YoY to 12.4% due to higher other expenses. Raw material prices have witnessed a surge recently, which may limit margin improvement in the near term. However, a strong demand outlook is expected to support margins in the long-term as TTK has strong pricing power.

Valuation & Outlook:

Barring short-term strains on demand and margins, the long-term outlook remains positive given lowering inflation, improvements in the real estate sector and a strong GoI focus on housing. This, along with TTK's strong brand recall, augurs well for the company. The stock currently trades at ~38x 1Yr Fwd P/E. We value TTK at 41x FY26E EPS (5Yr avg=42x) to arrive at a revised target of Rs. 902, maintain BUY rating.

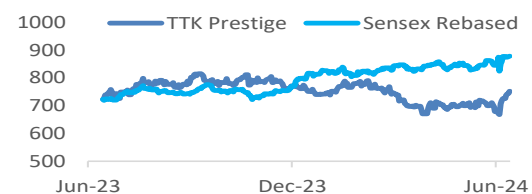
Company Data

Market Cap (Rs.cr)	10,410
Enterprise Value (Rs.cr)	10,259
Outstanding Shares (cr)	13.9
Free Float	29%
Dividend Yield	0.80%
52 week high (Rs.)	832
52 week low (Rs.)	647
6m average volume (Lakhs)	0.98
Beta	0.7
Face value Rs.	1

Shareholding (%)	Q2FY24	Q3FY24	Q4FY24
Promoters	70.4	70.4	70.4
FII's	8.0	6.7	6.8
MFs/Institutions	13.4	14.6	14.7
Public	7.5	7.6	7.5
Others	0.7	0.7	0.7
Total	100.0	100.0	100.0
Promotor pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	7.8%	0.1%	4.0%
Absolute Sensex	5.7%	7.5%	21.5%
Relative Return*	2.1%	-7.4%	-17.5%

*over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	2,678	2,904	3,153
Growth (%)	-3.6	8.5	8.6
EBITDA	304	355	412
EBITDA Margin (%)	11.3	12.2	13.1
Adj. PAT	225	258	306
Growth (%)	-11.6	14.3	19.0
Adj. EPS	16.3	18.6	22.1
Growth (%)	-11.6	14.3	19.0
P/E	46.2	40.4	34.0
P/B	4.9	4.5	4.0
EV/EBITDA	33.5	28.1	23.7
ROE (%)	11.1	11.6	12.5
D/E	0.1	0.1	0.0

Vincent K A
Research Analyst



Quarterly Financials (Consolidated)

Profit & Loss

Rs (cr)	Q4FY24	Q4FY23	YoY Growth	Q3FY24	QoQ Growth	FY24	FY23	YoY Growth
Sales	623	611	1.9%	738	-15.7%	2,678	2,777	-3.6%
EBITDA	77	80	-3.8%	85	-9.3%	304	356	-14.8%
EBITDA margins	12.4%	13.1%	-70bps	11.5%	90bps	11.3%	12.8%	-150bps
Depreciation	17	16	3.4%	17	-3.0%	64	53	21.4%
EBIT	61	64	-5.7%	68	-10.8%	239	303	-21.1%
Interest	5	3	48.4%	3	52.8%	13	8	68.1%
Other Income	19	17	9.3%	18	3.2%	75	46	65.0%
Exceptional Items	0	0	0.0%	0	0.0%	0	0	0.0%
PBT	75	78	-4.5%	83	-10.1%	301	341	-11.7%
Tax	17	20	-14.8%	21	-19.8%	76	88	-14.0%
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	57	58	-1.0%	62	-6.7%	225	253	-10.8%
Adjustments	0	0	0.0%	0	0.0%	0	0	0.0%
Adj PAT	57	58	-1.0%	62	-6.7%	225	253	-10.8%
No. of Shares	12	12	0.0%	12	0.0%	12	12	0.0%
Adj EPS (Rs)	4.1	4.2	-1.0%	4.4	-6.7%	16.3	18.2	-10.8%

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	3,263	NA	2,904	3,153	-11.0%	NA
EBITDA	465	NA	355	412	-23.6%	NA
Margins	14.3%	NA	12.2%	13.1%	-200bps	NA
Adj. PAT *	344	NA	258	306	-25.1%	NA
EPS	24.8	NA	18.6	22.1	-25.1%	NA

PROFIT & LOSS

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue	2,194	2,722	2,777	2,678	2,904	3,153
% change	5.8	24.1	2.0	-3.6	8.5	8.6
EBITDA	321	426	359	304	355	412
% change	27.6	32.6	-15.8	-15.3	16.9	16.2
Depreciation	40	44	53	64	70	74
EBIT	281	382	305	239	285	338
Interest	5	6	8	13	12	11
Other Income	29	35	46	75	73	85
PBT	305	411	343	301	346	412
% change	30.1	34.7	-16.4	-12.2	14.8	19.3
Tax	81	105	88	76	88	106
Tax Rate	26.6%	25.6%	25.7%	25.2%	25.5%	25.7%
Reported PAT	237	305	255	225	258	306
Adj*	13	0	0	0	0	0
Adj PAT	224	305	255	225	258	306
% change	21.4	36.4	-16.6	-11.6	14.3	19.0
No. of shares (cr)	13.9	13.9	13.9	13.9	13.9	13.9
Adj EPS (Rs.)	17.1	22.0	18.4	16.3	18.6	22.1
% change	21.4	36.4	-16.6	-11.6	14.3	19.0
DPS (Rs.)	4	5	3	3	3	3
CEPS (Rs.)	19.0	25.2	22.2	20.9	23.7	27.5

CASH FLOW

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24	FY25E	FY25E
Net inc. + Depn.	264	350	308	290	328	381
Non-cash adj.	-6	-4	-5	0	0	0
Other adjustments	22	2	-23	13	12	11
Changes in W.C	-50	-81	-114	-51	-24	-59
C.F. Operation	289	294	199	252	316	332
Capital exp.	-28	-42	-68	-101	-70	-70
Change in inv.	-89	65	84	-94	-150	-175
Other invest.CF	-66	-244	-173	0	0	0
C.F - Investment	-184	-221	-157	-195	-220	-245
Issue of equity	0	0	0	0	0	0
Issue/repay debt	-25	-8	-16	48	-50	-30
Dividends paid	-55	-76	-49	-49	-49	-49
Other finance.CF	-2	-6	-3	-13	-12	-11
C.F - Finance	-82	-91	-67	-14	-110	-89
Chg. in cash	23	-18	-25	43	-14	-2
Closing cash	76	58	33	76	61	59

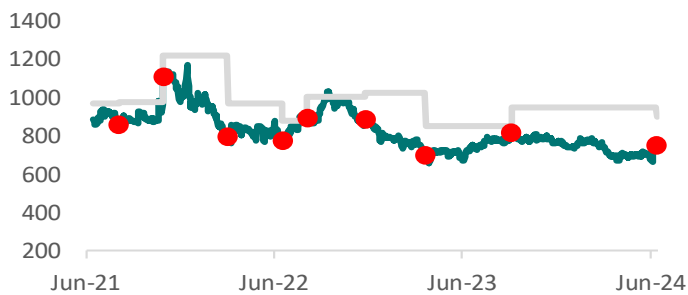
BALANCE SHEET

Y.E March (Rs. cr)	FY21A	FY22A	FY23A	FY24	FY25E	FY26E
Cash	76	58	33	76	61	59
Accounts Receivable	327	367	370	367	390	415
Inventories	448	586	593	552	598	666
Other Cur. Assets	161	425	654	633	635	642
Investments	420	356	249	343	493	668
Gross Fixed Assets	609	675	784	885	955	1,025
Net Fixed Assets	441	462	519	556	555	551
CWIP	18	7	10	10	10	10
Intangible Assets	132	135	164	164	164	164
Def. Tax (Net)	0	1	7	7	7	7
Other Assets	52	57	32	88	95	104
Total Assets	2,075	2,452	2,632	2,797	3,011	3,286
Current Liabilities	452	592	520	460	514	561
Provisions	0	1	2	2	2	3
Debt Funds	84	92	131	179	129	99
Other Liabilities	35	38	38	38	38	38
Equity Capital	14	14	14	14	14	14
Reserves & Surplus	1,491	1,716	1,925	2,101	2,310	2,568
Shareholder's Fund	1,505	1,730	1,942	2,119	2,328	2,586
Total Liabilities	2,075	2,452	2,632	2,797	3,011	3,286
BVPS (Rs.)	108	124	139	152	167	186

RATIOS

Y.E March	FY21A	FY22A	FY23A	FY24	FY25E	FY26E
Profitab. & Return						
EBITDA margin (%)	14.6	15.6	12.9	11.3	12.2	13.1
EBIT margin (%)	12.8	14.0	11.0	8.9	9.8	10.7
Net profit mgn.(%)	10.2	11.2	9.2	8.4	8.9	9.7
ROE (%)	15.9	18.9	13.9	11.1	11.6	12.5
ROCE (%)	11.3	13.6	10.0	8.2	8.4	9.2
W.C & Liquidity						
Receivables (days)	51.7	46.6	48.5	50.2	47.6	46.6
Inventory (days)	76.4	69.3	77.5	78.1	72.3	73.2
Payables (days)	61.4	71.1	73.3	59.6	56.1	57.4
Current ratio (x)	3.1	2.8	3.6	3.8	4.1	4.3
Quick ratio (x)	0.9	0.7	0.8	0.8	0.8	0.8
Turnover & Leverage						
Gross asset T.O (x)	3.7	4.2	3.8	3.2	3.2	3.2
Total asset T.O (x)	1.1	1.2	1.1	1.0	1.0	1.0
Int. coverage ratio (x)	55.7	61.4	38.3	17.9	24.5	31.0
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1	0.0
Valuation						
EV/Sales (x)	4.6	3.7	3.7	3.8	3.4	3.1
EV/EBITDA (x)	31.1	23.7	28.6	33.5	28.1	23.7
P/E (x)	46.5	34.1	40.8	46.2	40.4	34.0
P/BV (x)	6.9	6.0	5.4	4.9	4.5	4.0

Recommendation Summary-(Last 3 Years)



Source: Bloomberg, Geojit Research

Dates	Rating	Target
01-Nov-21	Accumulate	1,225
02-March-22	Buy	975
21-June-22	Accumulate	885
09-Aug-22	Accumulate	1,028
24-Nov-22	Accumulate	1,025
22-March-23	Buy	857
15-Sept-23	Buy	950
14-June-24	Buy	902

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/Neutral

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/Neutral:** 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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Not rated/Neutral- The analyst has no investment opinion on the stock under review

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