

# HSIE Results Daily

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# TTK Prestige

## Demand pangs

TTK Prestige (TTKPT) continues to remain impacted by a challenging demand environment (revenue grew by 3% YoY) given (1) a shift in consumer wallet to out-of-home consumption activities; (2) inflationary environment; and (3) heightened competitive intensity leading to higher discounts (more so in entry-level products). General trade remains subdued while alternate channels (MT, e-comm and exclusive stores) fared better. Despite higher sales promotion, TTKPT saw expansion in GM (+220bps); however, lower op-lev led to a 60bps decline in EBITADM to 13.5%. Slow recovery in demand and high competitive pressure (more in the mid-economy segment) will continue to impact performance in the near term. We cut our FY25/26 earnings estimates by 5/4% and value the stock on 30x Mar-26 EPS to derive a TP of INR 725. Maintain REDUCE.

- Q4FY24 highlights:** Standalone revenue grew 3% YoY to INR 5.8bn (HSIE: INR 6.1bn). While cooker/cookware revenue grew by 7/9% YoY, appliance revenue fell by 4% YoY. Domestic revenue grew by 3% YoY while export revenue fell 8% YoY. Despite higher sales promotion, GM expanded by 220bps YoY (+40bps QoQ) to 40.7% (HSIE: 40.5%), aided by a stable RM environment. Employee expenses grew 7% YoY, while other expenses grew by 18% YoY. As a result, EBITDA fell by 2% YoY while EBITDAM contracted by 60bps YoY to 13.5%. Aided by a 42% increase in other income, PBT grew by 3% YoY to INR 817mn while PAT grew by 6% YoY to INR 631mn (ETR at 22.8% vs 25.5% YoY).
- Demand environment remains challenging:** The kitchen appliance industry continues to be impacted by slowing market conditions. In addition to this, with continued stress in demand from the middle and bottom of the market, brands are focusing on price cuts to clawback shares from regional and organised players. In terms of channels, while all channels were active during the quarter, GT reported subdued trends while alternate channels (MT, e-comm, exclusive stores) exhibited better growth. TTK introduced 27 new SKUs across all categories. Prestige Xclusive chain stood strong at 699 stores in 371 towns.
- Earnings call takeaways:** (1) Affordability of prestige products remains intact. However, in mature categories with limited scope for innovation, consumer downtrading is a natural progression. (2) TTK continued to maintain its market share in most key categories. (3) TTK is pursuing a multi-brand strategy to cater to specific pricing sub-segments. Repositioning of the Judge brand (mass brand) is on track with benefits expected to accrue in FY25. The launch of a premium brand is a WIP. (4) Have completely refurbished the tool room. The first phase of automation of stainless-steel pressure cooker manufacturing at the Hosur plant is complete. (5) Free cash stood at INR 10.2bn as of 31 Mar'24.

### Financial summary

(INR mn)	Q4 FY24	Q4 FY23	YoY (%)	Q3 FY24	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	5,804	5,660	2.5	6,866	(15.5)	27,225	27,771	26,781	29,292	32,902
EBITDA	783	797	(1.7)	850	(7.8)	4,259	3,585	3,037	3,749	4,442
APAT	631	594	6.4	630	0.1	3,048	2,542	2,285	2,838	3,343
EPS (INR)	4.6	4.3	6.4	4.5	0.3	22.0	18.3	16.5	20.5	24.1
P/E (x)						32.3	38.8	43.1	34.7	29.5
EV / EBITDA (x)						21.5	25.2	29.3	23.5	19.5
RoCE (%)						18.8	13.9	11.3	13.0	13.9

Source: Company, HSIE Research \*Quarter numbers are on standalone basis

## REDUCE

CMP (as on 28 May 2024)	INR 708
Target Price	INR 725
NIFTY	22,888

KEY CHANGES	OLD	NEW
Rating	REDUCE	REDUCE
Price Target	INR 750	INR 725
	FY25E	FY26E
EPS %	-5%	-4%

### KEY STOCK DATA

Bloomberg code	TTKPT IN
No. of Shares (mn)	139
MCap (INR bn) / (\$ mn)	98/1,179
6m avg traded value (INR mn)	67
52 Week high / low	INR 833/661

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(4.3)	(7.3)	2.9
Relative (%)	(8.2)	(20.9)	(17.3)

### SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	70.41	70.41
FIs & Local MFs	14.62	14.66
FPIs	6.72	6.80
Public & Others	8.25	8.13
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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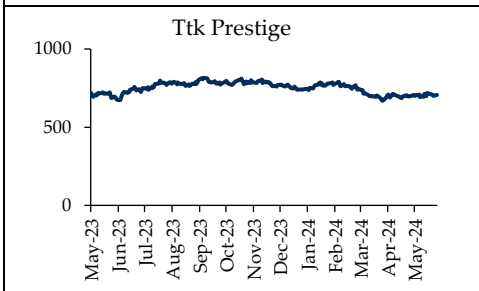
**Rating Criteria**

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Paarth Gala	TTK Prestige	BCom	NO

**1 Yr Price movement**



**Disclosure:**

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