

Stock split executed; maintain positive stance...

About the stock: TTK Prestige is India's leading player in kitchen solutions and has been successful in transforming itself from a company manufacturing pressure cookers to having an entire gamut of home and kitchen appliances.

- It continues to be a market leader in the cooker segment and has material share in other appliance and cookware categories
- The company, over the years, has maintained its balance sheet strength with strong cash reserves (~₹ 500+ crore) and healthy RoIC of 30%+

Event: Stock Split

- Shares of the company were split on December 14, 2021 (ex-date) pursuant to the shareholder approval granted for sub-division of shares in its meetings on December 1, 2021. The record date for the same has been fixed as December 15, 2021. Subsequently, the shares of the company have been split with existing face value of ₹ 10 being subdivided into 10 equity shares of ₹ 1 face value each
- Today is the ex-date for the stock split. Thus, the stock price has adjusted to one-tenth

What should investors do? TTK has been a consistent compounder with the stock price appreciating at ~20% CAGR in the last five years.

- We continue to remain positive and maintain our **BUY** rating on the stock

Target Price and Valuation: We value TTK at ₹ 1420 i.e. 50x FY24E EPS

Key triggers for future price performance:

- In order to cater to strong domestic and export demand, TTK has added annual capacity of 4 mn pieces non-stick cookware in its Gujarat factory
- TTK is further looking to enhance its distribution reach in tier-II/III cities to capture long term growth opportunities
- The company has a healthy pipeline of ~53 SKUs to be launched in Q3FY22, which would propel growth, going forward
- The company maintained its guidance of achieving ₹ 5000 crore by FY25 through the organic and inorganic route. We roll our estimates to FY24 and model in revenue, earnings CAGR of 16%, 18%, respectively, in FY21-24E



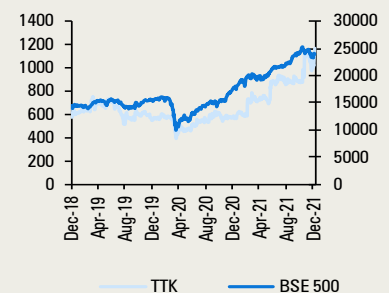
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	16,366.6
Debt (FY21) (₹ Crore)	40.4
Cash (FY21) (₹ Crore)	161.2
EV (₹ Crore)	16,245.8
52 week H/L	1269 / 556
Equity Capital (₹ Crore)	13.9
Face Value	1.0

Shareholding pattern

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	70.4	70.4	70.4	70.4	70.4
FII	9.4	9.5	10.0	9.9	9.9
DII	11.7	11.8	12.5	12.8	13.1
Others	8.5	8.3	7.0	6.9	6.6

Price Chart



Key risks

- (i) Re-imposition of lockdown can lower sales
- (ii) Input cost inflation can subdue margins

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Key Financial Summary

Financials	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-23E)
Net Sales	2,106.9	2,073.0	2,186.9	8.0%	2,589.4	2,970.5	3,394.4	15.8%
EBITDA	292.0	263.5	327.3	12.3%	389.1	464.2	536.7	17.9%
PAT	192.4	184.5	242.9	16.0%	278.5	336.6	392.7	17.4%
EPS (₹)	13.9	13.3	17.5		20.1	24.3	28.3	
P/E (x)	85.1	88.7	67.4		58.8	48.6	41.7	
EV/Sales (x)	7.8	7.9	7.4		6.3	5.4	4.7	
EV/EBITDA (x)	56.0	62.0	49.6		41.7	34.9	30.0	
RoCE (%)	21.8	17.1	18.6		19.9	21.4	22.1	
RoE (%)	16.5	14.1	16.1		16.5	17.7	18.2	

Financial summary

Exhibit 1: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21A	FY22E	FY23E	FY24E
Total operating Income	2,186.9	2,589.4	2,970.5	3,394.4
Growth (%)	5.5	18.4	14.7	14.3
Raw Material Expenses	1,268.9	1,514.1	1,713.2	1,954.8
Employee Expenses	191.2	217.5	252.5	291.9
Manufacturing & other exp	399.6	468.7	540.6	611.0
Total Operating Expenditure	1,859.7	2,200.3	2,506.3	2,857.7
EBITDA	327.3	389.1	464.2	536.7
Growth (%)	24.2	18.9	19.3	15.6
Depreciation	40.0	44.8	47.7	51.0
Interest	5.1	5.6	5.2	4.8
Other Income	28.7	33.7	38.6	44.1
Exceptional Income	11.9	0.0	0.0	0.0
PBT	322.9	372.4	449.9	525.0
Growth (%)	37.7	15.3	20.8	16.7
Total Tax	80.0	93.8	113.4	132.3
PAT	242.9	278.5	336.6	392.7
Growth (%)	31.6	14.7	20.8	16.7
EPS (₹)	17.5	20.1	24.3	28.3

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement				
	₹ crore			
(Year-end March)	FY21A	FY22E	FY23E	FY24E
PAT	242.9	278.5	336.6	392.7
Add: Depreciation	40.0	44.8	47.7	51.0
(Inc)/dec in Current Assets	-31.5	-146.6	-141.9	-164.3
Inc/(dec) in CL and Provisions	3.7	45.9	37.4	45.0
Others	-	-	-	-
CF from operating activities	255.1	222.6	279.7	324.3
(Inc)/dec in Investments	-89.4	-42.0	-46.2	-50.9
(Inc)/dec in Fixed Assets	-28.3	-70.0	-65.0	-60.0
(Inc)/dec in CWIP	-12.3	0.0	0.0	0.0
Others	(11.8)	-	-	-
CF from investing activities	-141.8	-112.0	-111.2	-110.9
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	21.8	-0.4	0.0	0.0
Others	-31.4	-97.5	-117.8	-137.4
CF from financing activities	-9.7	-97.9	-117.8	-137.4
Net Cash flow	103.7	12.7	50.7	76.0
Opening Cash	57.6	161.2	173.9	224.6
Closing Cash	161.2	173.9	224.6	300.6

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet				
	₹ crore			
(Year-end March)	FY21A	FY22E	FY23E	FY24E
Liabilities				
Equity Capital	13.9	13.9	13.9	13.9
Reserve and Surplus	1,491.2	1,672.2	1,891.0	2,146.3
Total Shareholders funds	1,505.1	1,686.1	1,904.9	2,160.1
Total Debt	40.4	40.0	40.0	40.0
Deferred Tax Liability	34.9	34.9	34.9	34.9
Other LT Liabilities	43.2	43.2	43.2	43.2
Total Liabilities	1,623.4	1,804.1	2,022.9	2,278.1
Assets				
Gross Block (Including Goodwill)	716.1	786.1	851.1	911.1
Less: Accu Depreciation	186.4	231.2	278.9	329.9
Net Block	529.7	554.8	572.2	581.2
Capital WIP	18.0	18.0	18.0	18.0
Total Fixed Assets	547.7	572.9	590.2	599.2
Investments	420.4	462.5	508.7	559.6
Inventory	447.9	525.0	610.4	697.5
Debtors	290.9	354.7	406.9	465.0
Loans and Advances	123.9	129.5	133.7	152.7
Other Current Assets	3.5	3.6	3.7	3.8
Cash	161.2	173.9	224.6	300.6
Total Current Assets	1,027.4	1,186.7	1,379.2	1,619.6
Current Liabilities	405.7	451.5	488.7	533.6
Provisions	9.3	9.4	9.5	9.6
Total Current Liabilities	415.0	460.8	498.2	543.2
Net Current Assets	612.4	725.9	881.0	1,076.4
Others Assets	42.9	42.9	42.9	42.9
Application of Funds	1,623.4	1,804.1	2,022.9	2,278.1

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios				
	₹ crore			
(Year-end March)	FY21A	FY22E	FY23E	FY24E
Per share data (₹)				
EPS	17.5	20.1	24.3	28.3
Cash EPS	20.4	23.3	27.7	32.0
BV	108.5	121.6	137.3	155.7
DPS	4.0	7.0	8.5	9.9
Cash Per Share	11.6	12.5	16.2	21.7
Operating Ratios				
EBITDA Margin (%)	15.0	15.0	15.6	15.8
PBT Margin (%)	14.8	14.4	15.1	15.5
PAT Margin (%)	11.1	10.8	11.3	11.6
Inventory days	74.8	74.0	75.0	75.0
Debtor days	48.5	50.0	50.0	50.0
Creditor days	64.9	65.0	65.0	65.0
Return Ratios (%)				
RoE	16.1	16.5	17.7	18.2
RoCE	18.6	19.9	21.4	22.1
RoIC	29.8	31.6	34.4	36.2
Valuation Ratios (x)				
P/E	67.4	58.8	48.6	41.7
EV / EBITDA	49.6	41.7	34.9	30.0
EV / Net Sales	7.4	6.3	5.4	4.7
Market Cap / Sales	7.5	6.3	5.5	4.8
Price to Book Value	10.9	9.7	8.6	7.6
Solvency Ratios (x)				
Debt/EBITDA	0.1	0.1	0.1	0.1
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.5	2.6	2.8	3.0
Quick Ratio	1.4	1.4	1.5	1.7

Source: Company, ICICI Direct Research

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