TTK Healthcare
LIMITED

TTKH:SECL:GJ:148:17 **August 04, 2017**

National Stock Exchange of India Limited (NSE)
Exchange Plaza
Bandra Kurla Complex
Bandra East
Mumbai 400 051

Scrip Code	:	**TTKHLTCARE**

Dear Sirs,

Re : Chairman's Speech

We are forwarding herewith a copy of the Speech delivered by the Chairman at the 59th Annual General Meeting of our Company held today at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai 600 014.

We request you to kindly take the above document on record.

Thanking you

Yours faithfully
For TTK Healthcare Limited

(S KALYANARAMAN)
Director &Wholetime Secretary

Encl. : a/a

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CHAIRMAN'S SPEECH

[59th ANNUAL GENERAL MEETING – 4th AUGUST, 2017]

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to this 59th Annual General Meeting of your Company.

FINANCIAL YEAR 2016-17:

The Annual Report for the year has already been circulated. I would like to touch upon the salient features of the Company's performance during the year under review.

Financial Highlights:

- Revenue from Operations grew by around 3% from Rs.518.86 crores to Rs.532.73 crores.
- The Pre-tax Profit stood at Rs.30.06 crores. (Previous year - Rs.35.53 crores) [Previous year's Pre-tax Profit included a one-time income of Rs.3.93 crores).
- Earnings per Share (EPS) was Rs.24.90 as against the previous year's figure of Rs.29.19.
- Cash Balance stands at around Rs.70 crores.

The overall performance was impacted due to external factors such as sluggish / negative growth in FMCG categories handled by your Company; regulatory / licensing constraints in pharmaceutical business; lower capacity utilization / offtakes at Foods Division due to competition; demonetization; etc., and also internal issues like field force attrition.

BUSINESSWISE PERFORMANCE:

(1) CONSUMER PRODUCTS BUSINESS:

Woodward's continued its growth (around 6%) across all territories especially with the Northern markets registering a strong growth during the summer season.

Deodorant as a category continued to decline by 7% in volume. Consequently, EVA too had a challenging year with a decline of 9.6% in turnover.

Condoms market grew by a marginal 1.6%. Skore increased its turnover by about 17% partly due to the price increase and also the launch of its premium variants – "Skore Champion".

This brand signed off with Dwayne Bravo and Chris Gayle as Brand Ambassadors and maintained its market share of about 9.5%.

The performance of the Good Home Range was satisfactory with a growth of around 11%.

(2) PHARMACEUTICAL BUSINESS:

The overall performance of the Pharma Business was impacted due to regulatory / licensing constraints.

Demonetization too had its impact on the performance during the latter part of the year.

Attrition continues to be a cause of concern and efforts are made to reduce attrition and to improve the field force productivity through training and motivation.

The performance of Animal Welfare Division has been satisfactory with a growth of around 7%.

(3) MEDICAL DEVICES BUSINESS:

The performance of Heart Valve Division has been satisfactory with a growth of around 16%.

The growth was contributed by increase in sales in select geographies.

The test marketing initiative of Bi-Leaflet Valves is satisfactory and efforts are made to scale up volumes.

The performance of Ortho Division was satisfactory with a growth of around 10%.

The Division received the renewal of ISO 9001 / ISO 13485 and CE Certification from DNV, Norway.

With the renewal of the CE marking, efforts are also being put in to build the exports market.

Efforts are also directed towards developing a Fixed Bearing Knee which has dominant market share, with a suitable tie-up / collaboration with a technology partner.

Considering the capacity constraints at the existing facility at Ambattur, it is also proposed to set up a state-of-the-art manufacturing facility for Orthopaedic Implants at Chennai.

(4) FOODS BUSINESS:

During the year under review, the performance of the Foods Division has been satisfactory, with a growth of around 15%.

The capacity utilization at the new manufacturing facility at Jaipur has been gradually improving.

In addition to increasing the trade volumes, efforts are also made to gain / generate volumes from exports and other segments like institutions / fryers and the initial response is encouraging.

With a number of new players entering the market, the existing products face severe pricing / volume pressures and to counter this, your Company is working on developing value added / innovative / differentiated products for launch, utilizing the state-of-the-art R&D facility set up at Hosakote.

You will be happy to note that your Company's Foods Division facility at Jaipur has been awarded Food Safety Management System Certification ISO 22000.

DIVIDEND:

Your Directors recommend maintaining the dividend of Rs.5.00 per share (i.e.) 50%.

AUDITORS:

As you are aware, the existing Statutory Auditors M/s Aiyar & Co. and M/s S Viswanathan LLP retire from their office at the conclusion of this 59th Annual General Meeting.

On behalf of the Shareholders and the Board, I take this opportunity to place on record our appreciation for the valuable services rendered by them during their tenure as Auditors of your Company.

FINANCIAL YEAR 2017–18:

The performance was impacted during the First Quarter due to the transition to Goods and Services Tax (GST) Regime and the Revenue from Operations amounted to Rs.125.37 crores as against the previous year's First Quarter figure of Rs.152.72 crores.

LOOKING AHEAD / STRATEGIC INITIATIVES:

Your Company has implemented the **"Balanced Score Card (BSC)"** initiative for improving the overall organizational efficiency and to deliver the objectives set under the visioning exercise.

The broad strategic initiatives would continue to be as follows:

- The thrust for Consumer Products Business would be-

  (i) to exploit the full potential of the existing brands through appropriate promotional investments and distribution expansion; and

  (ii) to launch carefully chosen new products that are complementary to the existing categories dealt with by the Company, including brand extensions.

- The growth drivers for Pharma Business would be-

  (i) enhanced focus on the Gynaecology and Infertility Segments and to grow the existing core brands and also the recently launched products;

  (ii) expansion of product portfolio through robust new launches, particularly in Ortho and Respiratory Segments; and

  (iii) improving the retention / effectiveness of the field force through appropriate measures including training and developmental initiatives.

- For Medical Devices business, the plan would be-

  (i) to grow the volumes of existing Heart Valve and to gain further volumes through Bi-Leaflet / Tissue Valves; and

  (ii) to grow the Ortho business through geographical expansion, launch of new products, increasing the support from the existing surgeons and adding new customers, both in the domestic and permitted export markets.

- The Foods Division of your Company, with the commissioning of the Jaipur facility would clearly focus on optimizing the capacity utilization by improving volumes both in the Indian and Overseas markets. In order to maintain the competitive edge, your Company would also work on developing innovative and differentiated product offerings, both for the domestic and international customers.

ACKNOWLEDGEMENT:

I acknowledge the valuable contributions of Banks, Business Associates, Shareholders and Employees at all levels who have supported the Company in all its endeavours.

Thank you.

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