TTK Healthcare
LIMITED

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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 Chairman's Speech delivered at the Fifty Eighth Annual General Meeting of our Company held today at Narada Gana Sabha (Mini Hall), No.314, TTK Road, Chennai 600 018.

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

[FIFTY EIGHTH ANNUAL GENERAL MEETING – 5th AUGUST, 2016]

Ladies and Gentlemen,

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

FINANCIAL YEAR 2015-16:

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 7% from Rs.482.93 crores to Rs.518.86 crores.
- The Pre-tax Profit stood at Rs.35.53 crores. (Previous year - Rs.26.33 crores).
- Earnings per Share (EPS) was Rs.29.19 as against the previous year's figure of Rs.20.80.
- Capital Investment in Jaipur facility amounted to around Rs.60 crores.
- Cash Balance stands at around Rs.60 crores.

BUSINESSWISE PERFORMANCE:

(1) CONSUMER PRODUCTS BUSINESS:

The sluggish market conditions prevailing in Consumer Goods Segment had its impact on the overall performance of the Consumer Products business.

In Woodwards Gripe Water, a relatively strong performance (7% volume growth) in Southern markets was partly negated by declines in the seasonal markets in the North, leading to an overall growth of only 2%.

Deodorant as a category continued its declining trend at 6% in volume, despite very low penetration across segments.

The leading Deo brands have significantly increased their ad-spends. This coupled with the decline in market size made the year truly challenging for EVA.

However, despite these pressures, EVA maintained its market share and leadership position in the Women's Deo category.

After reporting a negative growth in volume last year, Condoms as a category picked up some pace and grew by 6%. Skore brand of Condoms distributed by your Company too grew well and retained its position as a No.3 Brand, with a share of 9.5%.

The performance of Good Home has been satisfactory with a decent growth. Efforts are being made to expand the Range with the addition of a few new products, to accelerate growth.

(2) PHARMACEUTICAL BUSINESS:

The overall performance of the Pharma Business has been satisfactory with a moderate growth. The performance was partly impacted due to regulatory constraints and also the decision taken by the Central Government to ban the Fixed Dose Combinations.

The performance of Animal Welfare Division has been satisfactory with a healthy growth.

(3) MEDICAL DEVICES BUSINESS:

Despite a very competitive environment, Heart Valve business reported a marginal growth in volumes.

To further strengthen the product basket, your Company has recently taken up the distribution of Bi-Leaflet Valves manufactured by M/s CardiaMed, Netherlands.

The Ortho Division reported a healthy growth due to addition of new customers and also launch of new products. Efforts are being made to expand the distribution nationally and also to exploit the permitted overseas markets.

(4) FOODS BUSINESS:

During the year under review, the performance of the Foods Division has been satisfactory.

The new manufacturing facility at Jaipur commenced commercial production on 15th January, 2016.

The sales and distribution network is being further strengthened so as to handle the additional volumes from the Jaipur facility. Efforts are also made to develop the overseas market.

The state-of-the-art R&D Centre of the Foods Division has been upgraded with imported pilot plant and machinery for carrying out R&D activities and the said facility has been duly recognized by the

Department of Scientific and Industrial Research (DSIR). This would enable your Company to develop innovative products.

The implementation of Total Productive Maintenance (TPM) at both the Hosakote and Jaipur factories has been progressing satisfactorily.

DIVIDEND:

Your Directors have recommended a dividend of Rs.5.00 per share (i.e.) 50% for the year under review as against Rs.4.50 per share (45%) declared in the previous year.

FINANCIAL YEAR 2016–17:

During the First Quarter, the Revenue from Operations amounted to Rs.153.15 crores as against the previous year's First Quarter figure of Rs.138.66 crores, a growth of around 10.45%.

LOOKING AHEAD / STRATEGIC INITIATIVES:

As mentioned in my speech at the last AGM, your Company would continue to focus on the various strategic initiatives taken up for implementation in the previous years.

Your Company recently conducted an elaborate "Visioning Exercise" guided by the Indian Institute of Management, Bangalore to further sharpen the strategic direction for the various businesses.

The broad strategic initiatives would be as below:

- 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 launch of 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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