**TTK Healthcare**
LIMITED

**TTKH:SECL:GJ:182:18** **August 09, 2018**

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

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| **Scrip Code** | **:** | **TTKHLTCARE** |

**Dear Sirs,**

**Re : Chairman's Speech**

We are forwarding herewith a copy of the Chairman Speech delivered 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

**[60th ANNUAL GENERAL MEETING – 9th AUGUST, 2018]**

## *Ladies and Gentlemen,*

It gives me great pleasure to welcome you all to this 60th Annual General Meeting of your Company.

### FINANCIAL YEAR 2017-18:

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 9% from Rs.527.81 crores to Rs.577.55 crores. The figures for the year 2017-18 include the operations of erstwhile TTK Protective Devices Limited which merged with the Company.
- The Pre-tax Profit stood at Rs.30.15 crores. (Previous year - Rs.29.18 crores).
- Earnings per Share (EPS) was Rs.12.86 on the expanded capital base, as against the previous year's figure of Rs.24.13.
- Cash Balance stands at around Rs.80 crores.

The performance was impacted during the First Quarter on the eve of the implementation of the Goods and Services Tax (GST) Regime by the Central Government. However, there was a good recovery in the subsequent quarters resulting in a satisfactory performance for the year as a whole.

Further, due to change in tax structure (on account of GST), there was also reduction in the net sales value in respect of few product categories handled by your Company.

### Scheme of Amalgamation:

The Scheme of Amalgamation between TTK Protective Devices Limited and its Wholly Owned Subsidiary TSL Techno Services Limited and your Company was sanctioned by the National Company Law Tribunal, Chennai vide its Order dated 15th December, 2017 and the Appointed Date of the Scheme was 1st April, 2012.

Consequent to the above, the erstwhile TTK Protective Devices Limited has become a Division of your Company and for operational convenience, it has been named as "Protective Devices Division".

I shall now touch upon the performance of individual Businesses and also the various strategies being implemented for growing each of these businesses.

**BUSINESSWISE PERFORMANCE:**

## (1) PHARMACEUTICAL BUSINESS:

### Ethical Products Division & Ventura Division:

Despite serious drop in sales during the First Quarter on the eve of GST implementation, the business managed to bounce back in the subsequent months resulting in satisfactory performance for the year as a whole.

The strategy for Pharmaceutical Business is to introduce a few more new brands, focus on high potential existing brands to strengthen its position in Gynaecology and Infertility Segments and to improve field productivity / retention through continuous training and motivation of people.

### Animal Welfare Division:

The performance of Animal Welfare Division was quite satisfactory with a growth of around 8%. Plans are being made to foray into the Aqua Segment in a limited manner during the current year.

The strategy for AWD would be to ensure healthy growth through efficient Key Account Management, focused promotion of flagship brands, introduction of new products and geographical expansion.

## (2) CONSUMER PRODUCTS BUSINESS:

Woodward's registered a volume growth of 1.2% despite losing momentum during the GST implementation period.

EVA had a challenging year, with a decline of around 10% in turnover. However, the performance of base product EVA 125 ml is steady and has registered a growth of around 4% in volumes. Several initiatives have been planned for reversing the negative trend and to put the Brand on a growth trajectory.

The homecare brand Good Home managed to maintain almost the same revenues as that of the previous year.

During the current year, in addition to launching select new products / line extensions, your Company would be restructuring the Route-to-Market strategy to give a major thrust to emerging channels like Modern Trade and E-Commerce. Your Company would also be reviving the emphasis on increasing distribution, particularly chemists and grocers channels and also to improve the throughput per outlet to drive growth.

## (3) MEDICAL DEVICES BUSINESS:

### Heart Valve Division:

The performance of Heart Valve Division has been quite encouraging with a volume growth of around 16%.

The initial response to the recently-launched Bi-Leaflet Valves manufactured by CardiaMed, Netherlands has been satisfactory and steps are being taken to scale up sales.

Necessary regulatory clearances have been obtained for import and sale of Bio-Prosthetic Valves from a Brazilian Company and the test marketing would commence shortly.

The focus would be to grow the volumes of existing Heart Valve and to gain further volumes through Bi-Leaflet / Tissue Valves.

**Ortho Division:**

The Ortho Division reported an encouraging performance during the year under review, with a volume growth of around 22%.

The Government of India had fixed ceiling prices for Knee Implants in August, 2017. This initiative by the Government is likely to help domestic manufacturers to compete effectively and gain volumes.

Your Company too witnessed some increase in the volumes and to meet the increase in demand, the production capacity at the existing facility at Ambattur has been enhanced with additional investments.

Development of Cementless Hip Implant is in progress and is expected to be launched during this year.

The plan would be to grow the business through geographical expansion, launch of new products, increasing the support from the existing surgeons and adding new surgeons, both in the domestic and permitted export markets.

**Protective Devices Division:**

This Division operates in three segments of business viz.,-

(i)Manufacturing and selling Condoms under Company's own Brand "SKORE";

(ii) Supplies to Third Party Brand owners both in India and abroad as Contract Manufacturer; and

(iii) Supplies under Domestic and International Public Tenders.

Branded Condoms market has witnessed intense competition with the relaunch of competitive brands. SKORE reported a growth of around 8%. Portfolio mix with focus on SKORE Champion Series has aided the brand growth.

SKORE is now the No.2 brand in value terms in All India Urban Markets.

Your Company has also successfully launched a range of personal lubricants under the brand name SKORE during the year under review.

You will be pleased to note that the various Quality Audits conducted for ISO, CE Marking, SABS Certification, etc., have been successfully completed.

Your Company's R&D Centre is in the process of developing value added, innovative and differentiated products and these will help your Company in developing the business further.

The focus would be to grow the branded Condoms business through brand differentiation / innovation, to develop relationship with Third Party Brand Contract Manufacturing customers for increasing the volumes; and to work on cost optimization to be more competitive in Bid Business.

**(4) FOODS BUSINESS:**

During the year under review, the performance of the Foods Division has been below expectations, with stagnant volumes.

Increase in the number of competitors for Pani Puri Pappads has severely impacted the margins and the volumes of the trade business. In order to overcome this challenge, your Company has been putting a lot of thrust on other segments of business like exports and institutional business apart from launching new products.

The R&D Centre at Hosakote, Bengaluru is working on many new products which would be launched progressively.

During the year under review, your Company's Jaipur factory has been accredited with ISO 22000:2005 certification. Both the Hosakote and Jaipur factories have also obtained KOSHER certification and this will enable your Company to increase its footprint in overseas markets.

Total Productive Maintenance (TPM) is being successfully implemented in both the factories.

The strategy would be to increase the capacity utilization at Jaipur facility through enhanced focus on domestic / institutional and export businesses and also to work on developing and launching innovative and differentiated products to improve volumes.

**DIVIDEND:**

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

**FINANCIAL YEAR 2018–19:**

Considering the various initiatives outlined under the individual business segments, the overall outlook for the year 2018-19 looks positive, which is evident from the performance during the First Quarter, the details of which would be shared after the Board Meeting later in the day.

Further, your Company continues to focus on the **"Balanced Score Card (BSC)"** initiative for improving the overall organizational efficiency and to deliver the objectives set under the visioning exercise.

**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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