TTK Healthcare
LIMITED

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August 22, 2014

Madras Stock Exchange Ltd.
Exchange Building
Post Box 183
11, Second Line Beach
Chennai 600 001

FAX NO. 044 – 25244897

Company Code : TTKHEALTH

Dear Sirs,

Re : Chairman's Speech

We are forwarding herewith a copy of the Chairman's Speech delivered at the Fifty Sixth 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)
President - Commercial &
Company Secretary

Encl. : a/a

Cc : BSE Limited, Mumbai

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TTK HEALTHCARE LIMITED

Regd. Office : No.6, Cathedral Road, Chennai 600 086

CHAIRMAN'S SPEECH

[FIFTY SIXTH ANNUAL GENERAL MEETING – 22nd AUGUST, 2014]

Ladies and Gentlemen,

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

FINANCIAL YEAR 2013-14:

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.382.30 crores to Rs.416.18 crores.
- The Pre-tax Profit stood at Rs.19.67 crores. (Previous year - Rs.21.62 crores).
- Earnings per Share (EPS) was Rs.15.95 as against the previous year's figure of Rs.18.29.
- Your Company continues to exercise utmost discipline with reference to Working Capital management and carries a cash balance of around Rs.70 crores.

The lower growth during the year under review was partly on account of the discontinuation of the distribution arrangement for Kohinoor / Durex brand of Condoms in the previous year. However, the newly launched "Skore" brand of condoms distributed by your Company contributed well to the turnover in the first full year of launch, thus lessening the impact. Excluding the turnover from Condoms, the other businesses have reported a growth of around 13%.

The general slow-down experienced by the domestic economy as a whole did have an impact on some of the product categories of your Company.

BUSINESSWISE PERFORMANCE:

(1) CONSUMER PRODUCTS BUSINESS:

The performance of Woodwards Gripe Water (WGW) was satisfactory, with Non-South markets reporting a healthy growth.

Deodorant as a category itself had a very sluggish year. Consequently, the year was very challenging for EVA. However, EVA managed to retain its leadership position in the Women's Deo category. Improved version of Talc and Lip Balm Ranges were launched.

The Good Home Range reported a healthy growth during the year under review. The brand entered a new category through the launch of Vegetable & Fruit Wash.

The performance of Skore brand of Condoms is quite impressive, garnering a market share of around 8% in the first year of launch, in a very competitive segment.

(2) PHARMACEUTICAL BUSINESS:

Though the performance in the first-half of the year was almost flat, there has been a smart revival in the second-half of the year, resulting in a decent growth for the year as a whole.

Your Company has commenced implementing several initiatives such as – (i) enhanced focus on Gynecologists / Infertility Specialists; (ii) more robust new product introductions; (iii) more intense HR initiatives encompassing training, development and compensation, etc.

These initiatives have started yielding the desired results. The focus for the next two years would clearly be to build the top line with appropriate investments.

(3) MEDICAL DEVICES BUSINESS:

Despite severe competition from imported valves, Heart Valve Business managed to report a marginal growth in volumes after a few years of negative growth. Efforts are being made to grow the business further.

The performance of the Ortho Business has been satisfactory. Efforts are being made to accelerate the doctor conversion and also to develop and launch new products in this segment. Similarly, efforts are also being made to develop the overseas markets permitted by the Collaborators. Your Company has recently commenced export of Knee Implants to Italy.

(4) FOODS BUSINESS:

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

Your Company has made investments in its Hosakote facility for capacity enhancement and also for automation of raw material handling, etc., to reduce the operating costs.

You will be happy to note that the Hosakote facility has been awarded HACCP-based Food Safety Management System / ISO 22000 Certification.

Your Company is expected to complete the Jaipur project and to commence the trial production during the last quarter of the current year.

DIVIDEND:

Your Directors have recommended a dividend of Rs.4/- per share (i.e.) 40% for the year under review.

FINANCIAL YEAR 2014–15:

During the First Quarter, the Revenue from Operations amounted to Rs.129.77 crores as against the previous year's First Quarter figure of Rs.109.13 crores, a growth of around 19%.

LOOKING AHEAD / STRATEGIC INITIATIVES:

The New Government is laying emphasis on Health Sector so as to reach health care to the masses. It is expected that the policy initiatives in this regard will create growth opportunities for the pharma industry.

As mentioned in my speech at the last AGM, your Company had engaged the services of M/s Bain & Company, a well-known International Firm of Consultants for developing a Strategic Growth Plan for your Company to be implemented over the next three years. Based on their inputs, your Company has taken several actions from the second half of the FY 2013-14.

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 reach; and
  - (ii) to launch carefully chosen new products that are complementary to the existing categories dealt with by the Company so as to maximize the chances of success.
- The growth drivers for Pharma Business would be-
  - (i) enhanced focus on the Gynecology and Infertility Segments and to grow the existing core brands;
  - (ii) expansion of product portfolio through more robust new launches in the select therapeutic segments; and
  - (iii) improving the retention / effectiveness of the field force through appropriate compensation packages coupled with training and developmental initiatives.
- For Medical Devices business, the plan would be to grow the existing volumes of Heart Valves and to grow the Ortho business by accelerating the doctor conversion / usage and adding new products, both in the domestic and permitted export markets.
- The Foods Division of your Company, with the recent expansion of production capacity at Hosakote and the new facility at Jaipur, would be a visible player in this segment. With further addition of capacities in phases, your Company would aspire to become a preferred supplier of Pellets (Pappads).

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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