TTK HEALTHCARE LIMITED

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

CHAIRMAN'S SPEECH

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to this 54th Annual General Meeting of your Company.

FINANCIAL YEAR 2011-12:

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 14% from Rs.310.95 crores to Rs.353.74 crores.
- The Pre-tax Profit increased from Rs. 22.14 crores to Rs. 23.55 crores.
- Earnings per Share (EPS) rose from Rs.18.96 to Rs.20.13.
- On the Capex front, a sum of around Rs.18 crores has been invested so far in the Foods Project for capacity expansion.
- Your Company continues to be debt free except for the Working Capital borrowings of around Rs.17.50 crores and carries free cash balance of around Rs.50 crores.

BUSINESSWISE PERFORMANCE:

(1) CONSUMER PRODUCTS BUSINESS:

Woodwards Gripe Water (WGW), the flagship brand of your Company continues to report healthy growth.

During the year under review, the performance of EVA has also been quite impressive with a growth in excess of 30%. The brand continues to be No.1 in the Women's Deodorant Category.

The overall performance of Good Home range of home-care products has been satisfactory.

The immediate plans for the year 2012-13 would include-

(a) sustaining and further accelerating the growth of WGW by focusing on seasonal / non-perennial markets through higher promotional spends;

(b) ensuring accelerated growth for EVA through enhanced promotional investments / new SKUs, so as to retain the No.1 position with higher market share; and

(c) developing an appropriate brand strategy for Good Home range with a common positioning and grow the brand through innovative and differentiated products.

(2) PHARMACEUTICAL BUSINESS:

The performance of the Pharmaceutical Business as a whole has been encouraging, with a healthy growth.

Your Company has been ranked as one of the fastest growing Pharma Companies in the turnover category of Rs.50 – 150 crores in 2011 by Pharma Trac.

The performance of the Ventura Division which handles the herbal and speciality products has been impressive and the infertility range covered by this Division grew well.

Discontinuation of a few low-margin products of Animal Welfare Division (AWD) had its impact on the topline. Despite this, the performance of AWD has been quite satisfactory, supported by robust growth from older products.

Your Company's current product portfolio mainly caters to the Gynaecology segment. As part of the growth strategy, your Company is planning to foray into other segments like Cardiology, Diabetology, etc. Action is being initiated for establishing a New Division to cater to these therapeutic segments.

(3) MEDICAL DEVICES BUSINESS:

(i) Heart Valve Business:

The performance has been severely impacted due to lower off takes under the Government-sponsored Welfare Programmes.

This has been further aggravated due to intense activities by competition through price cuts, etc. Nevertheless, efforts are being made to retain the volumes and to grow the business through various initiatives including enhanced focus on trade sales.

Efforts are also being made to explore overseas markets for improving the volumes.

The developmental initiatives relating to Improved Heart Valves, Vascular Graft, Coronary Stent and Stent for Aneurysm Repair are progressing satisfactorily. The approval for the import and sale of Bio-Prosthetic Valve is likely to be received shortly.

(ii) Orthopaedic Implants Business:

During the year under review, around 670 implantations have been done and the response from the Orthopaedic Surgeons had been encouraging.

Your Company has recently enhanced the production capacity at its Ambattur facility for meeting the increasing demand.

In August 2011, Dr Frederick Buechel and Dr Michael Pappas from the Collaborators M/s B P Trust, USA visited India and presented papers / conducted live surgeries for the benefit of the Surgeons

across the country. Their visit gave a fillip to the marketing / promotional initiatives of your Company and enhanced the credibility of the products.

Your Company has also initiated action for developing the overseas markets which have been permitted by the Collaborators, with positive leads from Sri Lanka, Malaysia, Turkey, etc.

Steps would also be taken to enhance the Medical Devices basket with the addition of new products like Tissue Valves, Hip Implants, etc.

(4) PUBLICATIONS BUSINESS:

The performance of the Publications Division during the year under review has been satisfactory.

Nevertheless, the size of the business continues to be small and the scaling up appears unlikely with the current basket of only map-based products. Therefore, your Company is looking for a suitable partner for expanding the range and growing this business further.

(5) FOODS BUSINESS:

During the year under review, the teething problems relating to the Pellet (Pappad) Manufacturing Line imported from M/s FEN, Italy have been resolved and production stabilized.

The Fen Make Pellet (Pappad) Manufacturing line acquired from M/s McFills, Ahmedabad has also been commissioned in June, 2012.

The refurbishment process relating to the Old Pavan lines stands completed. Your Company has already started reaping the benefits of this exercise in terms of improvement both in quality and output from these lines.

Foods Division is also planning to implement the Food Safety Management System (FSMS) during the current year.

Steps have also been initiated for strengthening the distribution network across the country, to ensure wider coverage and also to develop and grow the export market.

Efforts are also being made to manufacture value added and innovative products so as to improve the realization. Further, branding / retailing opportunities are also being looked at.

DIVIDEND:

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

FINANCIAL YEAR 2012–13:

During the First Quarter, the performance of your Company was as per plans. Your Company achieved sales of around Rs.108.49 crores during the First Quarter as against the previous year's First Quarter sales of Rs.92.46 crores; a growth of about 17%.

The overall outlook for the year appears positive.

LOOKING AHEAD / STRATEGIC INITIATIVES:

In the last few years, there have been several positive developments such as- (i) launch of EVA and Good Home range of products; (ii) reversal of negative growth in WGW; (iii) establishment of Ventura Division; (iv) setting up of manufacturing facility for Heart Valves; (v) acquisition of the Ortho Implants Business; (vi) capacity expansion at Foods Division, etc.

Due to these initiatives, your Company has been delivering consistent performance in the last few years. The challenge now is to ensure accelerated growth in the coming years. The broad strategic initiatives would be as below:

- ❖ The future thrust for Consumer Products Business would be on developing own branded consumer products and building the brands through appropriate promotional investments, for the long term growth and sustenance of the Company.
- ❖ Sharper focus on the established products, aggressive drive for recent introductions and further expansion of product portfolio with new products and also foraying into newer therapeutic segments would be the growth drivers for Pharma Business.
- ❖ Growing the existing volumes of Heart Valves & Ortho Implants and consolidate the presence in the Medical Devices Segment through addition of new products.
- ❖ With the recent expansion of capacity at the Foods Division, your Company 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). Parallely, your Company would also work on branding / retailing opportunities in this segment.

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.

- - - - - - - - - - - -