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 53rd Annual General Meeting of your Company.

FINANCIAL YEAR 2010-11:

The Annual Report for the year has already been circulated. As you would have observed from the Annual Report your Company had another successful year in 2010-11. I would like to touch upon the salient features of the Company's performance during the year under review.

Financial Highlights:

- The sales grew by around 23% from Rs.252 crores to Rs.310 crores.
- The Pre-tax Profit grew by around 43% from Rs.15.50 crores to Rs.22.14 crores.
- Earnings per Share (EPS) increased from Rs.11.68 to Rs.18.96.
- On the Capex front, a sum of around Rs.15 crores has already been invested in the Foods Project for capacity expansion, out of the total commitment of Rs.18 crores.
- Your Company continues to be debt free except for the Working Capital borrowings of around Rs.12.50 crores and carries free cash balance of around Rs.49 crores.

BUSINESSWISE PERFORMANCE:

(1) CONSUMER PRODUCTS BUSINESS:

Woodwards Gripe Water, the flagship brand of your Company has responded favourably to enhanced investments in promotional activities and has reported healthy growth.

During the year under review, EVA too has performed very well and the Deodorant continues to be No.1 in the Women's Category. The Lip care range was enhanced with the introduction of EVA Lip Balm.

The Good Home range of Scrubbers and Air Freshners also grew well during the year under review.

With continuing investments behind both the own brands and distribution infrastructure, your Company is confident of maintaining the performance during the current year also.

(2) ETHICAL PRODUCTS BUSINESS:

The performance of the Pharmaceutical Business as a whole has been encouraging.

The Division crossed the milestone of Rs.100 crore sales during the year under review.

A few new products were added to the range and these were well received by the doctors.

The Ventura Division which handles the herbal and speciality products had reported an impressive growth and the products covered under the infertility segment are doing well.

Similarly, the performance of Animal Welfare Division has also been robust due to the healthy growth reported by the flagship brands.

Attrition continues to be an area of concern and your Company is taking all steps to retain people and grow the businesses.

(3) MEDICAL DEVICES BUSINESS:

(i) Heart Valve Business:

During the year under review, Heart Valve Division reported a sale of around 10,425 valves.

Off-take under Government-sponsored welfare programmes continues to be a significant contributor to sales.

The performance was marginally affected due to intense activities by competition through price cuts, etc. Nevertheless, efforts are made to retain the volumes and to grow the business further.

The manufacturing facility at Thiruvananthapuram has been awarded ISO 13485 and 9001 Certifications by British Standards Institution (BSI). CE Marking for Heart Valves is awaited.

The developmental initiatives relating to the Improved Heart Valves, Vascular Graft, Coronary Stent and Stent for Aneurysm Repair are progressing satisfactorily.

(ii) Orthopaedic Implants Business:

During the year under review, around 300 implantations have been done and the response from the Orthopaedic Surgeons had been encouraging.

Your Company has planned to invite the Technical Collaborators Dr Buechel and Dr Pappas to India sometime during August 2011 for conducting live surgeries / demonstrations for the benefit of the Indian Surgeons.

This initiative is expected to provide further fillip to the promotional activities undertaken by your Company.

The manufacturing facility at Ambattur has been awarded ISO 13485 and 9001 Certifications by DNV, Norway. The Orthopaedic Implants including Total Knee Replacement System were also awarded CE Certification by the said Agency. This will enable your Company to explore export opportunities in the permitted markets.

(4) PUBLICATIONS BUSINESS:

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

The revamped / updated titles have already been launched and the initial response is encouraging. The exercise for updating the remaining titles is underway.

Considering the very low margins on survey-based GIS activities, your Company has decided to focus only on Publications / Cartography businesses, as of now.

(5) FOODS BUSINESS:

The Pellet (Pappad) manufacturing line imported from M/s Fen, Italy was erected and commissioned in November, 2010. However, due to teething problems, the production is yet to stabilize. This matter is being attended to by the Engineers / Food Technologists from Fen and the plant is expected to stabilize during the Second Quarter of the current year.

The erection of the Fen Make Pellet (Pappad) manufacturing line acquired from M/s McFills Enterprises, Ahmedabad stands almost completed and the Line will be commissioned by the Food Technologist from M/s Fen during the Second Quarter of the current year.

The refurbishment process relating to both the existing Pavan make Pellet Manufacturing Lines is in progress and the same would be completed by the end of Second Quarter.

To sum up, the production at Foods Division from all the four Lines would go on-stream from the beginning of the Third Quarter.

DIVIDEND:

In view of the improved performance, your Directors have recommended a higher dividend of Rs.4/- per share (i.e.) 40% for the year under review as against the previous year's dividend of Rs.3.50 per share (i.e.) 35%.

FINANCIAL YEAR 2011–12:

During the First Quarter, the performance of your Company was as per plans. Your Company achieved sales of around Rs.92 crores during the First Quarter as against the previous year's First Quarter sales of Rs.78 crores; a growth of about 18%. Prevailing inflationary trend and hardening interest rates may exert pressure on the margins in the coming months.

But for this, the outlook for the year appears positive.

LOOKING AHEAD / STRATEGIC INITIATIVES:

- ❖ 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 in relevant therapeutic segments would be key performance drivers for the Pharma Business.

- ❖ Efforts would be made to grow the volumes of Heart Valves and to consolidate the presence in the Orthopaedic Segment. Steps would also be taken to enhance the Medical Devices basket with the addition of new products like Tissue Valves, Fixed Bearing Knees, etc.

- ❖ With the expansion of capacity underway at 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. Your Company would also explore the branding / retailing opportunities in this segment.

- ❖ The focus would be to consolidate the Publications Business by revamping / updating the current titles and also launching new products. Your Company is also looking for a suitable partner for growing this business further.

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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