



**TTK Healthcare
LIMITED**

TTKH:SECL:GJ:085:20

September 11, 2020

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra East
Mumbai 400 051

SCRIP CODE: 507747

SCRIP CODE: TTKHLTCARE

Dear Sirs,

Re : Chairman's Speech

We are forwarding herewith a copy of the Speech delivered by our Chairman at the 62nd Annual General Meeting of our Company held today through Video Conferencing / Other Audio Visual Means (VC / OAVM)

We request you to kindly take the above document on record.

Thanking you

Yours faithfully
For TTK Healthcare Limited

(S KALYANARAMAN)
Wholetime Director & Secretary

Encl. : a/a



TTK HEALTHCARE LIMITED

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CIN: L24231TN1958PLC003647 Website: www.ttkhealthcare.com

CHAIRMAN'S SPEECH

[62nd ANNUAL GENERAL MEETING – 11th SEPTEMBER, 2020]

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to this 62nd Annual General Meeting of your Company. This meeting is being held virtually due to the CoVID-19 pandemic. I hope you and your family members are safe and in sound health.

Impact of CoVID-19:

- Commencing from the second half of March 2020, CoVID-19 pandemic had emerged as a key risk to human health and caused significant economic turmoil which had an impact on the Indian and International business environment.
- Further, extended lockdown conditions have resulted in adverse impact on sales due to disruption in market openings, supply chain, distribution, etc.
- Further, there does exist a fair probability of conditions remaining uncertain over a longer duration as the pandemic is yet to abate, both globally and locally, with no concrete solutions for cure or vaccination being available as of date.
- The GDP of the Indian economy registered an annual growth of only 4.2% in 2019-20 and Q1 of 2020-21 reported a decline of 23.9% compared to the growth of 3.1% in the previous quarter.
- The silver lining is that the monsoon has been bountiful and widespread and this augurs well for the agricultural sector, food security and revival of rural economy.

FINANCIAL YEAR 2019-20:

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 3% from Rs.627.88 crores to Rs.645.77 crores.
- ❖ The Pre-tax Profit stood at Rs.19.42 crores. (Previous year - Rs.39.25 crores).
- ❖ Earnings per Share (EPS) was Rs.8.72 as against the previous year's figure of Rs.17.25.
- ❖ Cash Balance stands at around Rs.120 crores.

BUSINESSWISE PERFORMANCE:

The overall performance would have been better for the year 2019-20 but for the disruption in sales during the month of March, 2020 due to CoVID-19 pandemic.

Let me now provide a quick brief on the performance of the various businesses of the Company during 2019-20 and also the plans for the year 2020-21.

(1) PHARMA / ANIMAL WELFARE BUSINESSES:

The **Pharma Business** registered a growth of around 4%. Both the existing brands and new introductions contributed to the growth in topline.

The bifurcation of Ventura Division into “Gynaec” and “Fertility” also strengthened the Company’s position in these segments.

The focus would be to constantly work on existing / key brands that have good potential, to launch a few new brands and to improve the people productivity to grow the business.

The **Animal Welfare Business** registered a growth of around 12%. The Gallus Division (Poultry) had a setback during the second half due to volatility and soaring prices of poultry feed raw materials.

The focus for the year 2020-21 is to gain volumes in Gallus Business and to ensure healthy growth through productivity improvement.

(2) CONSUMER PRODUCTS BUSINESS:

The Consumer Products Division reported a turnover marginally lower than that of the previous year.

Woodward’s Gripewater (WGW) witnessed a decline in volumes as compared to the previous year. However, with the reckoning of the impact of the revision in the prices, WGW had more or less maintained its value sales.

The strategy for the year 2020-21 would be to focus on consumption increase in well penetrated markets emphasizing the theme of “3-time a day” consumption and to recruit new age moms through various consumer connect and digital initiatives.

EVA as a brand reported a decline both in value and volume compared to the previous year.

The revamped pack of EVA Deodorant was launched in March, 2019. Though the response was reasonably good, the relaunch expectations were not fully met and the consumers’ preference was better for the pack with old graphics.

Considering the feedback from the trade and the field team, it has been decided to go back to the original pack without any change.

The performance of EVA Talc and Winter care products such as Lip Drench, Chapstic, etc., was satisfactory.

The objective for the year 2020-21 is to- (i) regain the consumers’ confidence and build volumes; (ii) make a strong foothold in the market; (iii) achieve significant position; and (iv) build robust product portfolio.

Skore brand delivered a satisfactory performance.

The brand was successfully extended with pleasure aids like Orgasmic Gel for women, Vibrating Rings as well as Pheromone Activating Spray for men.

Focus on innovation and disruption would continue with a few new product launches. To ride on the improved awareness about health and hygiene, your Company is proposing to launch intimate hygiene wipes.

Good Home as a brand reported a decent growth and witnessed launch of a few new products with differentiated offering. Your Company has recently launched a few “Germs Protection” products such as Hand Sanitizers, etc.

The focus for the year 2020-21 would be to uplift the brand imagery, enhance consumer connect / trust and confidence to grow the Brand further.

(3) MEDICAL DEVICES BUSINESS:

The performance of **Heart Valve Division** has been quite satisfactory, with a decent growth.

The focus for the year 2020-21 would be to grow the volumes of TTK Chitra Heart Valves and to gain further volumes through Bi-Leaflet valves.

Ortho Division recorded a moderate growth.

Through market expansion, healthy growth was achieved in East, North and West.

Hip Replacement portfolio would be launched across the country in 2020-21.

The strategy for 2020-21 would be to continue expansion into new geographies, grow revenues from new products such as Hip range and Knee portfolio extensions and explore export opportunities.

The **Protective Devices Division** registered a satisfactory performance.

Your Company was able to secure an export contract with a reputed international aid agency and the supplies under this contract commenced during the last Quarter of 2019-20.

A few value added, innovative and differentiated products developed by your Company's R&D Division were launched and some more are in the pipeline.

The focus for 2020-21 would be (i) to grow the branded Condom business through differentiated and innovative products; (ii) to develop and strengthen relationships with third party contract manufacturing customers for increasing the volumes; and (iii) to work on cost optimization to be more competitive in bid businesses.

(4) FOODS BUSINESS:

The Division reported a healthy growth both in volume and value.

There were challenges in terms of pricing and margins due to steady increase in some of the input costs.

Distribution was further expanded and more new markets were opened up.

Your Company's R&D Centre at Hosakote is constantly working on developing new products – a few were launched in the market, during the year under review and many more are in the pipeline.

The capacity utilization of the Jaipur factory has significantly increased during the year under review. The new high capacity cooker extruder (HTE 210) imported from Italy, would further increase the capacity and capability of the Jaipur factory, which would be commissioned during Q2.

The strategy for the year 2020-21 would be to further 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 / margins.

DIVIDEND:

Your Directors recommend a dividend of Rs.3.00 per share (i.e.) 30%. [Previous Year – Rs.5.00 per share (i.e.) 50%].

GOING FORWARD – TAKING ON THE CHALLENGE OF COVID-19:

Your Company considers this challenge as an opportunity and a few of the important steps taken during the last few months are as follows:

- ❖ Managed to run all the factories and depots, though with some disruptions, during the entire lockdown period which has helped in the performance.
- ❖ All supporting functions like Supply Chain, Commercial, Marketing Services, Accounts, HR, IT, etc., worked seamlessly, despite all challenges.
- ❖ The Sales and Marketing Teams were constantly in touch with the doctors and other channel partners through digital means such as SMS, E-mails, WhatsApp, etc., for promoting the products of the Company.
- ❖ Through improved collections, your Company has been able to meet all its financial commitments including salaries to all employees and also spent resources on advertising and sales promotion of the various brands.
- ❖ Made effective use of the CoVID time by training the Field Staff and Managers through online sessions, held all the reviews through online, etc., so as to ensure business continuity without any major issues.

- ❖ During the lockdown periods, in order to ensure the safety of the employees, work-from-home was introduced wherever feasible. In case of factories and critical functions, the Company ensured appropriate sanitation, fumigation, personal hygiene, social distancing, etc., so as to take care of the safety of the employees.
- ❖ With these initiatives, your Company has been able to gradually step up the performance from around 50% in April 2020 to almost 80% by June 2020 and sustaining the same during the subsequent months.
- ❖ Despite a drastic reduction of around 35% in Q1 sales as compared to the corresponding Quarter of the previous year, your Company delivered a cash profit of Rs.60 lakhs through various initiatives including efficient management of the available resources.
- ❖ I would also like to briefly provide an update on the current status of the various businesses:
 - ☞ Pharmaceuticals, WGW, Good Home, though started on a low note, have picked up during the Quarter and have almost come to the normal level of business.
 - ☞ Since the production at Foods Division has recommenced as early as the second week of April, 2020 itself, there has been significant increase in sales by taking advantage of the vacuum at the market place and reached the normal level of business.
 - ☞ Skore Condom which had a major setback in April has been progressing well in the subsequent months.
 - ☞ Products like Eva had a serious setback and even now running only on a level of around 25-30% due to closure of Cosmetics Stores and also lower consumption as people are confined to their homes.
 - ☞ Businesses like Heart Valves and Ortho are also running at around 25-30% levels as these being “elective surgeries” and most hospitals are treating CoVID-19 patients.
 - ☞ The performance of non-Skore OEM business is more or less on track.

OUTLOOK:

To sum up, though the situation remains volatile and uncertain in the near-term due to CoVID-19 pandemic, your Company remains confident of the medium to long-term growth prospects considering the various categories of products dealt with and about its ability to manage the crisis and come out of it successfully.

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.
