TTK Healthcare
LIMITED

May 22, 2020

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Scrip Code: 507747

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

Scrip Code: TTKHLTCARE

Dear Sirs,

Re : Disclosure of material impact of CoVID-19 Pandemic

We take reference to SEBI Circular dated 20th May, 2020 regarding advisory on disclosure of material impact of CoVID-19 pandemic on listed entities under SEBI (LODR) Regulations, 2015.

In this connection, we would like to submit as follows:

(i) Impact with respect to Q4 – FY 2019-20:

- Till 15th March, 2020, the business operations were running more or less on a normal scale.
- However, with the various restrictions imposed thereafter and also the lockdown announced from 24th March, 2020, all the operations including the field and the manufacturing operations came to standstill, during the rest of March 2020.
- As a usual pattern, major portion of sales take place in the second-half of any month. In view of the lockdown during the latter part of the month, the sales achieved for the month of March 2020 is only in the region of around 45%.
- This had its impact on the performance of the Company for Q4 and we expect a near breakeven scenario for the Quarter ended 31st March, 2020.

(ii) Impact with respect to Q1 – FY 2020-21:

- **Businesses:**
  - Since Pharmaceuticals, Animal Welfare products and Woodward's Gripewater were classified as "essential supplies", we were able to commence the sale of these products from the first week of April 2020 and these categories delivered approximately 45 – 50% of their regular sales volumes during April 2020. Similar performance is expected in May also.
  - However, there was hardly any sales in respect of other categories like EVA Cosmetics, Good Home Range of Homecare products, Skore Condoms, etc. in April. Some improvements seen in the last few days.

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CIN : L24231TN1958PLC003647

- Similarly, only a very few surgeries, that too only in emergency cases, happened in respect of Heart Valve replacements and Ortho Implants (these being "elective" surgeries) impacting the business, during the month of April 2020 and the situation continues.

- There has been decent movement with reference to Foods business with 50% of normal average sales during April 2020 and this would be better in May 2020.

- The Protective Devices Division reported a decent sale of Condoms (Non-Skore – OEM Supplies) in April 2020 due to the despatch of the products that were kept ready by end March 2020 which could not be despatched due to lockdown. May 2020 sales likely to be approx. 30% of normal sales due to disruption in production / non-availability of stocks, despite pending orders.

- **Profitability:**

  - Sub-optimal performance from product lines which are categorized as essential supplies such as Pharmaceuticals, Woodward's Gripewater, etc., and also only negligible sales of other categories like EVA cosmetics, Medical Devices, etc., the performance for the Q1 of FY 2020-21 is likely to be impacted.

- **Manufacturing Operations:**

  - The Pharma manufacturing facility at Pallavaram has been functioning with limited manpower from the first week of April 2020.

  - The Foods factory at Hosakote commenced the operations during mid-April 2020 and the factory at Jaipur by end April 2020, with limited manpower.

  - The Heart Valve factory at Trivandrum and the Ortho factory at Chennai were operational with limited manpower w.e.f. 20th April, 2020. Since the offtake of these products is very less, we are focusing on very minimum production so as to avoid inventory build-up.

  - Though the Condoms factory at Puduchery is operational, the production could not be carried out (despite having pending orders) due to want of manpower and other restrictions on the interstate mobility of workmen by the local government. With the available manpower, only packing of the already produced Condoms is in progress and the manufacturing operations just commenced in a very small way.

- **Steps taken to ensure smooth functioning of operations:**

  - Strict measures ensuring social distancing, hygiene practices and deep cleansing of premises, to ensure the safety of our workers / employees at work place have also been implemented.

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- **Manpower:**

  - Consequent upon the announcement of lockdown, all the employees including the field staff have been advised to work from home.
  - In line with the various relaxations announced by both the Central and State Governments, the employees attached to the factories are attending to work in a staggered manner, in line with the Government directives.
  - All depots / warehouses across the country have been functioning in a staggered manner from the first week of April 2020 to cater to the orders for pharmaceuticals, etc., being essential supplies.
  - All the Chennai offices are also functioning with limited manpower effective 11th May, 2020, in line with the directives of the State Government and local authorities.
  - All the field staff have been advised to commence the field work from 4th May, 2020, in accordance with the relaxations announced by the Central and State Governments and the same is happening in a very limited way.
  - During work from home period, several training programmes have been organized using the video / audio conferencing for all the field staff for improving the product / job knowledge.

- **Capital and Financial Resources:**

  - The Company does not propose to raise any capital / debt and the current financial position of the Company is sound.

- **Liquidity Position and Payment Obligations:**

  - The liquidity position of the Company is quite robust and do not foresee any major issues in the near term.
  - Salaries to all the employees including casual and contract workmen were paid upto April 2020.
  - All vendor payments are being released, with special focus on MSME vendors.
  - All statutory dues were paid on respective due dates.
  - Trade collections in respect of categories where secondary / redistribution sales did not take place, have been sluggish due to pending collections / inventories at trade level.
  - Cash discounts / quantity discounts have been offered to pep up demand and also expedite collections.

- **Ability to service debt and other financing arrangements:**

  - The Company is having only working capital limits with banks and do not anticipate any issue in servicing the interest commitments.

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- **Assets:**
  - None of the assets of the Company have been impacted or impaired.
- **Internal financial reporting and control:**
  - The Company has robust Oracle ERP System in place and all its locations are well networked. Even during lockdown, IT / reporting systems worked seamlessly without any disruption.
- **Supply Chain:**
  - Though initially there were hiccups, there has been vast improvement both in the inward and outward supply chain operations and we do not anticipate any major issue in this area.
- **Demands for products:**
  - Since there has been no field work for more than a month and the same has just started that too in a limited way, we expect it would take some time for us to pick up demand for product categories like Pharmaceuticals, Consumer Products, etc.
  - As regards Foods, the offtakes are satisfactory.
  - As regards Medical Devices, hopefully the demand would revive once the hospitals start undertaking regular surgeries and the patients turn up for such surgeries.

(iii) Existing contracts / agreements where non-fulfillment of the obligations by any party will have significant impact:

None

(iv) Conclusion:

- If the lockdown gets eased further going forward, Company expects to gradually come back to its original level of operations, in the coming months.
- However, the Q1 performance is likely to have its impact on the annual performance for the year 2020-21 also.

Kindly take the above information on record.

Yours faithfully
For TTK Healthcare Limited

Kalyanaraman

(S KALYANARAMAN)
Wholetime Director & Secretary

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