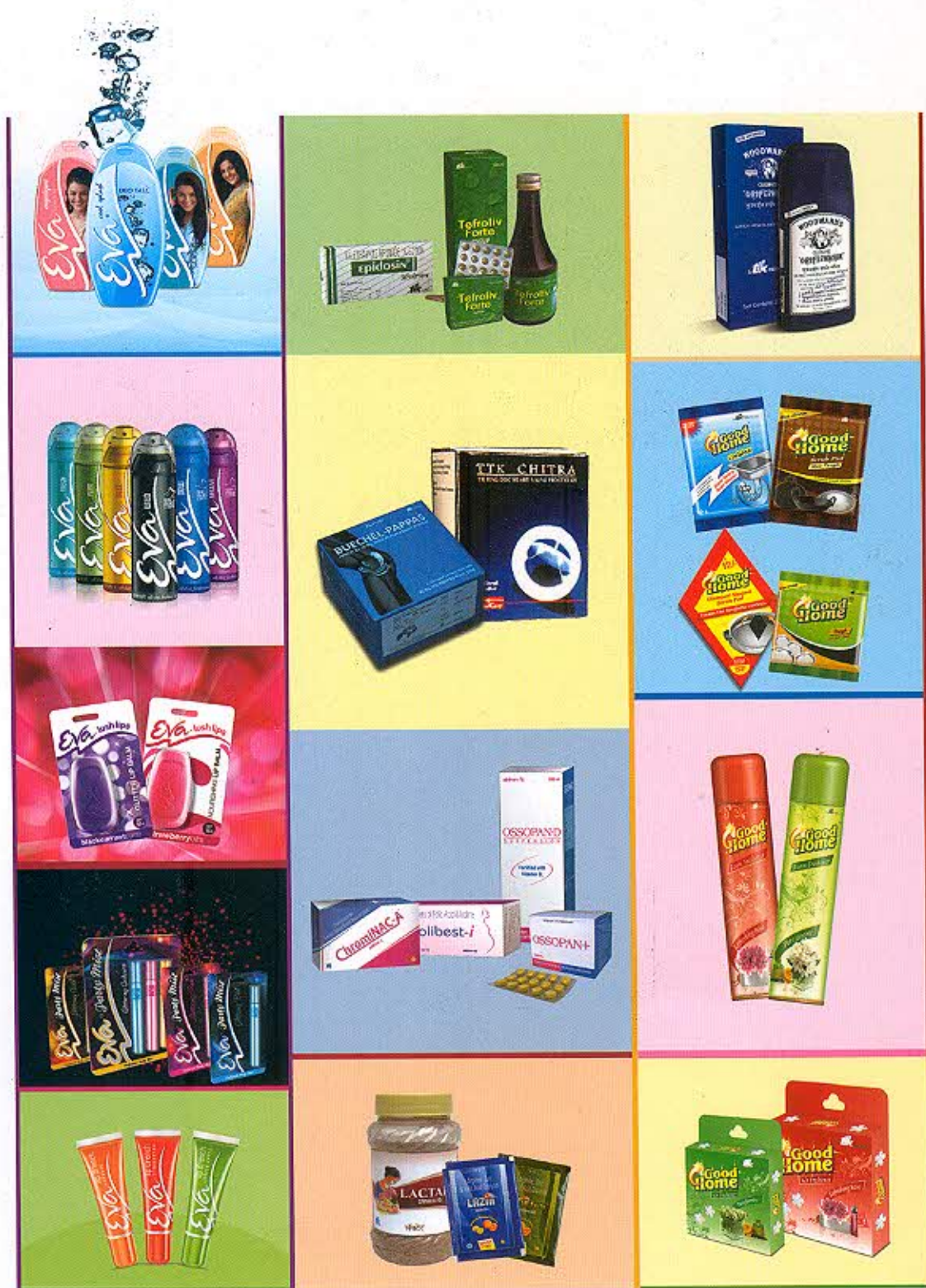


# TTK Healthcare Limited

ANNUAL REPORT 2010-11





WOODWARD'S



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# TTK HEALTHCARE LIMITED

## Contents

## Page

Board of Directors	1
Notice to Shareholders	2
Directors' Report (including Management Discussion and Analysis Report)	6
Report on Corporate Governance	13
Auditors' Report	20
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Schedules	26
Notes on Accounts	32
Segmentwise Revenue, Results and Capital Employed	40
Balance Sheet Abstract and Company's General Business Profile	42
Financial Highlights	43

## BOARD OF DIRECTORS

Mr T T Jagannathan	<i>Chairman</i>
Mr T T Raghunathan	<i>Executive Vice Chairman</i>
Mr R K Tulshan	<i>Director</i>
Dr K R Srimurthy	<i>Director</i>
Mr B N Bhagwat	<i>Director</i>
Mr J Srinivasan	<i>Director</i>
Mr R Srinivasan	<i>Director</i>
Mr K Vaidyanathan	<i>Executive Director</i>
Mr K Shankaran	<i>Director</i>

## COMPANY SECRETARY

Mr S Kalyanaraman

## REGISTERED & ADMINISTRATIVE OFFICE

6, Cathedral Road  
Chennai 600 086.

## BANKERS

Bank of Baroda  
Corporation Bank

## STATUTORY AUDITORS

### M/s Aiyar & Co.

Chartered Accountants  
New No. 2 (Old No. 184), Rangarajapuram Main Road (1<sup>st</sup> Floor)  
Kodambakkam, Chennai 600 024.

### M/s S Viswanathan

Chartered Accountants  
New No.17 (Old No. 8A), Bishop Wallers Avenue (West)  
Mylapore, Chennai 600 004.

## REGISTRARS & TRANSFER AGENTS

M/s Data Software Research Co. Pvt. Ltd.  
Shree Sovereign Complex  
No.22, 4th Cross Street, Trustpura  
Kodambakkam, Chennai 600 024.

## FACTORIES

- No.5, Old Trunk Road, Pallavaram, Chennai 600 043.
- No.2-B, Hosakote Industrial Area, 8th Kilometre  
Hosakote Chinthamani Road, Hosakote Taluk, Bengaluru 562 114.
- Site No.A28, KINFRA International Apparel Parks Ltd.,  
St. Xavier's College P.O., Thumba, Thiruvananthapuram 695 586.
- No.290, SIDCO Industrial Estate, Ambattur  
Chennai 600 098.

**Publications Division :** Plot No.13, 1st Avenue, Mahindra World City,  
Natham Sub Post, Chengalpet Taluk, Kanchipuram 603 002.

## DEPOTS

Ahmedabad, Bengaluru, Bhiwandi, Chandigarh, Chennai, Cuttack, Dehradun, Ernakulam, Ghaziabad, Guwahati, Hubli, Hyderabad, Indore, Jaipur, Jammu, Kolkata, Lucknow, Madurai, Meerut, Mumbai, Nagpur, New Delhi, Panchkula, Patna, Pune, Raipur, Ranchi, Siliguri, Vijayawada and Zirakpur.

## Notice to Shareholders

**NOTICE** is hereby given that the 53<sup>rd</sup> Annual General Meeting of the Company will be held at **11.00 a.m. on Wednesday, the 27<sup>th</sup> July, 2011 at Narada Gana Sabha (Mini Hall), New No.314 (Old No. 254) TTK Road, Alwarpet, Chennai 600 018**, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To elect a Director in the place of Dr K R Srimurthy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in the place of Mr B N Bhagwat, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in the place of Mr K Shankaran, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to authorize the Board to fix their remuneration.

### Special Business

7. To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the re-appointment of Mr T T Raghunathan as Executive Vice Chairman of the Company for a further period of five years with effect from 1st November, 2011 by the Board of Directors on the terms and conditions as set out in the Explanatory Statement annexed hereto and duly approved by the Remuneration Committee, be and is hereby approved and ratified”.

**“RESOLVED FURTHER THAT** during any year of loss or inadequacy of profits, Salary, Productivity Incentive, Allowances, Perquisites and Benefits fixed by the Board of Directors, shall be paid as minimum remuneration subject to the ceiling prescribed for the time being under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof **AND THAT** the Board of Directors be and are hereby authorized to apply to the Central Government, as may be necessary, if such minimum remuneration exceeds the ceiling prescribed under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof”.

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to revise the remuneration package of Mr T T Raghunathan, Executive Vice Chairman, from time to time, within the ceilings prescribed under Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be in force from time to time”.

8. To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the re-appointment of Mr K Vaidyanathan as Executive Director of the Company for a further period of two years with effect from 1st July, 2011 by the Board of Directors on the terms

and conditions as set out in the Explanatory Statement annexed hereto and duly approved by the Remuneration Committee, be and is hereby approved and ratified”.

**“RESOLVED FURTHER THAT** during any year of loss or inadequacy of profits, Salary, Allowances, Perquisites and Benefits fixed by the Board of Directors, shall be paid as minimum remuneration subject to the ceiling prescribed for the time being under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof **AND THAT** the Board of Directors be and are hereby authorized to apply to the Central Government, as may be necessary, if such minimum remuneration exceeds the ceiling prescribed under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof”.

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to revise the remuneration package of Mr K Vaidyanathan, Executive Director, from time to time, within the ceilings prescribed under Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be in force from time to time”.

**BY ORDER OF THE BOARD**

**Place : Chennai**  
**Date : 24<sup>th</sup> May, 2011**

**S KALYANARAMAN**  
**Company Secretary**

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 19th July, 2011 to 27th July, 2011 (Both days inclusive).
3. The Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting, will be paid to those Shareholders whose names appear in the Register of Members on 27th July, 2011.
4. Members are requested to keep the Company informed of any change in their respective mailing addresses immediately.
5. Members are requested to bring their copy of the Annual Report to the Meeting.
6. Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company's Share Transfer Agents for the payment thereof, as the same will be transferred to the **Investor Education and Protection Fund** of the Central Government, pursuant to Section 205C of the Companies Act, 1956, on the respective due date(s) mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

## Notice to Shareholders (Contd.)

Financial Year Ended	Dividend Declared on	Due Date of Transfer
31.03.2006	24.08.2006	24.08.2013
31.03.2007	23.08.2007	23.08.2014
31.03.2008	27.08.2008	27.08.2015
31.03.2009	27.08.2009	27.08.2016
31.03.2010	28.07.2010	28.07.2017

7. Information required under Clause 49 of the Listing Agreement with the Stock Exchanges:

### (a) Dr K R Srimurthy

Dr Srimurthy is an M.B.B.S. and F.R.C.S., (Lond.). He has vast experience in the field of Medicine and is a renowned Paediatric Surgeon. He was inducted into the Board of your Company in the year 1989. He does not hold any other Directorship.

He is a member of the Audit Committee and the Remuneration Committee.

He does not hold any shares in the Company.

### (b) Mr B N Bhagwat

Mr Bhagwat held various positions in Government and has vast experience both in Government and Industry. He was earlier on the Board of the erstwhile TTK Biomed Limited, which merged with your Company.

He was inducted into the Board of your Company in the year 2000. He does not hold any other Directorship.

He is the Chairman of the Remuneration Committee and a member of the Audit Committee.

He does not hold any shares in the Company.

### (c) Mr K Shankaran

Mr Shankaran is a qualified Cost & Management Accountant and Company Secretary.

He was inducted into the Board of your Company in the year 2000.

He is also a Director on the Board of the following Companies:

- TTK Prestige Limited
- Prestige Housewares India Limited
- Mantra, Inc.
- TTK Services (P) Ltd.
- TTK Healthcare TPA (P) Ltd.

He is a member of the Audit Committee, Remuneration Committee and the Chairman of the Shareholders/ Investors Grievance Committee.

He holds 247 Equity Shares in the Company.

### (d) Mr T T Raghunathan

Mr T T Raghunathan is a Commerce Graduate. He is also the Vice Chairman of the TTK Group of Companies. He has nearly four decades of industrial experience. He has been on the Board of your Company from the year 1998 and was appointed as Executive Vice Chairman, with effect from 1st November, 2001.

He is also a Director on the Board of the following Companies:

- M/s TTK Tantex Limited, *Managing Director*
- M/s TTK Prestige Limited
- M/s TTK-LIG Limited
- M/s SSL-TTK Limited
- M/s TTK Healthcare TPA (P) Ltd.
- M/s TTK Services Private Limited

He holds 9,547 Equity Shares in the Company.

### (e) Mr K Vaidyanathan

Mr K Vaidyanathan is a Post-graduate in Commerce and a Fellow of The Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management. Mr Vaidyanathan has over four decades of experience (out of which, more than two decades at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc. He worked for a number of reputed Companies like Unilever, Tata Motors, Modi Rubber, Birlas, Essar/Swiss Telecom & Samsons Group.

He has been on the Board of your Company from the year 2002 and was appointed as Executive Director, with effect from 1st July, 2009. He does not hold any other Directorship.

He is a member of the Shareholders/ Investors Grievance Committee.

He does not hold any shares in the Company.

**BY ORDER OF THE BOARD**

**Place : Chennai**  
**Date : 24<sup>th</sup> May, 2011**

**S KALYANARAMAN**  
**Company Secretary**

**Registered Office:**  
**No.6, Cathedral Road,**  
**Chennai 600 086**

## Notice to Shareholders (Contd.)

### Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

#### Item No 7

Mr T T Raghunathan was originally appointed as Executive Vice Chairman of the Company for a period of 5 years on 1st November, 2001 and upon expiry of his term of office, he was re-appointed for a further period of 5 years with effect from 1st November, 2006.

His current term expires on 31st October, 2011.

The Board of Directors in their meeting held on 24th May, 2011, re-appointed Mr T T Raghunathan, Executive Vice Chairman for a further period of five years, with effect from 1st November, 2011, on the following terms and conditions:

**A. Salary** : Rs.2,00,000/- (Rupees Two lakhs only) per month

**B. Productivity Incentive** : 2% of the pre-tax profit of the Company as declared in the Audited Annual Accounts.

#### C. Perquisites :

- (1) Housing : House Rent Allowance @ 60% of the Salary.
- (2) Gas, Electricity, Water, Furnishings, etc. : The expenditure incurred on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the Salary.
- (3) Medical Benefits : One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred.
- (4) Leave Travel Allowance : For self and family, to and fro Air Fare and other related expenses to any place in India or abroad once a year.
- (5) Club Fees : Fees for two clubs not including Admission and Life Membership Fees.
- (6) Personal Accident Insurance : Personal Accident cover, as per the rules of the Company.

#### D. Benefits:

- (1) Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.
- (2) Mr Raghunathan will be provided Car with driver for use. He will also be entitled for reimbursement of expenses relating to residential and mobile phones.
- (3) Mr Raghunathan will be allowed Leave and Encashment thereof as per the rules of the Company.

#### E. Commission:

During the year in which adequate profits have been made, the difference between 5% of such profits and the Salary, Productivity Incentive, Allowances, Perquisites and Benefits as referred to above in items A, B, C & D(1) shall be paid as commission and such commission shall become

due and payable on adoption of the Accounts of the Company for such financial year. Such profits shall be computed in accordance with Section 198 of the Companies Act, 1956.

#### F. Other Terms and Conditions :

1. During any financial year in which the company has incurred losses or has inadequate Profits, Salary, Productivity Incentive, Allowances, Perquisites and Benefits as mentioned above and subsequent revision(s), if any, shall be paid as minimum remuneration to the appointee. If such minimum remuneration exceeds the ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, or any statutory modification(s) thereof, the Company shall seek permission of the Central Government as may be necessary in accordance with the provisions governing payment of managerial remuneration in force at the relevant period of time.
2. In the event of the Appointee ceasing in the midst of any financial year of the Company to be the Executive Vice Chairman of the Company for any cause whatsoever, he shall be entitled to receive from the Company such part of the remuneration as is payable to him in accordance with this appointment as is proportionate to his period of service in that financial year of the Company and for this clause, the profits of the Company shall be deemed to accrue day-to-day.
3. The Appointee shall, subject to the provisions of Section 318 of the Companies Act, 1956, be entitled to compensation for loss of office, amounting to remuneration together with the value of benefits and perquisites which he would have earned for the unexpired term of his office or three years, whichever is shorter, computed in the manner laid down under Sub Section (4) of Section 318 of the Companies Act, 1956.
4. The Appointee shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and / or relatives in any selling agency of the Company in future without the prior approval of the Board of Directors or the Central Government or as per the procedure prescribed under the statute.
5. This appointment may be terminated by either party by giving to the other party six months' notice of such termination.
6. If at anytime the Appointee ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Vice Chairman in terms of this Appointment and the same shall forth with terminate".

#### This may please be treated as the Abstract of the terms to be circulated to the members under Section 302(2) of the Companies Act, 1956.

The above package is in line with the industry practice and commensurate with the qualification, experience and performance of the appointee.

The above remuneration package has also been approved by the Remuneration Committee at its meeting held on 24<sup>th</sup> May, 2011.

This Resolution is placed before the Shareholders for their approval / ratification.

The resolution is commended for adoption.

None of the Directors except Mr T T Raghunathan and Mr T T Jagannathan are deemed to be interested in this Resolution.

## Notice to Shareholders (Contd.)

### Item No 8

Mr K Vaidyanathan was appointed as Executive Director of the Company for a period of 2 years, with effect from 1<sup>st</sup> July, 2009.

His current term expires on 30<sup>th</sup> June, 2011.

The Board of Directors in their meeting held on 24<sup>th</sup> May, 2011, re-appointed Mr K Vaidyanathan, Executive Director, for a further period of two years, with effect from 1<sup>st</sup> July, 2011, on the following terms and conditions:

**A. Salary** : Rs.1,80,000/- (Rupee One lakh eighty thousand only) per month

### B. Perquisites

(1) (a) Housing : House Rent Allowance or Company Leased Accommodation, the cost of which not to exceed 60% of the Salary.

(b) Gas, Electricity, Water, Furnishings, etc. : 10% of the salary, as per the rules of the Company.

(c) Medical Benefits : One month's salary per annum, as per the rules of the Company.

In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred.

(d) Leave Travel Allowance / Assistance : One month's salary in a year, as per the rules of the Company.

(e) Personal Accident Insurance : Personal Accident Insurance cover, as per the rules of the Company.

(f) Club Fees : Fees for two clubs, not including Admission and Life Membership Fees.

(2) (a) Mr Vaidyanathan will be provided Company maintained car with driver for use, as per the rules of the Company. He will also be entitled for reimbursement of expenses relating to residential and mobile phones.

(b) Mr Vaidyanathan will be allowed Leave and Encashment thereof, as per the rules of the Company.

In the event of loss or inadequacy of profits during any financial year, the above mentioned Salary, Allowances, Perquisites and Benefits and subsequent revision(s), if any, will be paid as minimum remuneration to Mr Vaidyanathan. If such remuneration exceeds the ceiling, if any, prescribed under schedule XIII to and other applicable provisions of the Companies Act, 1956, the Company shall seek permission of the Central Government as may be necessary in accordance with the provisions governing payment of managerial remuneration in force at the relevant period of time.

The above appointment is terminable by three months' notice or by payment of three months' salary in lieu thereof, by either party.

**This may please be treated as the Abstract of the terms to be circulated to the members under Section 302(2) of the Companies Act, 1956.**

The above package is in line with the industry practice and commensurate with the qualification, experience and performance of the appointee.

The above remuneration package has also been approved by the Remuneration Committee at its meeting held on 24<sup>th</sup> May, 2011.

This Resolution is placed before the Shareholders for their approval / ratification.

The Resolution is commended for adoption.

None of the Directors except Mr K Vaidyanathan is deemed to be interested in this Resolution.

**BY ORDER OF THE BOARD**

**Place : Chennai**  
**Date : 24<sup>th</sup> May, 2011**

**S KALYANARAMAN**  
**Company Secretary**

**Registered Office:**  
**No.6, Cathedral Road,**  
**Chennai 600 086**



## Directors' Report

(Including Management Discussion and Analysis Report)

Your Directors have pleasure in presenting the 53rd Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	2010-11	2009-10
Profit before Depreciation & Tax	2,411.57	1,732.03
Less: Depreciation	197.13	181.80
<b>Profit before Tax</b>	<b>2,214.44</b>	<b>1,550.23</b>
Less: Provision for tax		
Current Tax	730.00	535.00
Deferred Tax	12.25	102.49
<b>Profit after Tax</b>	<b>1,472.19</b>	<b>912.74</b>
Balance brought forward from previous year	1,722.53	1,227.79
<b>Total</b>	<b>3,194.72</b>	<b>2,140.53</b>
<b>Appropriations:</b>		
Proposed Dividend	310.64	271.81
Provision for Tax on Dividend	50.39	46.19
Amount transferred to General Reserve	150.00	100.00
Balance transferred to Balance Sheet	2683.69	1,722.53
	<b>3,194.72</b>	<b>2,140.53</b>

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.4.00 (40%) per Equity Share of Rs.10/- each.

### REVIEW OF PERFORMANCE

During the year under review, your Company registered a sales turnover of Rs.310.30 crores as against the previous year's turnover of Rs.252.43 crores, a growth of about 23%.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### (A) ECONOMIC AND BUSINESS ENVIRONMENT:

During the year 2010-11, Indian Economy grew by 8.6% as against the previous year's revised figure of 8%. Agriculture and its allied activities, Industry and Services grew by 5.4%, 8.1% and 9.6%, respectively. The year witnessed high inflationary trend throughout, though inflation dropped towards the end of the last quarter. The interest rates also hardened during the last quarter.

Pharma Industry grew by 17% (Source:IMS-Dec '10 MAT). The growth has been driven by a host of new introductions, upward price revisions and encouraging contributions from existing products. Anti-diabetic, Neuro and Cardiac Segments have reported healthy growth.

#### (B) OPPORTUNITIES AND THREATS:

##### Opportunities:

- Pharma industry is witnessing healthy growth. Strong economic growth, rising incidence of chronic diseases, increase in healthcare access and expected growth in per capita income would drive further

expansion of the healthcare segment. Therefore, there is opportunity for your Company to grow the Pharma Business further.

- With increasing awareness and wider acceptance of herbal therapy, herbal formulations segment also provide an opportunity for growth.
- Your Company has the unique advantage of an exclusive network for distribution of OTC products. This can be leveraged for launch of new products under own brands so as to ensure improved profitability and value creation through brand building.
- On Bio-Medical Devices, the market as of now is dominated by imported medical devices/implants. Since your Company manufactures world class products and are priced competitively, this segment provides opportunity for growth in the years to come. These products also have export potential.

Further, the demand for quality medical implants like Heart Valves under the healthcare programmes sponsored by the State Governments is also on the rise.

- Considering the size of the market for food products, the Foods Business of your Company has potential.

##### Threats:

- The Product Patent Regime has restricted the access for Indian Pharma Companies to the latest molecules which were earlier available. However, there may be opportunities to launch products that are out of patents regimentation.
- There have been rapidly changing new drug discovery technologies and processes at the global level and the Indian Pharmaceutical industry being fiercely competitive requires huge capital investment to upgrade facilities to match International Standards. MNCs and Foreign Companies have an edge over the domestic companies in this area.

### (C) SEGMENTWISE PERFORMANCE:

Your Company has three Strategic Business Units (SBUs) viz., Pharmaceutical Business, Consumer Products Business and Medical Devices Business.

Your Company is also engaged in Foods and Publications Businesses.

A look at the performance of individual Business Segments:

#### Pharmaceutical Business:

The Ethical Pharma Business of your Company deals in Pharmaceutical Formulations both Herbal and Allopathic, in various therapeutic segments. Pharmaceuticals also include Woodward's Gripewater. Since this product is distributed through the Consumer Products Division of your Company, it is covered under the head Consumer Products Business.

#### Ethical Products Division

Ethical Products Division registered satisfactory growth during the year under review.

The growth was driven by the sales from new launches and also the good performance from older brands.

Manpower attrition at field level continues to be a major area of concern and every effort is being made to address this issue.



## Directors' Report (Contd.)

During the year 2011-12, your Company will continue to focus on growing the existing as well as recently-launched products and improving the productivity of the field force. New products would also be added selectively to the existing basket, in relevant therapeutic segments.

### **Ventura Division**

Ventura Division, a part of Pharmaceutical business, deals in herbal and speciality products, with a special focus on anti-infertility segment and its performance during the year under review has been quite encouraging.

Ventura continues to do well in infertility segment and a couple of new products were launched in this segment. These have been well received by the doctors.

During the year 2011-12, Ventura would continue its focus on infertility segment and would also selectively add new products, in addition to improving the productivity of the field force.

### **Animal Welfare Division**

Animal Welfare Division, also a part of Pharmaceutical Business, deals in Veterinary Formulations / feed supplements, catering to the needs of Veterinarians, Hatcheries, Poultry Farms, Dairy Farms and Animal Feed manufacturers.

This Division registered a healthy growth driven by good performance of the flagship brands and also the new products launched during the year.

Sharper focus on the established products, aggressive drive for new introductions, further expansion of the product basket with new products would be the key performance drivers during the year 2011-12.

### **Consumer Products Business:**

The Division markets products under the Company's own brands - Woodward's Gripe Water, EVA Deodorants and Talc and the Good Home range of homecare products. It also handles the national distribution of Durex and Kohinoor brands of condoms and the Scholl range of footcare products manufactured by TTK-LIG Limited and SSL-TTK Limited, respectively.

During the year under review, the performance of all brands handled by the Division has been very good and the response to increased promotional investment has been uniformly encouraging. Woodward's Gripe Water continues to show robust growth. 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 during the year with the introduction of Lip Balm. The Good Home range of scrubbers and air freshners too grew well during the year. The Company has been able to register higher growths in condoms. Footcare, the distribution of which was taken up only last year, has made an encouraging start.

With continuing investments behind both own brands and distribution infrastructure, the Division is confident of maintaining the performance during 2011-12 as well.

### **Medical Devices Business:**

#### **Heart Valve Division**

The performance during the year under review has been satisfactory. Off-take under Government-sponsored welfare programmes continues to be a significant contributor to sales. The year witnessed intense activities by competition through price cuts, etc. This has affected the volumes of TTK Chitra Heart Valves during the latter part of the year. Efforts are being made to retain the volumes and to grow the business further.

The manufacturing facility at Thiruvananthapuram has been awarded ISO 13485:2003 and ISO 9001:2008 certification by British Standards Institution (BSI). "On sight" audit for obtaining CE Certification stands completed and the document review is under progress. Certification is expected during the Second Quarter of the current year.

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

Action is also being taken to obtain regulatory clearances for the import and sale of Bio-Prosthetic Valves.

### **Ortho Division**

Your Company forayed into Ortho Segment in July 2009 in technical collaboration with M/s B P Trust, USA.

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

In April 2010, Dr Frederick Buechel, and Dr Michael Pappas, from M/s B P Trust visited India and conducted live surgeries for the benefit of Indian Surgeons and presented papers at the All India Ortho Conference at Ahmedabad. Their visit gave a fillip to the marketing and promotional initiatives of your Company and enhanced the credibility of the product.

The manufacturing facility at Ambattur has been awarded ISO 13485:2003 and ISO 9001:2008 certifications and the Orthopaedic Implants including Total Knee Replacement System were awarded CE Certification, by DNV Norway.

In order to strengthen the sales and marketing functions, a senior resource has been recruited and a team has been put in place to promote the product.

### **Publications Business:**

The performance of the Publications Division during the year under review has been satisfactory. The recently updated / revamped titles have been launched and the initial response is satisfactory. The process relating to updation of other titles is underway.

As regards the GIS business, though your Company had received a few orders for survey activities, the margins are too low to sustain the business. Therefore, a decision has been taken not to undertake any survey activities; instead focus on more value added jobs under the cartography segment.

### **Foods Business:**

The Pellet (Pappad) manufacturing line imported from M/s Fen, Italy was erected and commissioned in November, 2010. However, the production could not be stabilized due to teething problems and according to M/s Fen, the line requires a few modifications. The relevant equipments spares needed for this purpose have just been received and the modification work is in progress under the supervision of the engineers from Fen. The production is likely to stabilize during the Second Quarter of the current year.

The Fen make Pellet (Pappad) manufacturing line acquired from M/s McFills Enterprises, Ahmedabad has been dismantled and transported to Hosakote. The erection work is in progress and the line would be commissioned by the experts from M/s Fen during the Second Quarter of the current year.

## Directors' Report (Contd.)

Your Company continues to face recurrent problems with the existing Pavan make Pellet Manufacturing Lines (CD 300 & CD 700 Lines) resulting in disruption of production / consequential losses. A decision has now been taken to refurbish the lines using indigenous resources. Accordingly, necessary orders have been placed for various spare parts and the refurbishment process would be completed by the end of the Second Quarter of 2011-12.

In view of the above, the outlook for 2011-12 appears promising.

### (D) RISKS AND CONCERNS:

The analysis presented in the Industry Scenario and Opportunities and Threats section of this Report throws light on the important risks and concerns faced by your company. The strategy of your company to de-risk against these factors is also outlined in the said sections.

### (E) FINANCIAL PERFORMANCE:

	(Rs. in lakhs)	
	2010-11	2009-10
Sales	31,030.19	25,242.91
<b>Less : Excise Duty relating to Sales</b>	<b>2.49</b>	22.98
	<b>31,027.70</b>	25,219.93
Other Income	505.59	376.90
<b>Total Income</b>	<b>31,533.29</b>	25,596.83
Goods Consumption	16,256.76	13,438.06
Expenses	12,692.74	10,252.34
<b>Profit before Interest and Depreciation</b>	<b>2,583.79</b>	1,906.43
Interest	172.22	174.40
Depreciation	197.13	181.80
<b>Profit before Tax</b>	<b>2,214.44</b>	1,550.23
<b>Less: Provision for Tax</b>		
Current Tax	730.00	535.00
Deferred Tax	12.25	102.49
<b>Profit After Tax</b>	<b>1,472.19</b>	912.74

#### Income:

##### Sales Turnover:

During the year under review, your Company registered a sales turnover of Rs.310.30 crores as against the previous year's turnover of Rs.252.43 crores, a growth of about 23%.

##### Other Income:

The Other Income for the year under review was Rs.5.06 crores as compared to Rs.3.77 crores in the previous year. The increase is due to profit of Rs.92.65 lakhs made on the sale of privately placed Debentures with Citi Financial Consumer Finance India Ltd.

#### Expenditure:

##### Goods Consumption:

The goods consumption as a percentage of sales for the year works out to 52.39% as compared to 53.28% in the previous year. The reduction in goods consumption was mainly due to higher proportion of own branded products in the sales mix where the material cost as a percentage of sales is lower as compared to the traded lines.

#### Expenses:

- The increase in Salaries, Wages & Bonus, Contribution to PF & Other Funds and Gratuity & Superannuation was mainly on account of the annual increments and addition of factory / field manpower.
- The increase in Power and Fuel expenses was due to the commissioning of the new Fen Line at Foods Division's factory at Hosakote.
- The increase in Repairs and Maintenance expenses was mainly on account of the repairs and maintenance activities undertaken at Ernakulam, Hyderabad and Delhi Offices and at Ortho and Foods Factories.
- The increase in Advertisements and Sales Promotion expenses represents higher sales promotional expenses incurred on various product categories of the Company and incentives paid to field staff.
- The increase in Travelling expenses was due to general increase in the fares, hotel tariffs and the increase provided in the daily allowances of the field staff and due to the increase in field staff strength.
- Donation represents the contribution made to Sri Venkateshwara Trust for extending educational and medical assistance to deserving people (Rs.25 lakhs) and to Bhuvana Foundation engaged in providing financial assistance for education and medical treatment to the under developed sections of the Society (Rs.10 lakhs).
- The Diminution in the value of Investment amounting to Rs.29.77 lakhs represents the reduction in the market value of Rs.100 lakhs invested in Kotak Indo World Infrastructure Mutual Fund (Kotak Mutual Fund).

The increase in the other heads of expenses was in line with the operations of the Company and the general inflation.

#### Fixed Assets:

The Net Fixed Assets stood at Rs.32.61 crores during the year under review as against the previous year's Rs.24.00 crores.

The addition to Fixed Assets amounting to Rs.10.78 crores mainly represents the-

- Cost of the Project at Foods Division for commissioning the Snack Pellet (Pappad) Manufacturing Line from Italy including the cost of the civil and electrical infrastructure (Rs.885.13 lakhs);
- Cost of the imported 4th Axis Machine for Ortho Division (Rs.37.04 lakhs); and
- Amounts incurred for acquisition of Plant and Machinery, Vehicles, Computers, etc.

The Capital work-in-progress (Rs.4.78 crores) represents the cost of Pellet (Pappad) Manufacturing Line bought from M/s McFills Enterprises Pvt. Ltd., Ahmedabad which is under erection and the Civil and Electrical works carried out for the Project at the Foods Division during the year. This will be capitalized after completion of the Project.

#### Investments:

During the year under review, Investments stood at Rs.6.84 crores as compared to Rs.8.15 crores in the previous year.

During the year under review -

- 500 Nos. Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each, privately placed with Citi Financial Consumer

## Directors' Report (Contd.)

Finance (India) Ltd. were sold to Trust Capital Services (India) Pvt. Ltd. for a consideration of Rs.592.65 lakhs.

- (ii) A sum of Rs.6 crores has been invested in 600 Nos. Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each, issued by Citi Corp Finance (India) Ltd., on private placement basis.
- (iii) A sum of Rs.2.02 crores invested in 20 Nos. Unsecured Redeemable Optionally Convertible Debentures of Rs.10,00,000/- each, privately placed with Kotak Securities Limited has been redeemed.
- (iv) Provision of Rs.29.77 lakhs has been made in the books towards the diminution in the market value of Rs.1 crore invested in Kotak Indo World Infrastructure Fund (Kotak Mutual Fund) and subsequently, the said investment stands at Rs.70.23 lakhs.

### Inventories:

During the year under review, there had been increase in Inventories from Rs.22.83 crores to Rs.26.83 crores, due to higher build-up of inventories as a pro-active measure in Griewater, Condoms, EVA and Good Home range of Home care products, anticipating demands.

### Sundry Debtors:

There had been an increase in Sundry Debtors from Rs.22.50 crores to Rs.32.48 crores. The increase is in line with the growth in sales particularly in the last quarter of the year under review and that there were no major overdue outstandings.

### Cash and Bank Balances:

During the year under review, there had been an increase in cash and bank balances from Rs.49.34 crores to Rs.60.81 crores representing mainly the increase in the fixed deposits with banks.

### Loans and Advances:

During the year under review, there had been an increase in Loans and Advances from Rs.21.27 crores to Rs.28.54 crores, which mainly represents the payment of advance income-tax of Rs.7.92 crores.

The reduction in Electricity and Other Deposits was due to (i) refund of the pre-deposit from the Commercial Tax Department in connection with the classification dispute relating to Foods Division (Rs.90.14 lakhs); and (ii) the refund of rental deposits (Rs.20 lakhs). The increase in Advance for Others represents the increase in accrued interest on Fixed Deposits.

### Current Liabilities:

During the year under review, there had been increase in the Current Liabilities from Rs.53.74 crores to Rs.75.17 crores. The increase in Creditors for Others includes the amounts payable to M/s Fen, Italy and M/s McFills Enterprises Pvt. Ltd., Ahmedabad for capital purchases amounting to Rs.201.11 lakhs and the increase in Security Deposits from stockists by Rs.87.13 lakhs. The increase in creditors for goods and expenses is in line with increased level of activities.

## (F) INTERNAL CONTROL SYSTEMS:

Your Company has necessary Internal Control Systems in place. Internal Audits are regularly conducted through In-house Audit Department and through External Auditors. The reports are periodically discussed and corrective measures are taken.

The scope of audit covered the operations at various Branches / Depots / C&FA locations and also the functional areas at Factory / Head Office.

## (G) INFORMATION TECHNOLOGY:

The Oracle ERP System is functioning satisfactorily. To improve the speed / efficiency of the system, it was decided to switch over from single-node processing to multi-node processing. This concept had been successfully tested using hired servers and subsequently, orders were placed for multi-node servers. The new servers would be commissioned during the First Quarter of the current year.

## (H) HUMAN RESOURCES:

Your Company attaches significant importance to continuous upgradation of Human Resources for achieving the highest levels of efficiency, customer satisfaction and growth.

As part of the overall HR Strategy, training programmes were organized for employees at all levels through both internal and external faculties.

As on 31st March, 2011, the employee strength was 1478.

## (I) FUTURISTIC STATEMENTS:

This analysis may contain certain statements, which are futuristic in nature. Such statements represent the intentions of the management and the efforts being put in by them to realize certain goals. The success in realizing these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before taking any investment decision.

## FINANCE

During the year under review, the total Secured and Unsecured borrowings stood at Rs.12.41 crores as against the previous year's figure of Rs.14.28 crores. During the year under review, your Company repaid the Short Term Loan of Rs.8 crores availed from Corporation Bank.

## FIXED DEPOSITS

As on 31st March, 2011, your Company was not holding any amount under Fixed Deposits Account.

## EMPLOYEES

Your Directors wish to place on record their appreciation for the excellent services rendered by the Employees at all levels.

The particulars as required under Section 217(2A) of the Companies Act, 1956, are furnished in the Statement annexed hereto.

## DIRECTORS

Dr K R Srimurthy, Mr B N Bhagwat and Mr K Shankaran, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Mr K Vaidyanathan has been re-appointed as Executive Director of the Company for a further period of 2 years, with effect from 1<sup>st</sup> July, 2011.

Mr T T Ragunathan has been re-appointed as Executive Vice Chairman of the Company for a further period of 5 years, with effect from 1<sup>st</sup> November, 2011.

## AUDITORS

M/s Aiyar & Co. and M/s S Viswanathan, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.



## Directors' Report (Contd.)

### LISTING

Your Company's shares are listed with –

- Madras Stock Exchange Limited, Chennai (Regional Stock Exchange)
- Bombay Stock Exchange Limited, Mumbai

The Listing Fees have been paid for the financial year 2011-12.

### CORPORATE GOVERNANCE

As per the provisions of the Listing Agreement, your Company has complied with the various requirements of the Corporate Governance Code.

A detailed Compliance Note on Corporate Governance is attached to this Report.

### CONSERVATION OF ENERGY

The prescribed particulars under Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are furnished in the Annexure to this Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that–

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

- The accounting policies are consistently applied and reasonable, prudent judgements and estimates are made, so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that year.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- These Annual Accounts have been prepared on a "going concern" basis.

### ACKNOWLEDGEMENT

Your Directors place on record their grateful thanks to the Bankers and Financial Institutions for their continued support and patronage.

**For and on behalf of the Board**

**Place : Chennai**  
**Date : 24<sup>th</sup> May, 2011**

**T T JAGANNATHAN**  
**Chairman**

**Registered Office:**  
**No.6, Cathedral Road**  
**Chennai 600 086**

## Annexure to the Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 for the financial year ended 31st March, 2011

### A. Conservation of Energy:

Majority of the Company's operations are not power-intensive and hence the energy costs are not significant. Nevertheless, steps are initiated to achieve possible improvements:

FORM A		
	2010-11	2009-10
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity:</b>		
(a) Purchased		
Units	15,24,556	12,16,733
Total Amount (Rs.)	85,23,369	68,25,870
Rate per Unit (Rs.)	5.59	5.61
(b) Own Generation		
Units	2,30,322	1,30,600
Unit per litre of Diesel Oil	2.77	2.46
Cost per Unit (Rs.)	13.11	12.79
<b>2. Furnace Oil / Light Diesel Oil:</b>		
Quantity (litres)	1,93,508	1,66,651
Total Amount (Rs.)	76,92,224	58,72,010
Average rate per litre (Rs.)	39.75	35.24

Since the Company outsources most of its products from Third Party Manufacturers and the energy costs in respect of other products being negligible, the same has not been allocated to production units.

### B. Technology Absorption :

#### (1) (i) Specific areas in which R&D was carried out by the Company

- (a) Development of –
  - Formulation containing Diethyl Carbamazine Citrate with Citrizine Hcl.
  - Calcium Supplement with Ibandronate
  - Anti-infertility formulation containing L-Carnitin.
  - Formulation containing Chromium, etc., for treating Polycystic Ovary Syndrome (PCOS).
  - Urinary anti-septic containing Nitrofurantoin.
  - Calcium supplements containing Organic Calcium for veterinary use.
  - Metho-Chelated mineral mixture for veterinary use.
- (b) Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST) has initiated calibration trials of the Titanium Nitride coating facility. This will be used both for the new design valves and for potential use with the Stents.
- (c) Trials on coating the Stents with appropriate drugs being carried out at Sree Chitra Tirunal Institute for Medical Science and Technology (SCTIMST).
- (d) The Stented Graft Project is progressing on various fronts. Finite Element Analysis, non-working prototype fabrication and design of full prototypes are underway.

#### (ii) Benefits derived as a result of R&D:

- (a) The Company has launched the following products:
  - A combination of Diethyl Carbamazine and Cetrizine for the treatment of Eosinophilic cough
  - Metho-Chelated Mineral Mixture for veterinary use
  - Calcium Supplement with a combination of Ibandronate & Calcium Citrate Maleate

- Formulation containing L-Carnitin for the treatment of infertility
- Formulation containing Chromium, etc., for treating PCOS
- Supplement containing Folic Acid with Iodine
- Urinary anti-septic containing Nitrofurantoin

- (b) The various products under development would expand the Medical Devices product portfolio, when launched.

#### (iii) Future Plan of Action:

- (a) Presently the following products are under development / trial prior to commercialisation:
  - Development of a multivitamin preparation for reducing hair loss.
  - Development of a protein supplement for pregnant women.
  - Development of a formulation containing Sucralfate for the management of peptic ulcer
  - Development of Polyherbal antioxidant with natural Vitamin-C for veterinary use.
  - Development of a Liver tonic for veterinary use.
  - Development of Ofloxacin and Ornidazole Bolus for veterinary use.
- (b) Invitro accelerated life test on the Coronary Stents will be taken up soon.
- (c) Working prototypes of the Stented Graft will be ready for engineering evaluation in 2011.
- (d) Pilot batch of the new design valves will be completed once SCTIMST completes calibration and validation of the Titanium Nitride coating facility.

#### (iv) Expenditure on R&D:

		2010-11	2009-10
		Rs.	Rs.
(a)	Capital	2,44,238	-
(b)	Recurring	35,12,321	24,26,992
(c)	Total	37,56,559	24,26,992
(d)	% of R&D expenses to sales	0.12%	0.10%

#### (2) Efforts, in brief, made towards technology absorption, adaptation and innovation:

The services of an expert in Orthopaedic Implants Manufacturing referred by the overseas collaborators were availed, for studying the existing operations and suggesting improvements in Ortho Division.

#### (3) Benefits derived from the above efforts:

With the inputs of the Overseas Expert, the production processes were further validated and fine-tuned resulting in reduced machining time and increased capacity.

#### (4) Details of Imported Technology:

The Company has technical collaboration arrangement with M/s B P Trust, USA, for various Orthopaedic Implants including Total Knee Replacement System.

## Annexure to the Directors' Report (Contd.)

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 for the financial year ended 31st March, 2011

### (5) Foreign Exchange Earnings & Outgo:

The Company currently exports Ready-to-fry Snack Pellets, Herbal/ Veterinary Products, Griewater, Heart Valves, Hernia Repair Mesh, Orthopaedic Implants / Trauma Care Products, etc., to various countries. The Medical Devices and Ready-to-fry Snack Pellets offer good export potential. Steps are being taken for further improving the export sales.

	2010-11	2009-10
	Rs.	Rs.
<b>Foreign Exchange Earnings</b>		
Exports	2,13,18,225	1,66,17,208
<b>Foreign Exchange Outgo</b>		
• Imports		
– Raw Materials	1,85,85,626	1,41,91,682
– Capital Goods	1,37,41,415	3,94,50,745
• Royalty, Consultancy, Product Registration/Promotion Expenses, Travelling, etc.	41,00,622	18,83,092
<b>Total</b>	<b>3,64,27,663</b>	<b>5,55,25,519</b>

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

**T T JAGANNATHAN**  
Chairman

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

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2011.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr T T Raghunathan	Executive Vice Chairman	1,15,26,227	39	59	B.Com.	01.11.2001	Managing Director TTK Tantex Limited

#### Notes :

- Gross Remuneration includes Salary, Dearness Allowance, House Rent Allowance / House Rent Paid, Bonus, Commission, Incentive, Contribution to Provident Fund, Gratuity and Superannuation Funds, LTA paid and other applicable perquisites.
- Designation denotes nature of duties.
- Term of employment is contractual.
- Mr T T Raghunathan is related to Mr T T Jagannathan, Chairman of the Company.

For and on behalf of the Board

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

**T T JAGANNATHAN**  
Chairman

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



## Report on Corporate Governance

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

In line with the tradition of the TTK Group, the Board of Directors of TTK Healthcare Limited view their role as trustees of the various stakeholders and the society at large and it is their endeavour to observe the best corporate governance practices which *inter alia* include transparency, accountability and fairness in all dealings and pursuing a policy of appropriate disclosures and communication.

### BOARD OF DIRECTORS:

The Board consists of 9 Directors. The composition of the Board conforms to Clause 49 of the Listing Agreement, as per the details given below:

Name of Director	Category	Position
Mr T T Jagannathan	Promoter / Non-Executive	Chairman
Mr T T Raghunathan	Promoter / Executive	Executive Vice Chairman
Mr R K Tulshan	Non-Promoter / Non-Executive / Independent	Director
Dr K R Srimurthy	Non-Promoter / Non-Executive / Independent	Director
Mr B N Bhagwat	Non-Promoter / Non-Executive / Independent	Director
Mr J Srinivasan	Non-Promoter / Non-Executive / Independent	Director
Mr R Srinivasan	Non-Promoter / Non-Executive / Independent	Director
Mr K Vaidyanathan	Non-Promoter / Executive	Executive Director
Mr K Shankaran	Non-Promoter / Non-Executive	Director

Mr T T Jagannathan is the brother of Mr T T Raghunathan.

### BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS:

The Board of the Company met four times during the financial year ended 31<sup>st</sup> March, 2011, on the following dates:

- 20<sup>th</sup> May, 2010
- 28<sup>th</sup> July, 2010
- 3<sup>rd</sup> November, 2010
- 2<sup>nd</sup> February, 2011

The Company placed before the Board the Annual Plans and Budget, Performance of the various Divisions, Unaudited Quarterly Financial Results, Audited Annual Financial Results and various other information as specified under Annexure 1A of the Listing Agreement, from time to time.

### The attendance particulars at the Board Meetings & the Annual General Meeting and the details of Other Directorships and Committee Member / Chairmanships held are as follows:

Name of the Director	Attendance Particulars		No. of Other Directorships & Committee Member/Chairmanships		
	Board Meetings	Last AGM (28.07.10)	Other Directorships	Committee Memberships	Committee Chairmanships
Mr T T Jagannathan	4	Yes	6 <sup>\$</sup>	-	-
Mr T T Raghunathan	3	Yes	4	-	-
Mr R K Tulshan	3	Yes	1	-	-
Dr K R Srimurthy	4	Yes	-	-	-
Mr B N Bhagwat	3	No	-	-	-
Mr J Srinivasan	4	Yes	2	-	1
Mr R Srinivasan	2	No	11	6	3
Mr K Vaidyanathan	3	Yes	-	-	-
Mr K Shankaran	4	Yes	3 <sup>\$</sup>	1	-

Other Directorships do not include Private Companies.

<sup>\$</sup> Includes Directorship of one Overseas Entity.

None of the Directors is a member of more than 10 Board-level Committees of Public Companies or is a Chairman of more than 5 such Committees.

### AUDIT COMMITTEE:

The Audit Committee comprises of Mr R K Tulshan as Chairman and Mr B N Bhagwat, Dr K R Srimurthy and Mr K Shankaran as Members of the Committee. Mr S Kalyanaraman, Company Secretary is the Secretary of the Audit Committee.

Terms of reference of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management-
  - the annual financial statement before submission to the Board for approval with particular reference to:
    - the matters required to be included in the Directors' Responsibility Statement;
    - changes, if any, in the accounting policies and practices and reasons for the same;
    - major accounting entries involving estimates based on the exercise of judgement by management;
    - significant adjustments made in the financial statements arising out of audit findings;
    - compliance with listing and other legal requirements relating to financial statements;
    - disclosure of any related party transactions; and
    - qualifications in the draft audit report;

## Report on Corporate Governance (Contd.)

- (ii) the quarterly financial statements before submission to the Board for approval;
- (iii) the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- (iv) performance of statutory and internal auditors and adequacy of the internal control systems;

• Reviewing-

- (i) the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (ii) the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

• Discussion with-

- (i) Internal Auditors on any significant findings and follow up there on.
- (ii) Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met four times during the year under review, on the following dates:

- 20<sup>th</sup> May, 2010
- 27<sup>th</sup> July, 2010
- 3<sup>rd</sup> November, 2010
- 2<sup>nd</sup> February, 2011

All the above meetings were attended by all the Members of the Committee except Mr B N Bhagwat and Mr R K Tulshan who did not attend the Audit Committee Meeting held on 27th July, 2010 and 2nd February, 2011, respectively.

The Audit Committee Meetings were also attended by the Statutory / Cost / Internal Auditors, wherever necessary.

### SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders / Investors Grievance Committee comprises of Mr K Shankaran as Chairman, Mr R K Tulshan and Mr K Vaidyanathan as Members and Mr S Kalyanaraman as Secretary and Compliance Officer.

The scope of the Committee is to look into the Shareholders / Investors Complaints / Grievances relating to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, issue of Duplicate Share Certificates

and the performance of the Registrars and Share Transfer Agents. In addition, the Board shall also from time to time provide requisite guidelines / scope of work for the Grievance Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The Committee met twice during the year under review – on 27th July, 2010 and 2nd February, 2011 and reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

Both the above meetings were attended by all the members of the Grievance Committee.

The following table shows the nature of complaints received from Shareholders during the year:

Nature of Complaints	2010-11
Non-receipt of Dividends	8
Non-receipt of Shares sent for transfer/transmission	1
Non-receipt of Balance Sheet	-
Others	-
Total	9

All the complaints were resolved satisfactorily and there has been no pending complaint as on 31<sup>st</sup> March, 2011.

### DIRECTORS' REMUNERATION:

The details of remuneration paid to the Wholtime Directors for the year 2010-11 are as follows:

Name & Designation	Salary	HRA, Incentive & Other Allowances	Contribution to PF & Other Funds	Commission	Total	Tenure of Appointment
	Rs.	Rs.	Rs.	Rs.	Rs.	
Mr T T Raghunathan Executive Vice Chairman	18,00,000	62,85,179	5,16,060	29,24,988	1,15,26,227	5 years from 1 <sup>st</sup> November, 2006.
Mr K Vaidyanathan Executive Director	18,00,000	15,67,518	-	-	33,67,518	2 years from 1 <sup>st</sup> July, 2009.

The managerial remuneration paid to the Wholtime Directors of the Company is in line with the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956.

The Company currently does not have Stock Options Scheme.

The Company paid Sitting Fees of Rs.5,000/- per meeting attended (Both Board Meetings & Committee Meetings) to each of the Non-Executive Directors during the year 2010-11. No other payment is made to the Non-Executive Directors.

The details of the shares held by the Non-Executive Directors in the Company are furnished below:

- (1) Mr T T Jagannathan - 7,30,048 Equity Shares
- (2) Mr R K Tulshan - 220 Equity Shares
- (3) Mr K Shankaran - 247 Equity Shares

## Report on Corporate Governance (Contd.)

### PARTICULARS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT:

#### (a) Dr K R Srimurthy

Dr K R Srimurthy retires by rotation and is eligible for re-appointment. Dr Srimurthy is an M.B.B.S. and F.R.C.S., (Lond.) and has vast experience in the field of Medicine and is a renowned Paediatric Surgeon. He was inducted into the Board of your Company in the year 1989. He does not hold any other Directorship. He is a member of the Audit Committee and the Remuneration Committee. He does not hold any shares in the Company.

#### (b) Mr B N Bhagwat

Mr B N Bhagwat retires by rotation and is eligible for re-appointment. Mr Bhagwat held various positions in Government and has vast experience both in Government and Industry. Mr Bhagwat was earlier on the Board of the erstwhile TTK Biomed Limited, which merged with your Company. He was inducted into the Board of your Company in the year 2000. He does not hold any other Directorship. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He does not hold any shares in the Company.

#### (c) Mr K Shankaran

Mr K Shankaran retires by rotation and is eligible for re-appointment. Mr Shankaran is a qualified Cost & Management Accountant and Company Secretary. He was inducted into the Board of your Company in the year 2000. He is also a Director on the Board of the following Companies:

- TTK Prestige Limited
- Prestige Housewares India Limited
- Mantra, Inc.
- TTK Services (P) Ltd.
- TTK Healthcare Services TPA (P) Ltd.

He is a member of the Audit Committee, Remuneration Committee and the Chairman of the Shareholders/ Investors Grievance Committee. He holds 247 Equity Shares in the Company.

#### (d) Mr T T Raghunathan

Mr T T Raghunathan is a Commerce Graduate. He is also the Vice Chairman of the TTK Group of Companies. He has nearly four decades of industrial experience. He has been on the Board of your Company from the year 1998 and was appointed as Executive Vice Chairman, with effect from 1st November, 2001.

He is also a Director on the Board of the following Companies:

- M/s TTK Tantex Limited, *Managing Director*
- M/s TTK Prestige Limited
- M/s TTK-LIG Limited
- M/s SSL- TTK Limited
- M/s TTK Healthcare TPA (P) Ltd.
- M/s TTK Services Private Limited

He holds 9,547 Equity Shares in the Company.

#### (e) Mr K Vaidyanathan

Mr K Vaidyanathan is a Post-graduate in Commerce and a Fellow of The Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management. Mr Vaidyanathan has over four decades of experience (out of which, more than two

decades at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc. He worked for a number of reputed Companies like Unilever, Tata Motors, Modi Rubber, Birlas, Essar/Swiss Telecom & Samsons Group.

He has been on the Board of your Company from the year 2002 and was appointed as Executive Director, with effect from 1st July, 2009. He does not hold any other Directorship.

He is a member of the Shareholders/ Investors Grievance Committee.

He does not hold any shares in the Company.

### CODE OF CONDUCT:

The Board of Directors at their meeting held on 9th December, 2005 discussed and approved a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The said Code of Conduct has also been posted on the website of the Company at [www.ttkhealthcare.com](http://www.ttkhealthcare.com).

A report on the compliance aspect of the Code of Conduct given by the Executive Vice Chairman has been given at Page No.19 of this Annual Report.

### GENERAL BODY MEETINGS:

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Year	Date	Time	Venue	No. of Special Resolutions passed
2008	27 <sup>th</sup> August, 2008	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	-
2009	27 <sup>th</sup> August, 2009	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	3
2010	28 <sup>th</sup> July, 2010	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	-

No Resolution was put through Postal Ballot during the year 2010-11.

### SUBSIDIARY COMPANY

The Company does not have any Subsidiary Company.

### DISCLOSURES:

#### • Related Party Disclosure:

During the year under review, no transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.

The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out on Page No.37 of this Annual Report.

#### • Compliances by the Company

There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years and hence no penalties or strictures were imposed by SEBI, the Stock Exchanges or any statutory authorities.



## Report on Corporate Governance (Contd.)

### • Accounting Treatment

In the preparation of financial statements, generally accepted accounting principles and policies were followed. The Mandatory Accounting Standards announced by the Institute of Chartered Accountants of India were followed in the preparation of financial statements.

### • Board Disclosure – Risk Management

Risk assessment and its minimization procedures have been laid down by the Company and presented to the Board.

These procedures are periodically reviewed to ensure that the Executive Management control risks through means of a properly defined framework.

### • Proceeds from Preferential Issue:

Out of the proceeds of the Preferential Issue amounting to Rs.10.95 crores. a sum Rs.4.12 crores was utilized for acquiring the Orthopaedic Implants Business and the balance amount of Rs.6.83 crores was utilized for the Foods Project.

### • Compliance of Mandatory / Non-Mandatory Requirements

#### (i) Mandatory Requirements

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated under Clause 49 of the Listing Agreement with the Stock Exchanges.

#### (ii) Non-Mandatory Requirements

The details are furnished under the heading "Non-Mandatory Requirements" on Page No.18 of this Annual Report.

### MEANS OF COMMUNICATION:

- The Unaudited Financial Results (Provisional) for every Quarter and the Annual Audited Financial Results of the Company, in the prescribed proforma, are taken on record by the Board and are submitted to the Stock Exchanges. The same are published, within 48 hours, in "Business Standard" and "Makkal Kural".
- The Quarterly / Annual Results are also put on the Company's website at [www.ttkhealthcare.com](http://www.ttkhealthcare.com).
- Management Discussion & Analysis Report forms part of this Annual Report.

### GENERAL SHAREHOLDERS INFORMATION:

#### a) Date, Time and Venue of the Annual General Meeting:

Date - 27<sup>th</sup> July, 2011  
 Day - Wednesday  
 Time - 11.00 a.m.  
 Venue - Narada Gana Sabha (Mini Hall), New No.314 (Old No. 254), T.T.K. Road, Alwarpet, Chennai 600018.

#### b) Particulars of Financial Calendar:

Financial Year April – March  
 Unaudited First Quarter Results By 15<sup>th</sup> August  
 Unaudited Second Quarter Results By 15<sup>th</sup> November  
 Unaudited Third Quarter Results By 15<sup>th</sup> February  
 Audited Annual Results End May

#### c) Date of Book Closure - 19<sup>th</sup> July, 2011 to 27<sup>th</sup> July, 2011 (Both Days Inclusive)

#### d) Dividend Payment Date - On or before 26<sup>th</sup> August, 2011

### e) Listing on Stock Exchanges:

Your Company's shares are listed with –

- Madras Stock Exchange Limited (MSE), Chennai (Regional Stock Exchange)
- Bombay Stock Exchange Limited (BSE), Mumbai

### f) Stock Code : MSE - TTKHEALTH BSE - 507747

### g) Demat Arrangement with NSDL and CDSL Demat ISIN - INE910C01018

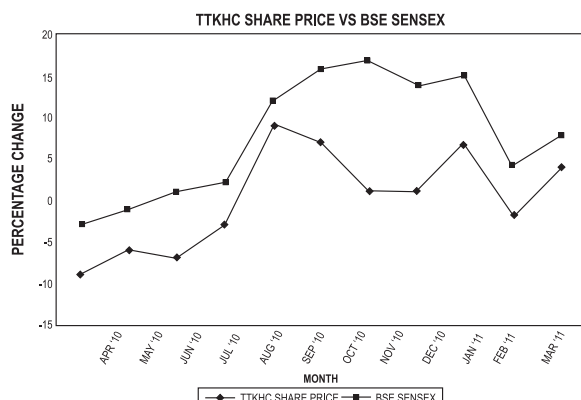
### h) Stock Price Data :

MONTH	BSE (2010- 11)			BSE (2009- 10)		
	High	Low	Volume	High	Low	Volume
April	435.40	255.20	8,47,841	108.00	95.00	2,35,514
May	398.00	338.00	32,508	114.00	100.00	23,748
June	411.40	335.00	29,453	115.00	104.80	29,252
July	407.00	340.05	42,434	140.25	109.00	1,23,009
August	423.30	367.10	30,628	199.00	121.25	2,16,227
September	472.80	378.00	2,15,610	206.95	174.00	4,07,067
October	465.00	405.00	1,21,019	222.95	190.10	1,70,359
November	439.00	310.00	63,743	230.00	196.00	29,755
December	441.75	321.20	4,28,957	274.65	223.00	30,974
January	466.00	342.00	10,61,418	304.00	263.05	67,155
February	427.00	330.00	1,62,669	295.00	265.00	18,541
March	451.00	362.10	11,75,897	300.00	247.60	26,607

### i) Stock Performance Vs BSE Sensex:

Month	TTK Share Price		BSE Sensex	
	(High)	% Change	(High)	% Change
April 2010	435.40	-	18047.86	-
May 2010	398.00	-9%	17536.86	-3%
June 2010	411.40	-6%	17919.62	-1%
July 2010	407.00	-7%	18237.56	1%
August 2010	423.30	-3%	18475.27	2%
September 2010	472.80	9%	20267.98	12%
October 2010	465.00	7%	20854.55	16%
November 2010	439.00	1%	21108.64	17%
December 2010	441.75	1%	20552.03	14%
January 2011	466.00	7%	20664.80	15%
February 2011	427.00	-2%	18690.97	4%
March 2011	451.00	4%	19575.16	8%

## Report on Corporate Governance (Contd.)



**j) Registrars & Share Transfer Agents :** M/s Data Software Research Co. Pvt. Ltd.  
Shree Sovereign Complex,  
No.22, 4<sup>th</sup> Cross Street, Trustpuram,  
Kodambakkam, Chennai 600 024.  
Tel : (91) (44) 24833738 / (91) (44) 24834487  
Fax: (91) (44) 24834636

### k) Share Transfer System:

- In Compliance of SEBI requirement, Share Transfers are entertained, both under Demat Form and Physical Form.
- Share Transfers in respect of physical shares are normally effected within a maximum of 30 days from the date of receipt, if all the required documentation is complete in all respects.
- Also the Company has made arrangements for simultaneous dematerialization of Share Certificate(s) lodged for transfer, subject to the regulations specified by SEBI in this regard.
- As at 31<sup>st</sup> March, 2011, no Equity Shares were pending for transfer.

### l) Distribution of Shareholding as on 31<sup>st</sup> March, 2011:

Shareholding of Nominal Value of Rs.	Number of Shareholders		% to Total Number of Shareholders		Share Amount		% to Total Share Amount	
	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode
Rs.					Rs.	Rs.		
1	2	3	4	5	6	7	8	9
Upto 5000	6,797	6,285	50.34	46.55	46,42,010	59,74,730	5.98	7.69
5001-10000	24	176	0.18	1.30	1,70,670	12,893,20	0.22	1.66
10001-20000	21	73	0.16	0.54	2,69,840	10,07,040	0.35	1.30
20001-30000	8	28	0.06	0.21	1,88,400	6,86,650	0.24	0.88
30001-40000	1	15	0.01	0.11	33,600	5,21,310	0.04	0.67
40001-50000	1	12	0.01	0.09	48,000	5,59,070	0.06	0.72
50001-100000	3	19	0.02	0.14	2,43,000	14,05,320	0.31	1.81
100001 & Above	5	33	0.04	0.24	12,44,000	5,93,76,870	1.60	76.46
<b>Total</b>	<b>6,860</b>	<b>6,641</b>	<b>50.81</b>	<b>49.19</b>	<b>68,39,520</b>	<b>7,08,20,310</b>	<b>8.81</b>	<b>91.19</b>
<b>Grand Total</b>	<b>13,501</b>		<b>100.00</b>		<b>7,76,59,830</b>		<b>100.00</b>	

### m) Categories of Equity Shareholders as on 31<sup>st</sup> March, 2011:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	% to Total No. of Shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
<b>(1)</b>	<b>Indian</b>			
(a)	Individuals / Hindu Undivided Family	13	9,26,835	11.93
(b)	Central Government / State Government(s)	-	-	-
(c)	Bodies Corporate	2	10,080	0.13
(d)	Financial Institutions / Banks	-	-	-
(e)	Any Other [Partnership Firm]	1	41,44,085	53.36
	<b>Sub-Total (A)(1)</b>	<b>16</b>	<b>50,81,000</b>	<b>65.43</b>
<b>(2)</b>	<b>Foreign</b>			
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-
(b)	Bodies Corporate	-	-	-
(c)	Institutions	-	-	-
(d)	Any Other (specify)	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>16</b>	<b>50,81,000</b>	<b>65.43</b>
<b>(B)</b>	<b>Public Shareholding</b>			
<b>(1)</b>	<b>Institutions</b>			
(a)	Mutual Funds / UTI	6	6,172	0.08
(b)	Financial Institutions / Banks	6	716	0.01
(c)	Central Government / State Government(s)	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	-	-	-
(f)	Foreign Institutional Investors	3	960	0.01
(g)	Foreign Venture Capital Investors	-	-	-
(h)	Any Other (specify)	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>15</b>	<b>7,848</b>	<b>0.10</b>
<b>(2)</b>	<b>Non-Institutions</b>			
(a)	Bodies Corporate	335	3,88,918	5.01
(b)	Individuals -			
(i)	<b>Individual Shareholders holding nominal share capital up to Rs.1 lakh</b>			
	Resident Indians	13,012	14,91,286	19.20
	Non-Resident Indians	93	32,419	0.42
	<b>Total</b>	<b>13,105</b>	<b>15,23,705</b>	<b>19.62</b>
(ii)	<b>Individual Shareholders holding nominal share capital in excess of Rs.1 lakh</b>			
	Resident Indians	25	7,64,045	9.84
	Non-Resident Indians	-	-	-
	<b>Total</b>	<b>25</b>	<b>7,64,045</b>	<b>9.84</b>
(c)	<b>Any Other</b> [Represents the Shareholdings of the Independent / Professional Directors who are not in control of the Company]	5	467	0.01
	<b>Sub-Total (B)(2)</b>	<b>13,470</b>	<b>26,77,135</b>	<b>34.47</b>
	<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>13,485</b>	<b>26,84,983</b>	<b>34.57</b>
	<b>GRAND TOTAL (A)+(B)</b>	<b>13,501</b>	<b>77,65,983</b>	<b>100.00</b>

## Report on Corporate Governance (Contd.)

**Note:**

Indian Promoters include M/s T T Krishnamachari & Co., represented by its Partners and constituents of TTK Group. The constituents of TTK Group include T T Krishnamachari & Co., TTK Prestige Limited, TTK Tantex Limited and Partners & Relatives of the Partners of M/s T T Krishnamachari & Co.

**n) Dematerialisation of Shares and Liquidity as on 31<sup>st</sup> March, 2011:**

	No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	6,860	6,83,952	8.81
No. of Shareholders in Electronic Mode	6,641	70,82,031	91.19
<b>Total</b>	<b>13,501</b>	<b>77,65,983</b>	<b>100.00</b>

Days taken for Dematerialisation	No. of Requests	No. of Shares	% of Shares
15 days	369	46,030	0.59

Particulars	National Securities Depository Limited (NSDL)		Central Depository Services (I) Limited (CDSL)	
	2010-11	2009-10	2010-11	2009-10
Number of Shares Dematerialized	36538	30782	9492	6012
Number of Shares Rematerialized	-	25	1	-

- o) Outstanding GDRs/ ADRs/ Warrants or any convertible Instruments** : The Company has not issued any GDRs / ADRs / Warrants & Convertible Instruments.

- p) Plant Locations** : 5, Old Trunk Road, Pallavaram, Chennai 600 043, Tamil Nadu.
- No.290, SIDCO Industrial Estate, Ambattur Chennai 600 098, Tamil Nadu
- 2-B, Hosakote Industrial Area, 8th Kilometre, Hosakote Chinthamani Road, Hosakote Taluk Bengaluru 562 114, Karnataka
- Site No.A28, KINFRA International Apparel Parks Ltd., St. Xavier's College P.O., Thumba, Thiruvananthapuram 695 586, Kerala

**Publications Division:**

Plot No.13, 1<sup>st</sup> Avenue, Mahindra World City Natham Sub Post, Chengalpet Taluk Kanchipuram 603 002, Tamil Nadu.

- q) Registered Office** : 6, Cathedral Road, Chennai 600 086  
Tel: 044-28116106 to 28116110,  
Fax: 044-24671023
- r) Administrative Office & Investor Correspondence Address** : Secretarial Department  
No.6, Cathedral Road, Chennai 600 086  
Tel: 044-28116106 to 28116110  
Fax: 044-28114307  
E-mail: investorcare@ttkhealthcare.com

**s) Other constituents of the TTK Group within the meaning of "Group" under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include:**

- T T Krishnamachari & Co., and its Partners & Relatives of the Partners
- TTK Prestige Limited
- TTK-LIG Limited
- TTK Healthcare TPA (P) Limited
- TTK Services (P) Limited
- TTK Tantex Limited
- SSL-TTK Limited
- Cables & Wireless Networks India (P) Limited
- Packwell Packaging Products Limited
- Prestige Housewares India Limited
- Pharma Research & Analytical Laboratories
- Peenya Packaging Products
- Mantra Inc.

**CEO / CFO CERTIFICATION:**

As required under Clause 49 (Corporate Governance) of the Listing Agreement, the Executive Vice Chairman and Vice President – Finance have furnished necessary Certificate to the Board of Directors with respect to Financial Statements and Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011.

**NON-MANDATORY REQUIREMENTS:**

**(a) Chairman's Office (Non-Executive):**

No reimbursement of expenses is made to the Non-Executive Chairman in connection with the maintenance of his office.

**(b) Remuneration Committee:**

The Remuneration Committee comprises of Mr B N Bhagwat as Chairman and Mr R K Tulshan, Dr K R Srimurthy & Mr K Shankaran as Members. Mr S Kalyanaraman, Company Secretary is the Secretary of this Committee.

The scope of the Remuneration Committee *inter alia* includes the determination on behalf of the Board / Shareholders, with agreed terms of reference, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

The Board shall from time to time provide requisite guidelines / scope of work for the Remuneration Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

During the year under review, no meeting of the Committee was held.



## Report on Corporate Governance (Contd.)

### (c) Half-yearly Communication to Shareholders:

The Company does not mail the Unaudited Half-yearly Financial Results individually to its shareholders. However, these are published in "Business Standard" and "Makkal Kural" and are also posted on the website of the Company at [www.ttkhealthcare.com](http://www.ttkhealthcare.com)

### (e) Whistle Blower Policy:

The Company does not have a formal Whistle Blower Policy. However, access to Audit Committee is made available to every employee. The other non-mandatory requirements have not been adopted at present.

### (d) Audit Qualifications:

There were no audit qualifications in the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2011.

### DECLARATION ON CODE OF CONDUCT

As required by Clause 49 (ID) of the Listing Agreement, it is hereby declared that all the Board Members and Senior Management personnel have affirmed their compliance with the Code of Conduct of the Company. It is also confirmed that the Code of Conduct has already been posted on the website of the Company.

Place : Chennai

Date : 16<sup>th</sup> May, 2011

**T T RAGHUNATHAN**  
*Executive Vice Chairman*

### Auditors' Certificate on Compliance of Conditions of Corporate Governance under Clause 49 of the Listing Agreement TO THE MEMBERS OF TTK HEALTHCARE LIMITED

We have examined the compliance of conditions of Corporate Governance by TTK Healthcare Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2011, no investor grievances are pending against the Company exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

M/s AIYAR & CO.,  
Chartered Accountants  
Regn.No.000063S

M/s.S.VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

N SRIDHARAN  
Proprietor  
Membership No.20503

C N SRINIVASAN  
Partner  
Membership No.18205

## Auditors' Report

### AUDITORS' REPORT TO THE MEMBERS OF TTK HEALTHCARE LIMITED

1. We have audited the attached Balance Sheet of TTK Healthcare Limited as at 31st March, 2011 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;

- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give, in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

M/s AIYAR & CO.,  
Chartered Accountants  
Regn.No.000063S

N SRIDHARAN  
Proprietor  
Membership No.20503

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

M/s.S.VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

C N SRINIVASAN  
Partner  
Membership No.18205

### Annexure to Auditors' Report (Referred to in Paragraph 3 of the Auditors' Report of even date to the Members of TTK Healthcare Limited on the Financial Statements for the year ended 31st March, 2011)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the Management at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the inventories (excluding stocks with third parties and materials in-transit) have been physically verified during the year by the Management. In respect of inventories lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks have been properly dealt with in the books of accounts and were not material.
- (iii) The Company has neither granted nor taken any loans to / from any party covered in the Register maintained under Sec.301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The provisions of Section 58 AA are not attracted, as there has been no default.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 have been made and maintained. However,

## Auditors' Report (Contd.)

we are not required to and have not carried out any detailed examination of such records.

(ix) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Wealth Tax, Fringe Benefit Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Fringe Benefit Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the following are the particulars of disputed dues on account of Income Tax, Sales Tax, Excise Duty and Service Tax as at 31st March, 2011:

Name of the Statute	Nature of the Dues	Amount under Dispute not yet deposited (Rs in lakhs)	Periods to which the amounts relate	Forum where the dispute is pending
Central Sales Tax Act and Local Sales Tax Acts	Sales Tax with Interest and Penalty, as applicable	340.11	1986-87, 1991-92, 1995-96, 1997-98 to 2009-10	Before various Authorities - Upto the Commissioner's Level
The Central Excise Act, 1944	Excise Duty with Interest and Penalty, as applicable	124.40	1988-89 to 2007-08	The Customs, Excise and Service Tax Appellate Tribunal
		0.74	1994-95 & 1995-96	The Deputy Commissioner of Central Excise, Aurangabad
		0.60	2002-03, 2004-05 to 2006-07	The Commissioner of Central Excise (Appeals), Chennai
Finance Act	Service Tax	2.29	2005-06 to 2007-08	The Commissioner of Central Excise (Appeals), Bengaluru & CESTAT, Bengaluru
Finance Act	Service Tax	10.28	1997-98 to 1999-2000	Hon'ble High Court Chennai
Income Tax Act, 1961	Income Tax	867.00	2007-08 & 2008-09	The Commissioner of Income Tax (Appeals), Chennai

- (x) The Company does not have any accumulated losses as at 31st March, 2011 and has not incurred cash losses during the financial year covered by our Audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders as at the Balance Sheet date.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) During the year, no term loans have been availed by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- (xviii) According to the information and explanations given to us, the Company has no outstanding debentures at the end of the year.
- (xix) During the period covered by our Audit Report, the Company has not raised money by public issues.
- (xx) The Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

M/s AIYAR & CO.,  
Chartered Accountants  
Regn.No.000063S

N SRIDHARAN  
Proprietor  
Membership No.20503

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

M/s.S.VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

C N SRINIVASAN  
Partner  
Membership No.18205



# Balance Sheet

as at 31st March, 2011

Particulars	Sch. No.	As at 31.3.2011		As at 31.3.2010	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1		7,76,59,830		7,76,59,830
b) Reserves & Surplus	2		67,96,88,079		56,90,74,005
<b>2. Loan Funds</b>					
a) Secured Loans	3A	12,40,83,176		6,27,80,244	
b) Unsecured Loans	3B	-	12,40,83,176	8,00,15,000	14,27,95,244
Total			88,14,31,085		78,95,29,079
<b>II. APPLICATION OF FUNDS :</b>					
<b>1. Fixed Assets</b>					
Gross Block	4	55,72,30,023		45,89,27,320	
Less : Depreciation		23,10,82,586		21,89,16,018	
		32,61,47,437		24,00,11,302	
Add : Capital Work-In-Progress		4,77,53,518		6,31,97,828	
Net Block			37,39,00,955		30,32,09,130
<b>2. Investments</b>					
	5		6,83,60,000		8,15,37,000
<b>3. Deferred Tax</b>					
Deferred Tax Asset		54,50,518		69,44,008	
Deferred Tax Liability		(2,65,71,488)	(2,11,20,970)	(2,68,39,978)	(1,98,95,970)
<b>4. Current Assets, Loans &amp; Advances:</b>					
a) Inventories	6	26,82,90,375		22,82,58,544	
b) Sundry Debtors	7	32,48,31,362		22,49,51,483	
c) Cash & Bank Balances	8	60,80,75,608		49,33,81,832	
d) Loans & Advances	9	28,53,96,308		21,27,45,370	
		148,65,93,653		115,93,37,229	
<b>Less : Current Liabilities &amp; Provisions :</b>					
a) Current Liabilities	10	75,16,26,152		53,73,89,832	
b) Provisions	10A	27,46,76,401		19,72,68,478	
		102,63,02,553		73,46,58,310	
Net Current Assets			46,02,91,100		42,46,78,919
<b>5. Miscellaneous Expenditure</b>					
(To the extent not written off or adjusted)			-		-
Total			88,14,31,085		78,95,29,079
Significant Accounting Policies	Page No. 39				
Notes on Accounts	Page No. 32 to 39				
Note : Schedules referred to above and the Notes attached form an integral part of the Balance Sheet.					
Annexure to our Report of date		T T Jagannathan, Chairman			
For M/s. AIYAR & CO.		T T Raghunathan, Executive Vice Chairman			
Chartered Accountants		R K Tulshan, Director			
Regn.No.000063S		Dr K R Srimurthy, Director			
N. SRIDHARAN		B N Bhagwat, Director			
Proprietor		J Srinivasan, Director			
Membership No. 20503		K Vaidyanathan, Executive Director			
Place : Chennai		K Shankaran, Director			
Date : 24 <sup>th</sup> May, 2011		S Kalyanaraman, Company Secretary			
		B V K Durga Prasad, Vice President - Finance			

## Profit and Loss Account

for the year ended 31st March, 2011

Particulars	Sch No.	2010-11			2009-10		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>INCOME :</b>							
Sales	11	310,30,19,275			252,42,90,840		
Less: Excise Duty relating to Sales		<u>2,49,497</u>			<u>22,97,930</u>		
			310,27,69,778			252,19,92,910	
Other Income	12		<u>5,05,59,680</u>			<u>3,76,90,221</u>	
				315,33,29,458			255,96,83,131
<b>EXPENDITURE :</b>							
Goods Consumption & Excise Duty	13		1,62,56,76,493			134,38,05,788	
Expenses	14		1,28,64,95,875			104,26,74,071	
Depreciation		2,02,14,737			1,86,82,726		
Less: Transfer from Revaluation Reserve		<u>5,02,204</u>	<u>1,97,12,533</u>	293,18,84,901	<u>5,02,410</u>	<u>1,81,80,316</u>	240,46,60,175
<b>Profit Before Tax</b>				22,14,44,557			15,50,22,956
Less : Provision for Tax							
Current Tax			7,30,00,000			5,35,00,000	
Deferred Tax			<u>12,25,000</u>	<u>7,42,25,000</u>		<u>1,02,48,722</u>	<u>6,37,48,722</u>
<b>Profit After Tax</b>				14,72,19,557			9,12,74,234
Balance brought forward from previous year				17,22,53,017			12,27,79,125
<b>Amount available for appropriation</b>				31,94,72,574			21,40,53,359
<b>Appropriations:</b>							
Proposed Dividend				3,10,63,932			2,71,80,941
Provision for Tax on Dividend				50,39,347			46,19,401
Transferred to General Reserve				1,50,00,000			1,00,00,000
Balance transferred to Balance Sheet				26,83,69,295			17,22,53,017
				<u>31,94,72,574</u>			<u>21,40,53,359</u>
Basic & Diluted Earnings Per Share (EPS) (Face Value : Rs. 10 per share)				18.96			11.68
Significant Accounting Policies	Page No.39						
Notes on Accounts	Page No. 32 to 39						
<p>Note: Schedules referred to above and the Notes attached form an integral part of the Profit &amp; Loss Account Annexure to our Report of date</p> <div> <div> For M/s. AIYAR &amp; CO. Chartered Accountants Regn.No.000063S  N. SRIDHARAN Proprietor Membership No. 20503  Place : Chennai Date : 24<sup>th</sup> May, 2011 </div> <div> For M/s. S VISWANATHAN Chartered Accountants Regn.No.004770S  C N SRINIVASAN Partner Membership No. 18205 </div> <div> T T Jagannathan, Chairman T T Raghunathan, Executive Vice Chairman R K Tulshan, Director Dr K R Srimurthy, Director B N Bhagwat, Director J Srinivasan, Director K Vaidyanathan, Executive Director K Shankaran, Director S Kalyanaraman, Company Secretary B V K Durga Prasad, Vice President - Finance </div> </div>							

**Cash Flow Statement**

for the year ended 31st March, 2011

(Rs.in lakhs)

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax		<b>2214.44</b>		1,550.23
Adjustments for:				
Depreciation	<b>197.13</b>		181.80	
(Profit) / Loss on Sale of Assets	<b>4.85</b>		(4.58)	
(Profit) / on Sale of Investments	<b>(92.65)</b>			
Provision for diminution in value of Investment	<b>29.77</b>			
Interest Paid	<b>172.22</b>		174.40	
Dividend Received	<b>(5.11)</b>	<b>306.21</b>	<b>(0.77)</b>	<b>350.85</b>
Operating Profit before Working Capital Changes:		<b>2,520.65</b>		1,901.08
Trade and Other Receivables	<b>(933.32)</b>		(29.58)	
Inventories	<b>(400.32)</b>		(293.68)	
Trade Payables	<b>2,142.36</b>	<b>808.72</b>	<b>784.79</b>	<b>461.53</b>
Cash generated from operations		<b>3,329.37</b>		2,362.61
Direct Taxes Paid		<b>(791.98)</b>		<b>(459.80)</b>
Cash Flow before Extraordinary Item(s)		<b>2,537.39</b>		1,902.81
Extraordinary Item(s)		<b>—</b>		<b>—</b>
Net Cash from Operating Activities		<b>2,537.39</b>		1,902.81
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>				
Purchase of Fixed Assets	<b>(923.55)</b>		(1,128.24)	
Sale of Fixed Assets	<b>9.63</b>		12.11	
Provision for diminution in value of Investment	<b>(29.77)</b>		—	
Interest/ Dividend Received	<b>5.11</b>		0.77	
Investments in Bonds / Sale of Investments	<b>224.42</b>	<b>(714.16)</b>	<b>—</b>	<b>(1,115.36)</b>



**Cash Flow Statement (Contd.)**

for the year ended 31st March, 2011

(Rs.in lakhs)

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Reduction due to Buy-back in -				
Share Capital	-		(32.15)	
Securities Premium	-		(309.49)	
Bank Borrowings - Short Term	(187.12)		(82.35)	
Public Deposits / Other Loans	-		(5.50)	
Interest Paid	(172.22)		(174.40)	
Dividend Paid	(316.95)		(274.20)	
Net Cash used in Financing Activities		(676.29)		(878.09)
Net Increase in Cash and Cash Equivalents		1,146.94		(90.64)
Cash and Cash Equivalents as at the beginning of the year	4,933.82		5,024.46	
Cash and Cash Equivalents as at the end of the year	6,080.76	(1,146.94)	4,933.82	90.64

## Notes:

- The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 (AS-3) issued by The Institute of Chartered Accountants of India.
- The previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

## Annexure to our Report of date

For M/s. AIYAR & CO.  
Chartered Accountants  
Regn.No.000063S

N. SRIDHARAN  
Proprietor  
Membership No. 20503

For M/s. S VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

C N SRINIVASAN  
Partner  
Membership No. 18205

T T Jagannathan, Chairman  
T T Raghunathan, Executive Vice Chairman  
R K Tulshan, Director  
Dr K R Srimurthy, Director  
B N Bhagwat, Director  
J Srinivasan, Director  
K Vaidyanathan, Executive Director  
K Shankaran, Director  
S Kalyanaraman, Company Secretary  
B V K Durga Prasad, Vice President - Finance

Place : Chennai

Date : 24<sup>th</sup> May, 2011

## Schedules

Sch.No.	As at 31.3.2011		As at 31.3.2010	
	Rs.	Rs.	Rs.	Rs.
<b>1. CAPITAL:</b>				
Authorised Capital :				
1,00,00,000 Equity Shares of Rs.10/- each		<b>10,00,00,000</b>		10,00,00,000
Issued, Subscribed and Paid-up Capital:				
77,65,983 Equity Shares of Rs.10/- each fully paid-up (of which 9,42,600 Equity Shares of Rs.10/- each were issued as fully paid-up by way of Bonus Shares through Capitalisation of Reserves, 70,295 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Chemicals Limited with this Company, 4,85,450 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TT Maps & Publications Limited with this Company, 13,45,294 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Biomed Limited with this Company, 2,35,207 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Medical Devices Limited with this Company and 15,00,000 Equity Shares of Rs.10/- each allotted to T T Krishnamachari & Co., the Promoters of the Company on Preferential basis and reduction in Capital on account of Buy-back and extinguishment of 3,44,431 Equity Shares of Rs.10/-each during 2008-09 & 2009-10).		<b>7,76,59,830</b>		8,08,74,970
Less: Reduction in Capital on account of Buy-back and extinguishment of 3,21,514 Equity Shares of Rs.10/- each		-		32,15,140
		<b>7,76,59,830</b>		<b>7,76,59,830</b>
<b>2. RESERVES AND SURPLUS :</b>				
a) Capital Reserve:				
i) Subsidy received from:				
Karnataka State Government		<b>9,99,500</b>		9,99,500
Andhra Pradesh State Financial Corporation		<b>2,53,910</b>		2,53,910
Central Subsidy		<b>15,00,000</b>		15,00,000
Maharashtra Energy Development Agency		<b>4,52,760</b>		4,52,760
ii) Capital Reserve		<b>6,49,26,337</b>		6,49,26,337
		<b>6,81,32,507</b>		6,81,32,507
b) Capital Redemption Reserve:				
Balance as per last Balance Sheet	<b>34,44,310</b>		2,29,170	
Add: Transfer from General Reserve	-		32,15,140	
		<b>34,44,310</b>		34,44,310
c) Securities Premium Account :				
Balance as per last Balance Sheet	<b>9,82,49,128</b>		12,91,98,904	
Less: Premium paid on Buy-back of Shares	-		3,09,49,776	
		<b>9,82,49,128</b>		9,82,49,128
d) Revaluation Reserve:				
Balance as per last Balance Sheet	<b>4,71,56,025</b>		4,76,58,435	
Less: Transfer to Profit & Loss Account	<b>5,02,204</b>		5,02,410	
		<b>4,66,53,821</b>		4,71,56,025
e) General Reserve :				
Balance as per last Balance Sheet	<b>17,98,39,018</b>		17,20,89,616	
Add : Transfer from Profit & Loss Account	<b>1,50,00,000</b>		1,00,00,000	
Add: Transfer from Proposed Dividend Account	-		9,64,542	
Less: Transfer to Capital Redemption Reserve	-		32,15,140	
		<b>19,48,39,018</b>		17,98,39,018
f) Balance in Profit & Loss Account		<b>26,83,69,295</b>		17,22,53,017
<b>TOTAL (a to f)</b>		<b>67,96,88,079</b>		<b>56,90,74,005</b>

## Schedules (Contd.)

Sch. No.	As at 31.3.2011	As at 31.3.2010	Sch. No.	As at 31.3.2011	As at 31.3.2010					
	Rs.	Rs.		Rs.	Rs.					
<b>3. LOANS:</b>										
A. SECURED LOANS :			B. UNSECURED LOANS :							
Working Capital Loans from Banks: (Against Hypothecation of Stocks and Book Debts)			Corporation Bank	-	8,00,00,000					
			Fixed Deposits	-	15,000					
Cash Credit	12,40,83,176	6,27,80,244	Total - B	-	8,00,15,000					
Total - A	12,40,83,176	6,27,80,244	Total - (A + B)	12,40,83,176	14,27,95,244					
<b>4. FIXED ASSETS</b>										
Description of assets	GROSS BLOCK (AT COST)				DEPRECIATION		NET BLOCK			
	As on 1-4-2010	Additions	Deletions	As on 31-3-2011	Upto 31-3-2010	Deletions	For the Year	Upto 31-3-2011	As on 31-3-2011	As on 31-3-2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	5,51,07,766	-	-	5,51,07,766	-	-	-	-	5,51,07,766	5,51,07,766
Leasehold Land	1,65,91,798	-	-	1,65,91,798	8,09,923	-	1,72,081	9,82,004	1,56,09,794	1,57,81,875
Buildings	9,78,65,310	1,28,01,135	-	11,06,66,445	2,86,33,194	-	30,80,382	3,17,13,576	7,89,52,869	6,92,32,116
Leasehold Buildings	1,18,83,965	-	-	1,18,83,965	1,05,83,707	-	4,56,097	1,10,39,804	8,44,161	13,00,258
Plant & Machinery	19,48,72,787	8,82,16,732	28,30,228	28,02,59,291	13,22,11,200	26,13,880	99,11,140	13,95,08,460	14,07,50,831	6,26,61,587
Furniture & Fittings	1,39,68,804	18,38,056	-	1,58,06,860	86,17,874	-	6,17,364	92,35,238	65,71,622	53,50,930
Patterns, Dies & Templates	2,70,06,589	8,76,283	9,92,700	2,68,90,172	1,21,05,223	2,52,233	22,69,644	1,41,22,634	1,27,67,538	1,49,01,366
Trade Marks	1,12,49,800	-	-	1,12,49,800	1,12,49,800	-	-	1,12,49,800	-	-
Vehicles	1,05,50,314	14,86,274	8,13,301	1,12,23,287	34,92,196	5,59,453	9,33,274	38,66,017	73,57,270	70,58,118
Total	43,90,97,133	10,52,18,480	46,36,229	53,96,79,384	20,77,03,117	34,25,566	1,74,39,982	22,17,17,533	31,79,61,851	23,13,94,016
LEASED ASSETS :										
Vehicles	1,98,30,187	25,81,129	48,60,677	1,75,50,639	1,12,12,901	46,22,603	27,74,755	93,65,053	81,85,586	86,17,286
Total	45,89,27,320	10,77,99,609	94,96,906	55,72,30,023	21,89,16,018	80,48,169	2,02,14,737	23,10,82,586	32,61,47,437	24,00,11,302
Add: Capital Work-in-Progress	6,31,97,828	4,75,51,468	6,29,95,778	4,77,53,518	-	-	-	-	4,77,53,518	6,31,97,828
GRAND TOTAL	52,21,25,148	15,53,51,077	7,24,92,684	60,49,83,541	21,89,16,018	80,48,169	2,02,14,737	23,10,82,586	37,39,00,955	30,32,09,130
Previous Year	41,25,67,869	11,28,24,524	32,67,245	52,21,25,148	20,27,46,171	25,12,879	1,86,82,726	21,89,16,018	30,32,09,130	20,98,21,698
Note : Depreciation for the year amounting to Rs 5,02,204/- (previous year - Rs.5,02,410/-) in respect of increased value of Fixed Assets on account of Revaluation has been directly debited to Revaluation Reserve and deducted from the total depreciation of Rs. 2,02,14,737/- for the year (previous year - Rs.1,86,82,726/-).										

## Schedules (Contd.)

Sch. No.	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.	Sch. No.	As at 31.3.2011 Rs.	As at 31.3.2010 Rs.
<b>5. INVESTMENTS :</b>			<b>8. CASH AND BANK BALANCES :</b>		
I. AT COST - TRADE			Cash on Hand	39,81,079	34,40,410
Quoted (Fully paid)			In Current Account with Scheduled Banks	11,40,03,738	8,83,27,267
a) 14,800 Equity Shares of Rs 10/- each of TTK Prestige Ltd.- Market Value Rs.2245.20 each	13,32,000	13,32,000	In Deposit Account with Scheduled Banks	48,76,29,418	39,96,03,538
b) 1000 Equity Shares of Rs.5/- each of Apollo Hospitals Enterprise Ltd.- Market Value Rs. 471.20 each	5,000	5,000	In Interest Warrant Account	17,987	18,097
			In Dividend Warrant Account	24,43,386	19,92,520
				<b>60,80,75,608</b>	<b>49,33,81,832</b>
II. AT COST - NON TRADE			<b>9. LOANS &amp; ADVANCES :</b>		
Unquoted (Fully paid)			(Considered good)		
a) 20 Unsecured Redeemable Optionally Convertible Debentures of Rs. 10,00,000/- each (Kotak Securities Limited)	-	2,02,00,000	Lease & Rent Advances	56,14,520	52,96,020
b) Kotak Indo World Infrastructure Fund (Kotak Mutual Fund)	1,00,00,000	1,00,00,000	Electricity & Other Deposits	1,22,75,019	2,35,34,259
c) 500 Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each (Citi Financial Consumer Finance India Ltd.)	-	5,00,00,000	Advance Income Tax	19,15,01,463	11,23,02,830
d) 600 Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each (Citi Corp Finance (India) Ltd.)	6,00,00,000	-	Advance Fringe Benefit Tax	3,84,75,853	3,84,75,853
	<b>7,13,37,000</b>	<b>8,15,37,000</b>	Advance for Others	3,75,29,453	3,31,36,408
				<b>28,53,96,308</b>	<b>21,27,45,370</b>
Less: Provision for Diminution in value of Investment (Kotak Indo World Infrastructure Fund)	29,77,000	-	<b>10. CURRENT LIABILITIES :</b>		
	<b>6,83,60,000</b>	<b>8,15,37,000</b>	1. Acceptances	-	34,30,617
Aggregate Book Value - Quoted	13,37,000	13,37,000	2. Sundry Creditors :		
Aggregate Book Value - Unquoted	6,70,23,000	8,02,00,000	a. Total outstanding dues of Micro Enterprises and Small Enterprises *	-	-
Aggregate Market Value - Quoted	3,37,00,160	88,72,030	b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
			for Goods	31,60,80,193	22,70,60,358
			for Expenses	32,40,04,002	22,59,52,334
			for Others	10,90,98,571	7,89,54,003
			3. Unclaimed Dividend #	24,43,386	19,92,520
				<b>75,16,26,152</b>	<b>53,73,89,832</b>
			Notes :		
			* The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts together with interest unpaid, at the year end has not been given.		
			# No amount is due to be credited to the Investor Education and Protection Fund.		
<b>6. INVENTORIES :</b> (Value as certified by the Management)			<b>10A. PROVISIONS :</b>		
Raw & Packing Materials	2,53,16,954	2,24,20,537	Balance as per last Balance Sheet	19,72,68,478	14,03,54,037
Work-in-Progress	1,65,78,818	1,01,65,012	Add : Provision for the year		
Finished Goods	22,37,92,425	19,36,94,824	Income tax	7,30,00,000	5,35,00,000
Stores & Spares	26,02,178	19,78,171	Proposed Dividend	3,10,63,932	2,71,80,941
	<b>26,82,90,375</b>	<b>22,82,58,544</b>	Tax on Dividend	50,39,347	46,19,401
				<b>30,63,71,757</b>	<b>22,56,54,379</b>
<b>7. SUNDRY DEBTORS :</b> (Considered good for which the Company holds no security other than Debtors' Personal Security)			Less : Paid during the year		
Debts outstanding for a period exceeding Six Months	13,53,807	24,42,294	Dividend	2,71,80,941	2,32,97,949
Other Debts	32,34,77,555	22,25,09,189	Tax on Dividend	45,14,415	41,23,410
	<b>32,48,31,362</b>	<b>22,49,51,483</b>	Transfer to General Reserve	-	9,64,542
				<b>27,46,76,401</b>	<b>19,72,68,478</b>



## Schedules (Contd.)

Sch. No.	Units	2010-11		2009-10	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES :					
a) Orals	Lakhs	270.635	68,88,67,080	233.465	56,70,07,887
b) Tablets	Lakhs	1,086.388	36,72,54,249	975.815	30,29,19,601
c) Injectables	Lakhs	160.306	18,49,84,423	145.273	15,59,07,034
d) Capsules	Lakhs	411.642	14,26,74,929	375.656	13,96,08,318
e) Food Products	M.T	2,197.726	9,85,12,718	2,189.063	8,92,99,419
f) Granules	M.T	656.516	13,02,62,964	466.475	9,49,83,205
g) Hospital Care Products	-	-	18,26,11,089	-	18,12,65,791
h) Footcare Products	-	-	10,69,43,474	-	8,33,70,334
i) Orthopaedic Implants	Set of 3s	301	1,38,29,532	138.000	62,70,331
j) Ointment	M.T	8.767	1,24,83,044	6.582	62,71,898
k) Cosmetics	M.T	717.400	17,68,21,484	658.640	13,82,41,405
	K.Ltrs	682.220	32,05,82,958	434.720	20,49,29,553
l) Condoms	Millions	148.220	59,12,52,773	135.860	49,32,39,430
m) Maps & Atlases	Nos	4,11,635	2,01,32,015	3,77,263	1,80,81,323
n) Others	-	-	6,58,06,543	-	4,28,95,311
			310,30,19,275		252,42,90,840
Less: Excise Duty			2,49,497		22,97,930
			310,27,69,778		252,19,92,910
12. OTHER INCOME :					
			Rs.		Rs.
a) Dividend Income			5,11,981		77,250
b) Profit on Sale of Assets			6,55,791		2,48,370
c) Profit on Sale of Debentures			92,65,000		-
d) Profit on Sale of Leased Assets			2,15,000		-
e) Interest Receipts (TDS Rs.32,88,823/- )			3,34,18,603		3,39,82,838
f) Others			64,93,305		33,81,763
			5,05,59,680		3,76,90,221

## Schedules (Contd.)

Sch. No.	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>13. GOODS CONSUMPTION :</b>				
Opening Stock of -				
Raw & Packing Materials	2,24,20,537		2,41,82,879	
Work-in-Progress	1,01,65,012		1,44,65,568	
Finished Goods	19,36,94,824		15,80,34,512	
		22,62,80,373		19,66,82,959
<i>Add:</i> Purchase of -				
Raw & Packing Materials	11,71,82,028		9,94,07,270	
Finished Goods	154,78,72,148		127,39,02,788	
Excise Duty relating to Samples & others	30,141		93,144	
		166,50,84,317		137,34,03,202
		189,13,64,690		157,00,86,161
<i>Less:</i> Closing Stock of -				
Raw & Packing Materials	2,53,16,954		2,24,20,537	
Work-in-Progress	1,65,78,818		1,01,65,012	
Finished Goods	22,37,92,425		19,36,94,824	
		26,56,88,197		22,62,80,373
Total Consumption of Goods		162,56,76,493		134,38,05,788

## Schedules (Contd.)

Sch. No.	2010-11	2009-10
	Rs.	Rs.
<b>14. EXPENSES:</b>		
Salaries, Wages & Bonus	29,89,20,549	24,63,28,161
Contribution to P.F. & Other Funds	1,96,92,860	1,69,06,330
Gratuity & Superannuation	2,10,98,267	1,78,87,822
Contribution to E.S.I.	46,66,978	29,45,506
Welfare Expenses	2,08,94,025	1,79,64,181
Power & Fuel	1,94,24,316	1,43,89,411
Repairs & Maintenance		
Repairs to Building	10,51,896	2,99,300
Repairs to Plant & Machinery	1,75,74,597	1,46,76,956
Factory / Office Upkeep	65,09,009	51,10,204
Consumable Stores	13,32,976	9,40,348
General Insurance	16,73,129	14,38,112
Rates & Taxes	12,95,714	13,15,777
Rent	1,13,33,009	98,68,012
Electricity	71,91,514	58,33,109
Printing & Stationery	1,57,45,141	1,49,22,834
Postage, Telephones & Telegrams	2,14,69,450	1,98,35,091
Interest	1,72,22,335	1,74,40,156
Carriage Outwards	10,12,72,436	8,29,63,717
Transit Insurance	22,62,638	18,82,178
Advertisement & Sales Promotion	41,49,77,332	30,45,39,216
Travelling & Conveyance	15,69,93,218	13,84,09,255
Audit & Other Fees		
Audit Fees	9,09,975	6,17,680
Tax Audit Fees	82,725	44,120
Cost Audit Fees	33,090	33,090
Other matters	50,032	78,600
Donation	35,57,352	33,50,001
Depot Service Charges	5,79,42,054	4,99,67,713
Directors' Sitting Fees	2,05,000	2,90,000
Commission on Profit	29,24,988	12,94,812
Loss on Sale of Assets	1,61,501	78,820
Loss on Sale of Leased Assets	2,38,075	3,10,964
Loss on Obsolescence of Assets	7,40,467	3,16,501
Conversion Charges	7,32,463	36,95,613
Bad debts written off	23,26,522	29,94,720
Provision for Diminution in value of Investments	29,77,000	-
Non Recoverable Advances written off	50,000	-
Technical Know-how Fees	-	24,26,600
Miscellaneous Expenses	5,09,63,242	4,12,79,161
	<b>128,64,95,875</b>	<b>104,26,74,071</b>

## Notes on Accounts

2010-11				2009-10	
Sl. No	Units	Quantity	Value Rs.	Quantity	Value Rs.
<b>I. MATERIALS CONSUMED :</b>					
a) Industrial Alcohol	K.L.	0.157	18,891	0.016	1,410
b) Sweetening Agents & Base	M.T.	26.461	11,59,214	17.155	7,02,258
c) Fats & Oils	M.T.	2.562	2,25,130	2.179	1,94,143
d) Vitamins & Nutrients	M.T.	0.031	1,67,573	0.532	19,63,492
e) Drugs	M.T.	1.701	1,70,186	1.238	10,19,239
f) Anti Bacterial Preservatives	M.T.	0.844	2,67,773	0.416	1,58,822
g) Flavouring & Colouring Agents	M.T.	0.895	4,27,964	0.557	2,41,321
h) Enzymes & Biological Products	M.T.	2.611	6,30,946	1.821	2,39,866
i) Vegetable & Crude Drugs	M.T.	61.135	47,22,192	62.395	35,11,196
j) Cereals, Spices & Salts	M.T.	2,488.595	4,54,74,843	2,302.611	3,83,29,777
k) Other Chemicals	-	-	20,85,542	-	15,09,018
l) Non Ferrous Castings	Nos.	1,186	24,21,812	679	20,58,326
m) Containers & Closures	1000s	268.374	17,96,391	8,291.252	48,99,860
n) Packing & Other Materials	-	-	5,47,17,154	-	4,63,40,884
Total			11,42,85,611		10,11,69,612
<b>II. VALUE OF MATERIALS, SPARE PARTS &amp; COMPONENTS CONSUMED DURING THE YEAR :</b>					
		%	Rs.	%	Rs.
a) MATERIALS :					
i) Imported		4.77	54,48,301	3.81	38,59,165
ii) Indigenous		95.23	10,88,37,310	96.19	9,73,10,447
		100.00	11,42,85,611	100.00	10,11,69,612
b) SPARE PARTS & COMPONENTS :					
i) Imported		-	-	-	-
ii) Indigenous		100.00	13,32,976	100.00	9,40,348
		100.00	13,32,976	100.00	9,40,348
<b>III. VALUE OF IMPORTS : (C.I.F. Value)</b>					
i) Raw Materials			1,85,85,626		1,41,91,682
ii) Finished Goods			-		-
iii) Capital Goods			1,37,41,415		3,94,50,745
iv) Spares			-		-
			3,23,27,041		5,36,42,427
<b>IV. EARNINGS IN FOREIGN EXCHANGE :</b>					
Export of Goods (FOB Value)			2,13,18,225		1,66,17,208



## Notes on Accounts (Contd.)

## V. PARTICULARS OF GOODS MANUFACTURED :

PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS	
					2010-11	2009-10	Opening	Closing
1. Liquid Products	A	Lakhs	1.110	1.200	—	—	—	—
	B	Lakhs	—	375.000	<b>2.925</b>	2.045	0.004	0.006
2. Tablets	A	Lakhs	337.750	600.000	—	—	—	—
	B	Lakhs	—	3,400.000	<b>26.950</b>	6.132	2.808	1.199
3. Injectables	A	Lakhs	19.860	50.000	—	—	—	—
	B	Lakhs	—	100.000	<b>0.731</b>	81.534	7.916	—
4. Capsules	A	Lakhs	605.900	25.000	—	—	—	—
	B	Lakhs	—	600.000	<b>35.145</b>	—	0.270	0.269
5. Food Products	A	M.T.	10,000.000	8,200.000 @	<b>2,237.454</b>	2,180.640	9.745	35.540
6. Granules	A	M.T.	—	135.000	—	—	—	—
	B	M.T.	—	—	—	—	—	—
7. Ointments	B	M.T.	—	15.000	—	—	—	—
8. Heart Valves		Nos.	20,000	20,000 @	<b>9,553</b>	10,398	2,291	1,326
9. Hernia Repair Mesh		Nos.	5,00,000	5,00,000	<b>2,353</b>	5,437	3,634	2,799
10. Orthopaedic Implants		Set of 3s.	1200	1200	<b>544</b>	285	246	531

\* Licenced Capacity : (A) Capacity Fixed (B) Capacity not Fixed

\*\* Installed Capacity is based on 250 days' single shift working as certified by the Directors

@ Three Shift Basis

## VI. EXPENDITURE IN FOREIGN CURRENCY :

	2010-11 Rs.	2009-10 Rs.
i) Travelling	<b>20,82,261</b>	2,99,696
ii) Royalty, Consultancy, Product Registration / Promotion Expenses, etc.	<b>20,18,361</b>	15,83,396
	<b>41,00,622</b>	<b>18,83,092</b>

## VII. DIRECTORS' REMUNERATION :

i) Salary and Perquisites	<b>1,14,52,697</b>	90,98,371
ii) Contribution to PF, Gratuity & Superannuation Funds	<b>5,16,060</b>	5,23,926
iii) Commission	<b>29,24,988</b>	12,94,812
	<b>1,48,93,745</b>	<b>1,09,17,109</b>

The computation of net profits in accordance with Sec.198 read with Sec.309(5) of the Companies Act, 1956, for the year ended on 31st March, 2011:

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Profit Before Tax as per Profit & Loss Account		<b>22,14,44,557</b>		15,50,22,956
<b>Add:</b>				
Directors' Remuneration including Directors' fees	<b>1,50,98,745</b>		1,12,07,109	
Depreciation charged in the Accounts	<b>1,97,12,533</b>		1,81,80,316	
Provision on Diminution in Value of Investments	<b>29,77,000</b>		-	
Loss on Sale / Obsolescence of Assets	<b>11,40,043</b>	<b>3,89,28,321</b>	7,06,285	3,00,93,710
		<b>26,03,72,878</b>		<b>18,51,16,666</b>
<b>Less:</b>				
Depreciation as per Section 350	<b>1,97,12,533</b>		1,81,80,316	
Gain on sale of Debentures	<b>92,65,000</b>		-	
Profit on Sale of Assets	<b>8,70,791</b>	<b>2,98,48,324</b>	2,48,370	1,84,28,686
Net Profit as per Section 309(5)		<b>23,05,24,554</b>		16,66,87,980
Ceiling on total remuneration to Whole Time Directors		<b>2,30,52,455</b>		1,66,68,798
Actual Remuneration paid to Whole Time Directors		<b>1,48,93,745</b>		1,09,17,109

## Notes on Accounts (Contd.)

VIII. INTEREST COMPRISES OF:	2010-11 Rs.	2009-10 Rs.
Interest on Fixed Loans	43,50,327	38,17,437
Interest - Others	1,28,72,008	1,36,22,719
	<u>1,72,22,335</u>	<u>1,74,40,156</u>

Note: There is no interest accrued and due as on 31st March, 2011.

IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:	2010-11 (Rs. in lakhs)	2009-10 (Rs. in lakhs)
Guarantees against letters of credit opened	59.77	122.78
Other Guarantees	126.25	107.00
Disputed Taxes/Claims, not acknowledged as debts	1,803.28	1,448.89
	<u>1,989.30</u>	<u>1,678.67</u>

- X. The Company has created a Trust which has taken a Group Gratuity Policy with the Life Insurance Corporation of India for future payment of gratuity to the retired/resigned employees. Based on the actuarial valuation, provision has been made for full value of the gratuity benefits as per the requirements of Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.
- XI. The Company contributes to a Superannuation Fund covering specified employees. The contributions are by way of annual premia payable in respect of a superannuation policy issued by the Life Insurance Corporation of India, which confers benefits to retired/resigned employees based on policy norms. No other liabilities are incurred by the Company in this regard.
- XII. Leave Encashment benefit has been charged to Profit & Loss Account on the basis of actuarial valuation as at the year end in line with the Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.

**As per Accounting Standard 15 (AS-15) (Revised) for Employee Benefits, the disclosures as defined in the Accounting Standard are given below:**

**DEFINED CONTRIBUTION PLAN:**

Contributions to Defined Contribution Plan, recognised as expenses for the year are as under:

	2010-11 Rs.	2009-10 Rs.
Employer's Contribution to Provident Fund	1,96,92,860	1,69,06,330
Employer's Contribution to Superannuation Fund	1,27,33,689	1,09,40,536

**DEFINED BENEFIT PLAN :**

The Employees' Gratuity Fund Scheme managed by a Trust is a Defined Benefit Plan.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation as per para 65 of the Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.

**Reconciliation of the opening and closing balances of Defined Benefit obligation:**

	GRATUITY Funded		LEAVE ENCASHMENT Unfunded	
	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
Defined Benefit obligation at the beginning of the year	4,44,41,286	4,05,03,379	90,55,557	70,86,278
Current Service Cost	48,91,649	39,40,445	18,32,565	9,36,340
Interest Cost	35,55,303	32,40,270	6,19,756	5,66,902
Actuarial (gains) and losses on obligation	34,32,354	20,49,046	37,33,734	4,66,037
Benefits paid	37,63,187	52,91,854	26,17,214	—
Defined Benefit obligation at the end of the year	5,25,57,405	4,44,41,286	1,26,24,398	90,55,557

## Notes on Accounts (Contd.)

## Reconciliation of the opening and closing balances of fair value of plan assets

	<b>GRATUITY Funded 2010-11 Rs.</b>	<b>GRATUITY Funded 2009-10 Rs.</b>
Fair value of plan assets at the beginning of the year	<b>3,98,82,262</b>	2,64,18,490
Expected return on plan assets	<b>41,86,665</b>	28,43,892
Actuarial loss on plan assets	—	—
Contribution by the employer	<b>1,03,45,753</b>	1,59,11,734
Benefits paid	<b>37,63,187</b>	52,91,854
Fair value of plan assets at the end of the year	<b>5,06,51,493</b>	3,98,82,262

## Reconciliation of the fair value of assets and obligations :

	<b>GRATUITY Funded</b>		<b>LEAVE ENCASHMENT Unfunded</b>	
	<b>2010-11 Rs.</b>	<b>2009-10 Rs.</b>	<b>2010-11 Rs.</b>	<b>2009-10 Rs.</b>
Fair value of plan assets	<b>5,06,51,493</b>	3,98,82,262	—	—
Present value of obligation	<b>5,25,57,405</b>	4,44,41,286	—	—
Amount recognised in Balance Sheet.	<b>19,05,912</b>	45,59,024	<b>1,26,24,398</b>	90,55,557
<b>Expenses recognised during the year :</b>				
Current Service Cost	<b>48,91,649</b>	39,40,445	<b>18,32,565</b>	9,36,340
Interest Cost	<b>35,55,303</b>	32,40,270	<b>6,19,756</b>	5,66,902
Expected return on plan assets	<b>41,86,665</b>	28,43,892	—	—
Actuarial loss (gain)	<b>34,32,354</b>	20,49,046	<b>37,33,734</b>	4,66,037
Net Cost	<b>76,92,641</b>	63,85,869	<b>61,86,055</b>	19,69,279

## Actuarial Assumptions:

## Mortality Table (LIC)

	<b>2010-11 1994-96 Ultimate</b>	<b>2009-10 1994-96 Ultimate</b>	<b>2010-11 1994-96 Ultimate</b>	<b>2009-10 1994-96 Ultimate</b>
Discount Rate (p.a)	8%	8%	8%	8%
Expected rate of return on plan assets (p.a)	8%	8%	0%	8%
Rate of Escalation in Salary (p.a)	5%	5%	4%	4%

The estimated rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

- XIII.** During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. As a result of the adoption of this Standard, the Profit is less by Rs.12.25 lakhs for the year 2010-11 as detailed below:-

	<b>2010-11 (Rs. in lakhs)</b>	<b>2009-10 (Rs. in lakhs)</b>
<b>Deferred Tax Asset :</b>		
Unabsorbed Losses / Tax Credit / Depreciation	—	—
Others	<b>54.50</b>	69.44
Total	<b>54.50</b>	69.44
<b>Deferred Tax Liability :</b>		
Depreciation Difference & Others	<b>265.71</b>	268.40
<b>Net Deferred Tax Asset / (Liability)</b>	<b>(211.21)</b>	(198.96)

Deferred Tax Asset on account of unabsorbed depreciation and others have been recognised, as the Company is of the opinion that there is virtual certainty of realisation of the same in view of the future profits of the Company.

- XIV.** Your Company availed Carry Forward benefits u/s.72A of the Income-Tax Act 1961, relating to TTK Biomed Ltd, consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under Rule 9C of the Income-Tax Rules, 1962. Your Company could not fulfil one of the conditions and hence an application was made to CBDT for relaxation of the condition under the said Rule 9C. The CBDT while disposing of the application had advised your Company to refer the matter to the Specified Authority. Subsequently, your Company has filed necessary application with the Specified Authority. Upon receipt of the decision from the Specified Authority, the matter will be suitably dealt with.

## Notes on Accounts (Contd.)

- XV** Your Company availed certain Carry Forward benefits u/s.72A of the Income-Tax Act, 1961 relating to TTK Medical Devices Ltd., consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under Rule 9C of the Income Tax Rules, 1962. Your Company could not fulfil certain conditions and hence an Application/ Review Petition has been made to CBDT for relaxation of these conditions. Upon receipt of the decision from CBDT, the matter will be suitably dealt with.
- XVI** During the year, the Company has written off non-recoverable debts to the extent of Rs.23,26,522/-.
- XVII** During the year 2008-09, your Company had invested Rs.500 Lakhs in 24 Month Nifty-Linked Secured Non-Convertible Debentures (NCDs) (100% Principal protected) of Citi Financial Consumer Finance India Ltd on private placement basis. During the year, these debentures have been sold to Trust Capital Services (India) Pvt Ltd for a consideration of Rs. 592.65 Lakhs and the gain on sale of these debentures amounting to Rs. 92.65 Lakhs has been included in Other Income.
- XVIII** During the year, your Company has invested Rs. 6 Crores in 27 Month Nifty-Linked Secured Redeemable Non-Convertible Debentures (NCDs) (100% Principal protected) in Citi Corp Finance (India) Ltd. This investment is for a period of 27 months with an average yield of 7.44 % per annum and is linked to Nifty performance. The interest on these debentures will be accounted at the time of redemption of Debentures as interest thereon has not accrued as per the terms of the Contract.
- XIX** Your Company invested Rs.100 Lakhs in Kotak Indo World Infrastructure Fund in December, 2007 and the investment matured in December, 2010. However, your Company is continuing with the investment and will exit at an appropriate time. The market value of the said investment as on 31.3.2011 was Rs.70.23 Lakhs. The diminution in value of Investment amounting to Rs. 29.77 Lakhs has been provided for in line with Accounting Standard 13 (AS-13) (Revised) issued by The Institute of Chartered Accountants of India.
- XX** During the year, the Snack Pellet (Pappad) Manufacturing Line imported from Italy has been commissioned and the commercial production started in November, 2010 at Foods Division's Factory at Hosakote, Bengaluru, The expenditure incurred on this project amounting to Rs.885.13 Lakhs has been capitalised.
- XXI** The Capital Work-in-Progress amounting to Rs.477.53 Lakhs represents the cost of Pre-owned Pellet (Pappad) Manufacturing Line bought from M/s.Mcfills Enterprises Pvt Ltd, Ahmedabad which is under erection and the Civil and Electrical works carried out for the Project at the Foods Division during the year. This will be capitalised after completion of the Project.
- XXII** The Public Works Department increased the Water Charges for the water drawn by the Paper Division from the river Bhavani from Rs.60/- per 1000 Cu. Mtr to Rs.500/- per 1000 Cu. Mtr on the contracted quantity of water, with effect from 9.5.1991. The Company filed a writ petition in the Madras High Court and as per the interim order dated 9.7.1991, passed by the Hon'ble Court, the Company was paying water charges @ Rs.200/- per 1000 Cu. Mtr of water on the actual quantity of water drawn and with effect from 1.4.1993 on the contracted quantity. The Writ was disposed off by the Hon'ble Court by remanding the matter to the Public Works Department.
- After series of litigations, the Public Works Department confirmed the water charges @ Rs.500/- per 1000 Cu. Mtr on the contracted quantity. The Company has moved the High Court challenging the validity of payment on the contracted quantity instead of actual quantity of water drawn and this matter is pending before the Hon'ble High Court of Judicature at Madras.
- As against the demand of Rs.175.39 Lakhs consisting of Rs.49.66 Lakhs towards the arrear water charges and Rs.125.73 Lakhs towards interest upto the period 31.12.2008, the Company has fully paid the principal amount of Rs.49.66 Lakhs.
- Further, the Company has also made a request for waiver of the interest charges to PWD and the request is pending before them.
- Since the Paper Division has been disposed off, the liability, if any, on this account upto the date of sale (i.e. 14.11.1999), will have to be borne by the Company. As a matter of prudence, the Company has made a provision of Rs.12 Lakhs during the year and the cumulative provision available on this account as on date after adjusting the principal amount of Rs.49.66 Lakhs already paid is Rs.43.85 Lakhs.

**XXIII Earnings per Share as per Accounting Standard 20 (AS-20):**

	2010-11	2009-10
	Rs.	Rs.
Profit After Tax [Current/Deferred Tax, FBT & Extraordinary item(s)] as per the Profit & Loss Account (Rs. in lakhs)	1,472.20	912.74
Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs Shares)	77.66	78.12
Earnings per Share of Rs.10/-each	18.96	11.68

- XXIV** Fixed Assets taken on Finance Lease prior to 1.4.2001 amounted to Rs.53,45,805/- The outstanding lease payments against this lease was Rs. NIL as on 31.3.2011. Future obligations towards lease rentals under the Lease Agreements as on 31.3.2011 amounted to Rs.NIL (previous year Rs.NIL)

	2010-11	2009-10
	Rs.	Rs.
Within one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-



## Notes on Accounts (Contd.)

The Company has acquired certain assets on Finance Lease on or after April 1, 2001, amounting to Rs.1,75,50,639/- (previous year Rs.1,98,30,187/-)

The minimum lease rental outstandings as of 31st March, 2011 in respect of these assets were as follows:

Particulars	Total Minimum Lease payments outstanding as on		Future Interest on Outstanding of Lease payments as on		Present value of Minimum Lease Payments as on	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Within one year	37,64,645	38,24,245	10,63,240	11,38,056	27,01,405	26,86,189
Later than one year and not later than 5 years	76,39,735	82,03,780	14,36,101	15,70,346	62,03,634	66,33,434
Later than 5 years	—	—	—	—	—	—
Total	1,14,04,380	1,20,28,025	24,99,341	27,08,402	89,05,039	93,19,623

### XXV Related Party disclosures as per Accounting Standard 18 (AS-18):

List of Related Parties with whom transactions have taken place during the year:

Related Parties/ Firms

T.T.Krishnamachari & Co  
Pharma Research & Analytical Laboratories  
TTK Prestige Limited  
TTK-LIG Limited  
Packwell Packaging Products Limited  
SSL-TTK Limited  
Mr. T T Lakshman

Key Management Personnel

Mr. T T Raghunathan,  
Executive Vice Chairman  
Mr. K Vaidyanathan,  
Executive Director

Summary of transactions with the above related parties is as follows:-

	(Rs. in lakhs)	
	2010-11	2009-10
Purchase of Goods	6,095.38	4,877.02
Receiving Services	315.89	255.45
Interest Received on Deposits	0.88	2.00
Rental Charges Paid	44.61	44.61
Rental Charges Received	8.60	8.60
Logo Charges Paid	155.68	126.82
Refund of Deposit received	20.00	—
Outstanding Balance included in Current Assets	25.20	45.20
Outstanding Balance included in Current Liabilities	1,601.78	1,303.30
Managerial Remuneration	148.94	109.17
Salaries Paid	10.84	—

### XXVI Disclosure as required by Accounting Standard 29 (AS-29) - Provisions, Contingent Liabilities and Contingent Assets:

Movement in Provisions (figures in brackets are in respect of previous year)

(Rs. in lakhs)

Particulars	As at 1.4.2010	Additions	Amount Used / Reversed	As at 31.3.2011
	Rs.	Rs.	Rs.	Rs.
Income Tax	1,263.68	730.00	-	1,993.68
	(728.68)	(535.00)	-	(1263.68)
Fringe Benefit Tax	391.00	-	-	391.00
	(391.00)	-	-	(391.00)

## Notes on Accounts (Contd.)

**Movement in Contingent Liabilities** (figures in brackets are in respect of previous year)

(Rs. in lakhs)

Particulars	As at 1.4.2010	Additions	Amount Used / Reversed	As at 31.3.2011
	Rs.	Rs.	Rs.	Rs.
Income Tax & Fringe Benefit Tax	732.40	867.00	491.07	1,108.33
	(20.77)	(711.63)	-	(732.40)
Central Excise, Customs, Sales Tax, etc.	592.57	12.29	21.83	583.03
	(352.07)	(240.50)	-	(592.57)
Other Contingent Liabilities	353.70	43.22	98.98	297.94
	(150.15)	(229.78)	(26.23)	(353.70)

**Notes:**

The disputed IncomeTax / Fringe Benefit Tax liabilities amounting to Rs.1,108.33 lakhs have not been acknowledged as debts and have been classified under contingent liability.

Similarly, Rs.583.03 lakhs being the disputed Central Excise/Customs/Sales Tax liabilities have not been acknowledged as debts and have been classified under contingent liability.

Other contingent liabilities mainly include disputed liability towards water charges amounting to Rs.81.88 lakhs as per the details given in Point No.XXII of the Notes on Accounts.

Necessary Appeals have been filed with the Authorities concerned against the disputed liabilities.

**XXVII** Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Figures have been rounded off to the nearest rupee.

## Notes on Accounts (Contd.)

### STATEMENT SHOWING SIGNIFICANT ACCOUNTING POLICIES

#### System of Accounting

The Company generally adopts the accrual basis of accounting. The financial statements are prepared under historical cost convention, except for certain fixed assets which are revalued in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act 1956.

#### Fixed Assets

Fixed Assets are normally stated at cost. In the case of Revaluation of any Fixed Assets, the same are stated at revalued amounts.

#### Depreciation

Depreciation is being charged at the rates prescribed in Schedule XIV to the Companies Act, 1956, under Written Down Value method in respect of Assets purchased on or before 31.5.1984 and under Straight Line Method in respect of other Assets. In respect of the Capital expenditure incurred on Leasehold Assets, the same is amortised over the duration of the lease.

The cost of acquisition of Trade Marks is being amortised over a period of 5 years in line with the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India.

#### Investments

Current investments are carried at the lower of cost or quoted / fair value, categorywise. Long term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

#### Foreign Currency Transactions

Monetary liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.

The resultant gain / loss, if any, is recognised in Profit & Loss Account except exchange differences on liabilities incurred for acquisition of fixed assets which are adjusted to the carrying amounts of the respective assets.

Non Monetary Assets / Liabilities related to foreign currency transactions are reported at the rates on the date of transaction.

#### Value of Inventories

- Raw and Packing Materials and Consumables are valued at cost on FIFO basis.
- Finished Goods are valued at lower of cost or realizable value.
- Work-in-Progress is valued at works cost.

#### Sales

Sales are stated net of returns, discounts and Sales Tax and exclusive of Excise Duty.

#### Treatment of Retirement Benefits

Based on the actuarial valuation, provisions have been made for the differential amounts in Gratuity / Leave Encashment obligations as per the requirements of Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.

#### Provisions & Contingencies

Provisions are recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

Contingent Liabilities are clearly disclosed while Contingent Assets, if any, are neither recognised nor disclosed.

#### Annexure to our Report of date

For M/s. AIYAR & CO.  
Chartered Accountants  
Regn.No.000063S

N. SRIDHARAN  
Proprietor  
Membership No. 20503

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

For M/s. S VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

C N SRINIVASAN  
Partner  
Membership No. 18205

T T Jagannathan, Chairman  
T T Raghunathan, Executive Vice Chairman  
R K Tulshan, Director  
Dr K R Srimurthy, Director  
B N Bhagwat, Director  
J Srinivasan, Director  
K Vaidyanathan, Executive Director  
K Shankaran, Director  
S Kalyanaraman, Company Secretary  
B V K Durga Prasad, Vice President - Finance

## Segmentwise Revenue, Results &amp; Capital Employed:

## Segmentwise Revenue &amp; Results:

(Rs. in lakhs)

Particulars	2010-11			2009-10		
	Segment Revenue	Excise Duty relating to Sales	Net Segment Revenue	Segment Revenue	Excise Duty relating to Sales	Net Segment Revenue
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Segment Revenue:</b>						
Pharmaceuticals	15,265.52	2.49	15,263.03	12,664.53	22.98	12,641.55
Medical Devices	1,983.67	–	1,983.67	1,886.95	–	1,886.95
Consumer Products Distribution	12,495.40	–	12,495.40	9,569.89	–	9,569.89
Foods	990.54	–	990.54	899.38	–	899.38
Others	295.06	–	295.06	222.16	–	222.16
Total Segment Revenue	31,030.19	2.49	31,027.70	25,242.91	22.98	25,219.93
Less: Inter Segment Revenue	–	–	–	–	–	–
Net Sales	31,030.19	2.49	31,027.70	25,242.91	22.98	25,219.93
<b>Segment Results:</b>						
[Profit/ (Loss) before Interest & Tax]						
Pharmaceuticals			2,344.49			1,642.40
Medical Devices			707.74			780.68
Consumer Products Distribution			(140.38)			(152.65)
Foods			(41.28)			(131.81)
Others			(95.66)			(101.43)
<b>Total Segment Results</b>			2,774.91			2,037.19
Less: Interest Expenses			172.22			174.40
Less: Unallocable Expenses (Net of Unallocable Income)			388.25			312.56
Total Profit / (Loss) before Tax			2,214.44			1550.23



## Segmentwise Revenue, Results & Capital Employed (Contd.)

### Capital Employed (Segment Assets less Segment Liabilities) :

Particulars	(Rs. in lakhs)	
	As on 31.3.2011	As on 31.3.2010
	Rs.	Rs.
Pharmaceuticals	1,017.54	1,233.21
Medical Devices	1,107.63	1,017.75
Consumer Products Distribution	(14.75)	259.38
Foods	1,493.29	969.34
Others	288.80	236.20
<b>Total Capital Employed in Segments</b>	<b>3,892.51</b>	<b>3,715.88</b>
Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	4,810.43	3,881.01
<b>Total Capital Employed in Company</b>	<b>8,702.94</b>	<b>7,596.89</b>
<b>Total Assets Exclude:</b>		
Investments	683.60	815.37
Deferred Tax Asset	54.51	69.44
<b>Total Liabilities Exclude:</b>		
Secured Loans	1,240.83	627.81
Unsecured Loans	-	800.15
Deferred Tax Liability	265.71	268.40
Proposed Dividend including Dividend Tax	361.03	318.00

### Notes:

1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) considering the organisation structure and the differential risks and returns of these segments.
2. Segment Sales is net of Excise Duty related to the Sales of own manufactured goods for the current as well as for the previous year.
3. Details of products included in each of the segments are as below:
  - Pharmaceuticals include products for both Human and Veterinary use. It also includes OTC Brands like Woodward's Gripewater distributed by Consumer Products Division.
  - Medical Devices include Artificial Heart Valves, Hernia Repair Mesh, Orthopaedic Implants, etc.
  - Consumer Products Distribution consists of marketing and distribution of EVA range of Cosmetics, Good Home range of Scrubbers, Air Freshners, etc. (Own Brands) and also trading of Branded Condoms and Dr Scholl Range of Footcare Products.
  - Foods comprise of manufacturing and marketing of Food Products.
  - "Others" comprise of Printing and Publishing of Maps and Atlases.
4. The segment-wise revenue, results and capital employed figures relate to respective amounts directly identifiable to each of the segments. The unallocable expenditure includes expenses incurred on common services at the corporate level and also those expenses not identifiable to any specific segment.
5. The previous year's figures have been regrouped and reclassified, wherever necessary to conform to the current year's presentation.

## Balance Sheet Abstract and Company's General Business Profile

PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956, IN TERMS OF DEPARTMENT OF COMPANY AFFAIRS NOTIFICATION DATED 15-5-95

<b>I. REGISTRATION DETAILS</b>		
Registration Number		003647
State Code		18
Balance Sheet Date		31-3-2011
<b>II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)</b>		
Public Issue		Nil
Rights Issue		Nil
Private Placement		Nil
<b>III. POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)</b>		
Total Liabilities		19,34,305
Total Assets		19,34,305
<b>Sources of Funds</b>		
Paid-up Capital		77,660
Reserves & Surplus		6,79,688
Secured Loans		1,24,083
Unsecured Loans		—
<b>Application of Funds</b>		
Net Fixed Assets		3,73,901
Investments		68,360
Net Current Assets		4,60,291
Deferred Tax Asset (Net)		(21,121)
<b>IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)</b>		
Turnover (Total Income)		31,53,329
Total Expenditure		29,31,885
Profit(+)/Loss(-) before Tax		2,21,444
Provision for Tax		73,000
Deferred Tax		1,225
Profit(+)/Loss(-) after Tax		1,47,219
Earning Per Share [after Extraordinary Item(s)] (In Rs.)		18.96
Dividend Rate		40%
<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)</b>		
Item Code No. (ITC Code)		Product Description
300390.27		Gripewater
330720.00		Deodorants
300450.03		Calcium Supplement

### Annexure to our Report of date

For M/s. AIYAR & CO.  
Chartered Accountants  
Regn.No.000063S

N. SRIDHARAN  
Proprietor  
Membership No. 20503

For M/s. S VISWANATHAN  
Chartered Accountants  
Regn.No.004770S

C N SRINIVASAN  
Partner  
Membership No. 18205

T T Jagannathan, Chairman  
T T Raghunathan, Executive Vice Chairman  
R K Tulshan, Director  
Dr K R Srimurthy, Director  
B N Bhagwat, Director  
J Srinivasan, Director  
K Vaidyanathan, Executive Director  
K Shankaran, Director  
S Kalyanaraman, Company Secretary  
B V K Durga Prasad, Vice President - Finance

Place : Chennai  
Date : 24<sup>th</sup> May, 2011

## Financial Highlights

(Rs. in lakhs)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Sales & Other Income*	<b>31,535.79</b>	25,619.81	22,490.92	22,645.86	21,721.21	19,233.95	16,000.26	15,403.93	14,811.96	13,984.71
Profit Before Tax	<b>2,214.44</b>	1,550.23	1,337.45	2,199.11	584.39	498.31	(237.64)	106.02	61.02	(883.52)
Current Tax	<b>730.00</b>	535.00	215.00	272.44	54.30	32.98	–	8.20	19.32	–
Deferred Tax	<b>12.25</b>	102.49	239.98	(617.83)	(130.00)	(159.00)	30.61	(56.75)	263.92	1,076.17
Fringe Benefit Tax	–	–	95.00	90.00	100.00	106.00	–	–	–	–
Profit After Tax	<b>1,472.19</b>	912.74	787.47	1,218.84	300.09	200.33	(207.03)	41.07	305.62	192.65
Dividend	<b>310.64</b>	271.81	242.63	243.31	202.76	132.21	–	–	–	–
Tax on Dividend	<b>50.39</b>	46.19	41.23	41.35	34.46	18.54	–	–	–	–
Retained Earnings	<b>1,111.16</b>	594.74	503.62	934.18	62.87	49.58	(207.03)	41.07	305.62	192.65
Net Block	<b>3,739.01</b>	3,032.09	2,098.21	1,796.80	2,854.36	3,123.22	3,176.08	3,306.58	3,438.50	3,386.06
Investments	<b>683.60</b>	815.37	815.37	315.37	13.37	13.87	163.22	211.01	211.01	263.88
Net Current Assets	<b>4,602.91</b>	4,246.79	4,908.32	4,799.79	2,444.57	829.13	1,166.71	1,799.02	2,241.21	3,297.42
Deferred Tax Asset	<b>54.50</b>	69.44	177.27	413.83	1,234.09	1,397.29	1,621.47	1,662.18	1,748.10	1,568.90
Deferred Tax Liability	<b>(265.71)</b>	(268.40)	(273.74)	(270.32)	(472.75)	(505.95)	(571.13)	(642.45)	(671.62)	(756.35)
Miscellaneous Expenditure	–	–	–	–	104.60	148.34	90.65	115.95	–	280.30
<b>Total Assets</b>	<b>8,814.31</b>	<b>7,895.29</b>	<b>7,725.43</b>	<b>7,055.47</b>	<b>6,178.24</b>	<b>5,005.90</b>	<b>5,647.00</b>	<b>6,452.28</b>	<b>6,967.20</b>	<b>8,040.21</b>
Share Capital	<b>776.60</b>	776.60	808.75	811.04	811.04	661.04	661.04	661.04	661.04	661.04**
Reserves	<b>6,796.88</b>	5,690.74	5,400.88	4,921.26	3,992.11	2,989.26	2,945.72	3,297.60	3,393.16	3,975.42
Borrowings	<b>1,240.83</b>	1,427.95	1,515.80	1,323.17	1,375.09	1,355.60	2,040.24	2,493.64	2,913.00	3,403.75
<b>Total Liabilities</b>	<b>8,814.31</b>	<b>7,895.29</b>	<b>7,725.43</b>	<b>7,055.47</b>	<b>6,178.24</b>	<b>5,005.90</b>	<b>5,647.00</b>	<b>6,452.28</b>	<b>6,967.20</b>	<b>8,040.21</b>

\* Inclusive of Excise Duty.

\*\* Includes Rs. 23.52 lakhs, being the value of shares pending allotment as on 31-3-02; subsequently allotted during 2002-03.

## NOTES

[illegible]



## TTK HEALTHCARE LIMITED

Regd. Office: 6, Cathedral Road, Chennai 600 086

Dear Shareholder,

### Sub : Green Initiative in Corporate Governance: Go Paperless

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance allowing paperless compliances by companies through electronic mode. All companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communications and avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, your Company proposes to send all documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the shareholders in electronic form, to their registered e-mail address. For this purpose, you are requested to furnish the following details:

Shareholder's Name	
Folio No. *	
DP ID	
Client ID	
<b>e-mail address</b>	
Phone No. (with STD Code) / Mobile No.	
In case you desire to receive the above mentioned documents in physical form, you are requested to convey your preference by putting a tick mark ( ✓ ) in the box provided here.	<input type="checkbox"/> <b>I would like to receive the documents in physical form only.</b>
Signature of the shareholder	

\* Applicable for to investors holding shares in physical form.

Please note that these documents will also be available on the Company's website at [www.ttkhealthcare.com](http://www.ttkhealthcare.com) for download by the shareholders. The physical copies of the Annual Report will also be available at the Registered Office of the Company for inspection during office hours.

This form duly filled-in and signed may please be sent to the **Secretarial Department, TTK Healthcare Ltd., No.6, Cathedral Road, Chennai 600086**. The details may also be sent through e-mail to your Company's e-mail address **investorcare@ttkhealthcare.com**

We are sure you will whole-heartedly support this initiative and co-operate with the Company in implementing the same.

Thanking you,

Yours faithfully,

**For TTK Healthcare Limited**

**S. Kalyanaraman**

*Company Secretary*









**TTK HEALTHCARE LIMITED**  
Regd. Office: 6, Cathedral Road, Chennai 600 086

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

NAME & ADDRESS OF THE SHAREHOLDER

.....  
.....  
.....  
.....

FOLIO NO.

\*DP. ID

\*CLIENT ID

\* Applicable to investors holding shares in electronic form

I hereby record my presence at the 53<sup>rd</sup> ANNUAL GENERAL MEETING OF THE COMPANY at THE NARADA GANA SABHA (Mini Hall), New No. 314 (Old No. 254), T.T.K. Road, Alwarpet, Chennai 600 018. to be held on Wednesday, the 27<sup>th</sup> July, 2011 at 11.00 a.m.

SIGNATURE OF THE MEMBER OR PROXY

NO. OF SHARES HELD



**TTK HEALTHCARE LIMITED**  
Regd. Office: 6, Cathedral Road, Chennai 600 086

**PROXY**

I / We ..... of .....  
in the district of .....  
being a member / members of TTK HEALTHCARE LIMITED, hereby appoint .....  
of ..... in the  
district of ..... or failing him, .....  
of .....  
in the district of .....

as my / our proxy to vote for me / us on my / our behalf at the 53<sup>rd</sup> Annual General Meeting of the Company to be held on Wednesday, the 27<sup>th</sup> July, 2011 at 11.00 a.m. at THE NARADA GANA SABHA (Mini Hall), New No. 314 (Old No. 254), T.T.K. Road, Alwarpet, Chennai 600 018. or at any adjournment thereof.

Signed this ..... day of ..... 2011.

FOLIO NO.:

NO. OF SHARES HELD:

\*DP.ID:

\*CLIENT ID:

\* Applicable to investors holding shares in electronic form

**NOTES:**

PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY SHOULD BE SIGNED ACCORDING TO THE SPECIMEN SIGNATURE/S OF THE MEMBER/S RECORDED WITH THE COMPANY.

Please affix  
1.00 Rupee  
Revenue  
Stamp





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