

A N N U A L R E P O R T
2002-2003

T T K H E A L T H C A R E L I M I T E D

TTK HEALTHCARE LIMITED

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TTK Healthcare Services Pvt. Ltd.</td><td style="text-align: right;">37</td></tr> </tbody> </table>	Contents	Page	Board of Directors	1	Notice to Shareholders	3	Directors' Report	5	Report on Corporate Governance	9	Management Discussion and Analysis Report	13	Auditors' Report	16	Balance Sheet	18	Profit and Loss Account	19	Schedules	20	Notes on Accounts	25	Segment-wise Revenue, Results and Capital Employed	31	Balance Sheet Abstract and Company's General Business Profile	32	Cash Flow Statement	33	Financial Highlights	35	Statement pursuant to Section 212 of the Companies Act, 1956	36	Audited Accounts of the Subsidiary – M/s. TTK Healthcare Services Pvt. Ltd.	37	<p>BOARD OF DIRECTORS</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Mr. T.T. Jagannathan</td><td style="text-align: right;"><i>Chairman</i></td></tr> <tr><td>Mr. T.T. 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Notice to Shareholders

NOTICE is hereby given that the 45th Annual General Meeting of the Company will be held at **10.00 a.m. on Friday, the 19th September, 2003**, at the Registered Office of the Company at No.6, Cathedral Road, Chennai 600 086, to transact the following:

Ordinary Business

- To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2003 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
- To elect a Director in the place of Dr. K.R. Srimurthy who retires by rotation and being eligible, offers himself for re-election.
- To elect a Director in the place of Mr. K. Shankaran who retires by rotation and being eligible, offers himself for re-election.
- To elect a Director in the place of Mr. B.N. Bhagwat, who retires by rotation and being eligible, offers himself for re-election.
- To appoint Auditors and fix their remuneration.

Special Business

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

"RESOLVED THAT Mr. I. Ravindran, who vacates office at this meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".

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

"RESOLVED THAT the appointment of Mr.I.Ravindran as Wholetime Director of the Company for a period of five years with effect from 24th October, 2002 by the Board of Directors on the terms and conditions as set out in the Explanatory Statement annexed hereto be and is hereby approved and ratified".

"RESOLVED FURTHER THAT during any year of loss or inadequacy of profits, salary and allowances fixed by the Board of Directors together with other perquisites, 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 Directors be and are hereby authorised to make an application to the Central Government as may be necessary if such minimum remuneration exceeds the ceiling referred hereto".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to revise the remuneration and benefits of Mr I Ravindran from time to time within the ceiling prescribed under Sections 198, 309 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, as may be in force from time to time".

- To consider and if thought fit, to pass with or without modification(s), the following as a **Special Resolution**:

"RESOLVED THAT sanction be and is hereby accorded to de-list the Equity Shares of the Company from Ahmedabad, Chennai, Delhi and Kolkata Stock Exchanges and that the Board of Directors be and are hereby authorized to take such steps as are necessary to get the shares de-listed from the said exchanges".

The Register of Members of the Company will remain closed from 2nd September, 2003 to 19th September 2003 (Both Days Inclusive).

BY ORDER OF THE BOARD

Place : Bangalore
Date : 28th June, 2003

S. KALYANARAMAN
Company Secretary

NOTES:

- 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. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6, 7 & 8 is annexed.
- Members are requested to bring their copy of the Annual Report to the Meeting.
- Members are requested to kindly keep the Company immediately informed of any change in their respective mailing addresses.
- Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company 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 dates mentioned thereagainst. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

Financial Year Ended	Due Date of Transfer
31st May, 1996	9th January, 2004
30th June, 1996* (15 month period)	29th January, 2004
31st May, 1997	7th January, 2005
31st May, 1998	4th January, 2006
31st May, 1999	8th January, 2007
31st March, 2000 (10 month period)	31st October, 2008

BY ORDER OF THE BOARD

Place : Bangalore
Date : 28th June, 2003

S. KALYANARAMAN
Company Secretary

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos.6 & 7**

Mr. I. Ravindran was co-opted as an Additional Director with effect from 24th October, 2002 and appointed as Wholetime Director for a period of five years with effect from the said date subject to the approval of the Shareholders at the ensuing Annual General Meeting.

Mr. Ravindran is a Post Graduate in Science and also holds Masters Degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, University of Bombay.

Mr. Ravindran has been working with your Company for the last 14 years and prior to his appointment as Additional / Wholetime Director, he was holding the position of Senior Vice President, in-charge of the Consumer Products Division of the Company and his induction on the Board would immensely benefit the Company.

Pursuant to Section 260 of the Companies Act, 1956, Mr Ravindran vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing the candidature of Mr Ravindran for appointment as Director and an amount of Rs. 500/- has been deposited with the Company by the said member pursuant to Section 257 of the Companies Act, 1956.

Upon his appointment as Director of the Company at the ensuing Annual General Meeting, Mr Ravindran will continue to be the Wholetime Director of the Company in view of there being no interruption in the office of the Director held by him.

His terms of appointment as fixed by the Board of Directors and which have already been notified to the members under Section 302(2) of the Companies Act, 1956, are as follows:

- A. Salary** : Rs. 50,000/- (Rupees Fifty thousand only) per month.
- B. Productivity Incentive** : Not exceeding 30% of the Salary, subject to the approval of the Management.
- C. Perquisites** : **1.a) Housing** : House Rent Allowance or Company Leased Accommodation, the cost of which not to exceed 60% of the Salary.
The expenditure incurred on Gas, Electricity, Water and Furnishing shall be valued as per Income Tax Rules 1962, subject to a ceiling of 10% of the salary.
- b) Medical Benefits** : One month's salary in a year for self, wife, children and parents. In addition, in case of major diseases and hospitalisation, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.
- c) Leave Travel Assistance** : Once a year Air-Fare to and from any place in India for self and family.
- d) Personal Accident Insurance** : Personal Accident Insurance Cover for self of an amount, the actual premium for which does not exceed Rs. 4,000/- per annum.
- e) Club Fees**: Fees of club, not including Admission and Life Membership Fees, for one club.
2. (i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity benefits will be allowed as per the rules of the Company.

(ii) Mr. I. Ravindran will be provided Car for use, as per the rules of the Company. He will also be provided telephone at his residence.

(iii) Mr. I. Ravindran will be allowed Leave and Encashment thereof, as per the rules of the Company.

The above mentioned Salary and Perquisites and subsequent revisions, if any, will be paid as minimum remuneration in the event of loss or inadequacy of profits.

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

The above Remuneration Package has also been approved by the Remuneration Committee at its meeting held on 8th November, 2002.

The resolutions are commended for adoption.

None of the Directors except Mr I Ravindran is deemed to be interested in these resolutions.

Item No.8

The Company's shares are listed in five Stock Exchanges viz.,-

1. Madras Stock Exchange Limited, Chennai (Regional Stock Exchange)
2. The Stock Exchange, Ahmedabad
3. The Stock Exchange, Mumbai
4. The Calcutta Stock Exchange Association Limited, Kolkata
5. The Delhi Stock Exchange Association Limited, New Delhi

The Company's shares are frequently traded in The Stock Exchange, Mumbai. There has been hardly any transaction for several years of your Company's Shares in the other four Stock Exchanges. As per the guidelines issued by Securities and Exchange Board of India for delisting, the Company has got an option to de-list from one or more Stock Exchanges other than the Stock Exchange(s) having nationwide trading terminals. Further, there shall not be any compulsion for the existing Company to remain listed on any Stock Exchange merely because it is a Regional Stock Exchange.

Taking into account the administrative cost involved and the listing fees that are being incurred, it is considered desirable to de-list the Company's shares from the following Stock Exchanges viz.,

1. Madras Stock Exchange Limited, Chennai (Regional Stock Exchange)
2. The Stock Exchange, Ahmedabad
3. The Calcutta Stock Exchange Association Limited, Kolkata
4. The Delhi Stock Exchange Association Limited, New Delhi

This will not result in any inconvenience to any of the members, as Company's Shares will continue to be listed in The Stock Exchange, Mumbai.

The resolution is commended for adoption.

None of the Directors is deemed to be interested in this resolution.

BY ORDER OF THE BOARD

Place : Bangalore
Date : 28th June, 2003

S KALYANARAMAN
Company Secretary

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

Directors' Report

Your Directors have pleasure in presenting the 45th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2003.

FINANCIAL RESULTS

	2002-2003 (Rs. in lakhs)	2001-2002 (Rs. in lakhs)
Profit for the year before Depreciation & Taxation	419.36	(1,190.30)
Less: Depreciation	<u>255.84</u>	193.23
	<u>163.52</u>	<u>(1,383.53)</u>
Less: Provision for diminution in the value of Investments	102.50	-
Add: Provision for Extraordinary items on account of Discontinued Businesses made in the previous year reversed pursuant to write-off	-	500.00
Profit / (Loss) before Tax	61.02	(883.53)
Less: Provision for Tax	19.32	-
Add: Deferred Tax	263.92	1,076.18
Profit / (Loss) after Tax	305.62	192.65

DIVIDEND

In view of inadequate profit, your Directors do not propose to recommend any dividend for the financial year ended 31st March, 2003.

PERFORMANCE AND OUTLOOK

A detailed analysis of the Company's performance, future outlook, etc., is given in the Management Discussion and Analysis Report forming part of this Annual Report.

During the year under review, your Company started reaping the benefits of the restructuring exercise carried out in the last two years and this is evident from the performance of the Company both in terms of turnover and profitability during the year under review.

In line with the stated objective of building more of own brands under the Consumer Products Division, you will be pleased to note that your Company has acquired the "EVA" Brand from M/s Saralee Household & Bodycare Private Limited and launched a range of ladies' cosmetics under this brand in select regions. The initial response is encouraging. This range will be extended to other regions progressively over the next few months.

Under the Ethical Products Division, your Company has recently launched the fortified version of the existing product **Tefroliv** (Liver Corrective / Protective) under the Brand name **Tefroliv Forte** with improved packaging.

Your Company has also launched a line extension of its brand **Lactare** (Galactagogue) in granules form and a formulation consisting of Diclofenac Potassium and Serratiapaptidase under the brand name **Nimulase-D**.

In addition, a few more products have been lined up for launch progressively during the current year.

You will be pleased to note that the new products / line extensions such as Mezica, Ossopan 500 / 1000 and Metalin-Z launched earlier have been performing well.

With the improvement in sales coupled with efficient working capital management and reduction in borrowings, the Company has now been put on a strong footing and consequently, the prognosis for the year 2003-2004 is encouraging.

FINANCE

During the year under review, your Company has repaid Secured Term Loans to the extent of Rs. 66.67 lakhs and Rs.100 lakhs availed from Indian Overseas Bank and Industrial Development Bank of India, respectively.

Your Company has also repaid Unsecured Debentures to the extent of Rs. 300 lakhs availed from The Karur Vysya Bank Limited.

The overall borrowings have been reduced from Rs. 34.04 crores to Rs. 29.13 crores during the year under review.

SECURITIES PREMIUM ACCOUNT

As you are aware, your Company, at the last Annual General Meeting, obtained the approval of the Shareholders for utilising the Company's Securities Premium Account to set off the deferred revenue expenditure, amounts incurred on Voluntary Retirement Scheme, diminution in the value of current assets, etc., upto a maximum extent of Rs.10 crores, subject to the approval of the Hon'ble High Court. Accordingly, the Company obtained necessary approval from the Hon'ble High Court of Judicature at Madras for the above proposal and adjusted a sum of Rs. 813.63 lakhs representing the deferred revenue expenditure, expenses incurred on VRS, diminution in the value of current assets, etc., against the Securities Premium Account.

INVESTMENTS

During the year under review, your Company invested a sum of Rs.149.85 lakhs in the Equity/Preference Share Capital of M/s TTK Healthcare Services Private Limited, Subsidiary of your Company, which is engaged in the business of providing Third Party Administrator (TPA) Services to General Insurance Companies.

Your Company has also made a provision of Rs. 102.50 lakhs for the diminution in the value of investments by the Company in the Equity Capital of M/s.TTK Tantex Limited as this Company became sick and was referred to BIFR.

FIXED DEPOSITS

As on 31st March, 2003, your Company was holding an aggregate sum of Rs. 295.84 lakhs on account of Fixed Deposits.

A sum of Rs. 3.57 lakhs relating to 27 accounts was unclaimed as on that date, out of which 7 deposits aggregating to Rs.1.01 lakhs have since been renewed/refunded.

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

Mrs Padma Narasimhan, a Promoter Director of the Company, passed away on 11th September, 2002.

The Board pays its tributes and records its heart-felt appreciation for the invaluable services rendered by her for the progress of the Company.

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

Mr I Ravindran has been co-opted as Additional Director of the Company and also appointed as Wholetime Director of the Company for a period of 5 years with effect from 24th October, 2002.

AUDITORS

The retiring Auditors, M/s Aiyar & Co., and M/s S Viswanathan, Chartered Accountants, are eligible for re-appointment.

LISTING

Your Company's shares are listed in Madras Stock Exchange Limited, being the Regional Stock Exchange, as well as at Ahmedabad, Mumbai, Delhi and Kolkata Stock Exchanges.

The Listing Fees have been paid for the financial year 2003-2004.

Considering the fact that there has been hardly any transaction for several years of your Company's shares in Madras, Delhi, Kolkata and Ahmedabad Stock Exchanges, it has been decided to de-list the Equity Shares from these exchanges in accordance with the guidelines issued by the Securities and Exchange Board of India, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

SUBSIDIARY

As required under Section 212 of the Companies Act, 1956, the Statement of Audited Accounts of the Subsidiary Company, M/s TTK Healthcare Services Private Limited, for the period from 7th March 2002 to 31st March 2003 along with the Directors' Report and Auditors' Report is annexed to the Balance Sheet of your Company as at 31st March 2003. A statement on your Company's interest in the Subsidiary is also annexed thereto.

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 : Bangalore
Date : 28th June, 2003

T T JAGANNATHAN
Chairman

Registered Office:

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, 2003

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 being initiated to examine possible improvements:

	FORM A	
	2002-2003	2001-2002
Electricity:		
Purchased (Units)	33,95,601	31,15,956
Total Amount (Rs.)	1,56,87,485	1,42,80,109
Rate per Unit (Rs.)	4.62	4.58
Own Generation (Units)	1,40,124	98,098
Unit per litre of Diesel Oil	1.99	2.20
Cost per unit (Rs.)	9.03	7.67
Furnace Oil/ Light Diesel Oil:		
Quantity (litres)	4,84,702	5,81,631
Total Amount (Rs.)	60,77,601	84,36,608
Average rate per litre (Rs.)	12.54	14.51

In view of the heterogeneous product range of the Company, viz, liquids, powders, granules, injectables, etc., of numerous varieties and packs and the energy cost being negligible, it is impracticable to allocate the same to production units.

B. Technology Absorption:

1. a) Specific areas in which R&D was carried out by the Company:

- Development of Polyherbal formulations
- Toxicological / Pharmacological Screening of formulations
- Development of Allopathic formulations
- Development of improved formulations of existing products so as to improve the efficacy.
- Developed and validated a sterile packaging for Sternotomy Sutures and Vascular Grafts.
- Designed, fabricated, commissioned and validated a dedicated production type solvent extraction plant for cleaning implants like Vascular Grafts, Sternotomy Sutures, Hernia Repair Mesh and Surgical Fabrics. This is a flexible system which would be useful for future developments also.

b) Benefits derived as a result of R&D:

- The Company has already launched an improved version of its existing liver corrective / protective in the form of tablets, syrup and drops (Tefroliv Forte) and Diclofenac Potassium with Serratiapetidase tablets under the brand name Nimulase-D.
- The R&D carried out under Point (vi) above, would help in optimizing manpower requirements and cost of cleaning implants prior to sterilization.

c) Future Plan of Action:

At present, work is on for the development of the following products which would be commercialized after the trials:

- Anti-Asthma formulation
- Anti-PMS formulation
- Anti-Cholesterol formulation
- Calcium Supplement with Alfacalcidol.

The following products are also being developed for a possible launch through the OTC route:

- Baby Massage Oil
- Male Rejuvenator (Fortified Version)
- Anti-Acne Cream
- Body Gel

Efforts are also on for the development of improved formulations of Calcium Supplement (Orcal-P) and Liver Correctives (Tefroliv Syrup) for launch through the Animal Welfare Division.

d) Expenditure on R&D:

	2002-2003	2001-2002
	Rs.	Rs.
a) Capital	-	-
b) Recurring	19,55,070	17,18,302
c) Total	19,55,070	17,18,302
d) % of R&D expenses to sales	0.13 %	0.14 %

2. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Your Company is actively interacting with SCTIMST, Trivandrum, in developing a new design of Heart Valves. These will have improved performance at a lower cost of production. This activity follows DSIR, Government of India, formally sanctioning the joint project put up by your Company and SCTIMST as reported last year.

3. Benefits derived from the above efforts:

One more high-tech implantable medical device (Vascular Prosthesis) and high performance improved design Heart Valve will be added to the basket.

4. Details of Imported Technology:

NIL

5. Foreign Exchange Earnings & Outgo:

- The Company has earned Rs. 2,26,28,649 through exports of its products to various countries as against Rs. 1,59,29,015 during the previous year.
- During the year under review, Foreign Exchange used was Rs. 1,85,76,060 (Previous Year - Rs. 1,53,75,680) as detailed below:

	2002-2003	2001-2002
	Rs.	Rs.
Imports	1,78,20,521	1,50,49,216
Travel, Advertisement, Subscription and Registration Charges	7,55,539	3,26,464

For and on behalf of the Board

Place : Bangalore
Date : 28th June, 2003

T T JAGANNATHAN
Chairman

Registered Office:

6, Cathedral Road
Chennai 600 086.

Annexure to the Directors' Report

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, 2003.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr T T Raghunathan	Executive Vice Chairman	30,61,177	31	51	B.Com.	01.11.2001	Managing Director TTK Tantex Limited

- Notes: 1. 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.
2. Nature of Duties of Mr. T.T. Raghunathan: Overall Management of the Company.
3. Term of employment is contractual.
4. Mr. T. T. Raghunathan is related to Mr. T. T. Jagannathan, Chairman of the Company.

For and on behalf of the Board

Place : Bangalore
Date : 28th June, 2003

T.T. JAGANNATHAN
Chairman

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 the Listing Agreement, as per the details given below:

Category	Name of the Director
Promoter / Non-Executive Director	Mr T T Jagannathan <i>Chairman</i>
Promoter / Executive Director	Mr T T Raghunathan <i>Executive Vice Chairman</i>
Non-Promoter / Non-Executive Directors	Mr R K Tulshan Dr K R Srimurthy Mr B N Bhagwat Mr K Vaidyanathan Mr K Shankaran
Non-Promoter / Executive Directors	Mr D Srinivasan <i>Executive Director</i> Mr I Ravindran <i>Wholetime Director</i>

BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS

The Board of your Company met five times during the financial year ended 31st March, 2003, on the following dates:

- 27th June, 2002
- 30th July, 2002
- 27th September, 2002
- 24th October, 2002
- 29th January, 2003

The attendance particulars at the Board Meetings and Annual General Meeting are as follows:

Name of the Director	Attendance Particulars		No. of other Directorships & Committee Member / Chairmanships		
	Board Meetings	Last AGM (27-09-02)	Other Directorships	Committee Memberships	Committee Chairmanships
Mrs Padma Narasimhan ^o	1	No	3	–	–
Mr T T Jagannathan	4	No	6 ^s	–	–
Mr T T Raghunathan	5	Yes	3	–	–
Mr R K Tulshan	5	Yes	2	1	–
Dr K R Srimurthy	3	No	–	1	–
Mr B N Bhagwat	4	Yes	–	1	1
Mr K Shankaran	5	Yes	3 ^s	2	1
Mr D Srinivasan	4	Yes	–	1	–
Mr K Vaidyanathan	5	–	–	–	1
Mr I Ravindran [*]	2	–	–	–	–

Other Directorships do not include Private Companies.

^s Includes Directorship of one Overseas Entity.

^o Expired on 11th September, 2002.

^{*} Appointed on 24th October, 2002.

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 was constituted on 6th April, 2001, comprising of three Non-Executive Directors – Mr K Shankaran as Chairman, Mr B N Bhagwat and Mr R K Tulshan as Members. Mr S Kalyanaraman, Company Secretary, is the Secretary of the Audit Committee.

Terms of reference to the Audit Committee:

- Review of Annual Financial Statements before submission to the Board;
- Overseeing all Financial Reporting Processes;
- Recommendation of appointment/removal of Auditors and their remuneration;
- Review of adequacy of Management Audit, Internal Audit and Internal Control Systems; and
- Looking into reasons for substantial defaults in repayment of deposits or non-payment of declared dividends.

The Audit Committee met five times during the year on the following dates:

22nd June 2002, 30th July 2002, 24th October 2002, 2nd December 2002 & 29th January 2003.

All the above meetings were attended by all the Members of the Committee.

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

REMUNERATION COMMITTEE

The Remuneration Committee was constituted on 30th January, 2002, comprising of three Non-Executive Independent Directors – Mr B N Bhagwat as Chairman and Dr K R Srimurthy & Mr K Shankaran as Members. Mr S Kalyanaraman, Company Secretary, is the Secretary of the Remuneration 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.

The Remuneration Committee met twice during the year on 30th July, 2002 and 8th November, 2002 for approving the remuneration packages fixed by the Board of Directors in respect of Mr. T T Raghunathan, Executive Vice Chairman / Mr. D Srinivasan, Executive Director & Mr. I Ravindran, Wholetime Director respectively, for further approval by the shareholders at the Annual General Meeting of the Company as may be necessary, in accordance with the revised provisions of Schedule XIII to the Companies Act, 1956.

Both the above meetings were attended by all the Members of the Committee.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee was constituted on 30th January, 2002, with Mr K Vaidyanathan as Chairman, Mr D Srinivasan and Mr K Shankaran as Members and Mr S Kalyanaraman as Secretary and Compliance Officer.

The scope of the Committee is to look into the Shareholders' 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 on 29th January, 2003 and reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

The Meeting was attended by all the Members of the Committee.

DIRECTORS' REMUNERATION

The details of remuneration paid to the Wholtime Directors for the year 2002-03 are as follows:

Name / Designation	Salary Rs.	HRA & Other Allowances Rs.	Contribution to PF & Other Funds Rs.	Total Rs.	Tenure of Appointment
Mr T T Raghunathan Executive Vice Chairman	12,00,000	14,79,960	3,81,217	30,61,177	5 years with effect from 1st November, 2001
Mr D Srinivasan Executive Director	9,00,000	8,07,542	2,80,500	19,88,042	5 years with effect from 6th April, 2001
Mr I Ravindran* Wholtime Director	2,63,333	2,14,909	91,491	5,69,733	5 years with effect from 24th October, 2002

*For part of the year.

The Managerial remuneration paid to the Wholtime Directors is within the ceiling prescribed under Schedule XIII to the Companies Act, 1956.

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 2002-03.

PARTICULARS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

1. Dr K R Srimurthy

Dr K R Srimurthy retires by rotation and is eligible for re-election.

Dr K R 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 your Board in the year 1989.

He does not hold any other Directorship.

He is a member of the Remuneration Committee of the Company.

2. Mr K Shankaran

Mr K Shankaran retires by rotation and is eligible for re-election.

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

He was inducted into your Board in the year 2000.

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

1. TTK Prestige Ltd.
2. Prestige Housewares India Ltd.
3. Mantra, Inc.

4. TTK Services Pvt. Ltd.

5. TTK Healthcare Services (P) Ltd.

He is the Chairman of the Audit Committee of the Company and member of the Remuneration Committee and Shareholders' / Investors' Grievance Committee of the Company.

3. Mr B N Bhagwat

Mr B N Bhagwat retires by rotation and is eligible for re-election.

Mr Bhagwat held various positions in Government and has vast experience both in Government and Industry. He was inducted into your Board in the year 2000.

Mr Bhagwat was earlier on the Board of erstwhile TTK Biomed Limited, which merged with your Company.

He does not hold any other Directorship.

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

4. Mr I Ravindran

Mr I Ravindran was co-opted as an Additional Director with effect from 24th October, 2002 and vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as Director of the Company.

Mr Ravindran is a Post Graduate in Science and holds Masters Degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, University of Bombay.

Mr Ravindran has been working with the Company for the last 14 years and prior to his induction into the Board, he was holding the position of Senior Vice President, in-charge of the Consumer Products Division of the Company.

He does not hold any other Directorship.

GENERAL BODY MEETINGS

Location and time for last three Annual General Meetings:

Year	Location	Date	Time
2000	Regd. Office – 6, Cathedral Road Chennai-600 086	21st September, 2000	10.00 a.m.
2001	Regd. Office – 6, Cathedral Road Chennai-600 086	24th September, 2001	10.30 a.m.
2002	Regd. Office – 6, Cathedral Road Chennai-600 086	27th September, 2002	10.15 a.m.

No Resolutions were put through postal ballot.

DISCLOSURES

The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out on Page No. 29 of this Annual Report.

None of the transactions with the related parties were in conflict with the interests of the Company. The details of Contracts, in which Directors are interested, are entered in the Register of Contracts and placed before the Board of Directors.

No strictures have been imposed on the Company by any regulatory authority for non-compliance of any law.

MEANS OF COMMUNICATION

The Unaudited Financial Results (Provisional) for every Quarter and the Annual Audited Financial Results in the format specified in the Listing Agreement, duly approved and taken on record by the Board of Directors of the Company, had been communicated to the Stock Exchanges where the Company's Shares are listed (Chennai, Mumbai, Delhi, Ahmedabad and Kolkata). Further, the same had also been published within 48 hours in The News Today and Makkal Kural.

SHAREHOLDER INFORMATION

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

Date – 19th September, 2003
 Day – Friday
 Time – 10.00 a.m.
 Venue – Regd. Office:
 No.6, Cathedral Road, Chennai-600 086.

b) Particulars of Financial Calendar:

Financial Year – 1st April to 31st March
 First Quarter – 1st April to 30th June
 Second Quarter – 1st July to 30th September
 Third Quarter – 1st October to 31st December
 Fourth & Final Quarter – 1st January to 31st March

c) Date of Book Closure – 02-09-2003 to 19-09-2003 (Both Days Inclusive)

d) Listing on Stock Exchanges:

Madras Stock Exchange Ltd., Chennai (Regional Stock Exchange)
 The Stock Exchange, Ahmedabad
 The Stock Exchange, Mumbai
 The Calcutta Stock Exchange Association Ltd., Kolkata
 The Delhi Stock Exchange Association Ltd., New Delhi

The Company proposes to de-list the Shares from Madras, Ahmedabad, Calcutta and Delhi Stock Exchanges in accordance with the guidelines issued by SEBI vide Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

Stock Code:

Bombay Stock Exchange – 507747

e) Demat Arrangement with NSDL and CDSL

Demat ISIN – INE910C01018

f) Stock Price Data

Month	Bombay Stock Exchange	
	High Rs.	Low Rs.
April 2002	20.50	14.05
May 2002	20.40	13.75
June 2002	19.00	14.00
July 2002	23.40	15.30
August 2002	17.90	14.95
September 2002	18.00	14.65
October 2002	14.90	13.50
November 2002	16.70	14.00
December 2002	16.95	15.40
January 2003	17.80	15.20
February 2003	16.85	14.40
March 2003	17.00	12.80

g) Share Transfer System:

In Compliance with SEBI requirement, Share Transfers are entertained, both under Demat Form and Physical Form.

Share Transfers in respect of physical stocks 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 dematerialisation of Share Certificate(s) lodged for transfer, subject to the regulations specified by SEBI in this regard.

h) Distribution of Shareholding:

	No. of Equity Shares held		% to Total No. of Shareholders		in Rs.		% to Total		
	1	2	3		4		5		
		Phy- sical Form	Elect- ronic Form	Phy- sical Form	Elect- ronic Form	Phy- sical Form	Elect- ronic Form	Phy- sical Form	Elect- ronic Form
Upto 500	500	14299	4040	77.716	21.958	14491290	8231530	21.922	12.452
501 – 1000	16	10	0.087	0.054	1257660	725540	1.903	1.098	
1001 – 2000	7	2	0.038	0.011	1057800	262240	1.600	0.397	
2001 – 3000	4	3	0.022	0.016	1066000	781000	1.613	1.181	
3001 – 4000	1	3	0.005	0.016	302500	1028040	0.458	1.555	
4001 – 5000	-	-	-	-	-	-	-	-	-
5001 – 10000	4	2	0.022	0.011	2714250	1646080	4.106	2.490	
10001 & Above	7	1	0.038	0.005	28748480	3791730	43.489	5.736	
Total	14338	4061	77.928	22.072	49637980	16466160	75.091	24.909	
Grand Total		18399		100.00		66104140		100.00	

i) Categories of Shareholding:

Category	No. of Share- holders	Total Shares	% to Total Shares
Promoters*	18	29,89,516	45.224
Foreign Institutional Investors	3	972	0.015
Non-Resident Indians / OCBs	35	2,77,087	4.192
Indian Financial Institutions	2	3,764	0.057
Mutual Funds	7	33,840	0.512
Banks	6	566	0.008
Bodies Corporate	203	1,81,579	2.747
Unit Trust of India	6	3,88,209	5.873
Public	18,119	27,34,881	41.372
Total	18,399	66,10,414	100.00

* Promoters include 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, Right Aids Orient Pvt. Ltd., L D Seymour & Co India Pvt. Ltd., T T Chemicals Ltd. and Partners & relatives of the Partners of T T Krishnamachari & Co.

j) Dematerialisation of Shares:

	No. of Shareholders	% of Shareholders
No. of Shareholders in Physical Mode	14,338	77.928
No. of Shareholders in Electronic Mode	4,061	22.072
Total	18,399	100.000

Days taken for Dematerialization	No. of Requests	No. of Shares	% of Shares
15 days	1,347	2,21,975	3.36 %

k) Plant Locations :

- 5, Old Trunk Road
Pallavaram
Chennai-600 043.
- 328, GST Road
Chromepet
Chennai-600 044.
- 3, Tiruneermalai Main Road
Chromepet
Chennai-600 044.
- 2B, Hosakote Industrial Area
8th Kilometre, Hosakote
Chinthamani Road
Hosakote Taluk
Bangalore-562 114.
- 1/B-2, MIDC Industrial Area
Chikalhana
Aurangabad-431 210.
- H-12/13, MIDC Area, Waluj
Aurangabad-431 136.

l) Registered Office : 6, Cathedral Road
Chennai-600 086.

m) Administrative Office & Investor Correspondence Address : 5, Old Trunk Road
Pallavaram
Chennai-600 043.

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

o) 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 Services (P) Limited
- TTK Services (P) Limited
- TTK Tantex Limited
- LD Seymour & Co India Private Limited
- Right Aids Orient Private Limited
- TT Chemicals Ltd.
- SSL-TTK Limited
- Packwell Packaging Products Ltd.

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 31st March, 2003 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that in respect of investor grievances received during the year ended 31st March, 2003, 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.

Chennai
28th June, 2003

For M/s. AIYAR & CO.
Chartered Accountants
V. NATARAJAN
Partner

For M/s. S. VISWANATHAN
Chartered Accountants
C.N. GANGADARAN
Partner

Management Discussion and Analysis Report

ECONOMIC AND BUSINESS ENVIRONMENT:

The Indian economic scenario continued to be depressed during the financial year 2002-03.

The situation was further compounded by the failure of monsoon and severe drought conditions in many parts of the country which had its ultimate effect on the spending capacity of the consuming public and this is evident from the fact that the economic growth during the year 2002-03 was only about 4%.

Despite the recessionary trend, Pharmaceutical Industry is the one amongst the few segments which recorded a moderate growth. The total Pharmaceutical Formulation Market is around Rs.18,205 Crores which recorded a growth of 5.7% during the year 2002-03 (Source:ORG – March '03). It is also pertinent to mention that the growth has come mainly from the launch of new products by the Pharmaceutical Companies.

The uncertainties prevailed over the introduction of the Value Added Tax seriously affected the last quarter sales of many industries and your company is no exception.

OPPORTUNITIES AND THREATS:

Opportunities:

- Since Pharmaceutical Industry is growing reasonably, there is an opportunity for your Company to grow the business in this segment. This can be achieved through not only focusing on existing products but also through launch of new products in therapeutic segments in which your Company is present.
- With the increasing awareness and wider acceptance of herbal therapy, herbal formulations also provide an opportunity for growth as your Company is already present in this segment.
- The unique advantage of having an exclusive network for distribution of OTC products available to your Company can be leveraged for launch of new products under its own brands. Since the margins on own products are certainly better than those available on third party distribution lines, this opportunity will not only provide improved profitability but also ensure building of brands for long term sustenance of the business.
- On the Medical Devices / Disposable front, due to the gap between domestic demand and supply, there is continued dependence on import of surgical implants and this can be gainfully exploited through the existing products like Heart Valves manufactured by your Company and also through launch of niche products in this segment.

There is also an opportunity available to your Company for exporting these products to neighbouring countries.
- Considering the size of the market for food products, the Foods Business of your Company provides good opportunity for growth. There is also a possibility of further increase in the export volumes.
- Since the Printing Division of your Company has access to schools, there is an opportunity for launching products which are specifically meant for school children.

To sum up, since your Company is diversified into more than one segment, there are quite a few opportunities available for growth in the coming years.

Threats:

- As already mentioned in the last report, the Product Patents Regime which would come into force from 2005 may affect companies which are not discovery-driven. Nevertheless, it is believed that the medium size pharma enterprises like yours will be able to grow through their existing product portfolios, with introduction of new products in the respective segments.

Further, there will also be opportunities for these companies to launch products which are out of patents. In the case of your Company, since the product portfolio comprises of products like Calcium Supplements, Herbal Formulations, etc., it is expected that the impact of GATT might not be significant.

- On the Medical Devices / Disposables front, the business is predominantly tender-driven as most of the requirements emanate from institutions. This has its impact on the price realisations as there is intense competition and also involves huge investments in working capital as institutions expect a longer credit period. Further, the business also depends on the quantum of funds allocated by Government and other entities for Healthcare purchases which may affect the business. Your Company, in addition to focusing on institutional business, is also expanding its business in Trade where realisations are better coupled with lesser credit period.
- In the case of Printing Business, there is severe competition from small size Printing Units. However, your Company could attract quality conscious customers. Further, efforts are also made to reduce costs and increase efficiency on a continuous basis.

SEGMENTWISE PERFORMANCE AND OUTLOOK:

As you know, your Company has three Strategic Business Units (SBUs) viz., Pharmaceutical Business, Consumer Products Business and Medical Devices / Disposables Business.

In addition, the company is also engaged in Foods and Printing & Publishing Businesses.

We shall now have a look at the individual Business Segments :

Pharmaceutical Business:

The Ethical Products Business of your Company deals in Pharmaceutical Formulations, both Herbal and Allopathic, in various therapeutic segments.

The key segments are Calcium Supplements, Cervical Dilators, Thrombolytic Agents, Rejuvenators, Galactagogues, Liver Correctives, Pain Management products, etc.

The Division mainly focuses on Gynaecologists, Cardiologists and General Practitioners and meets around 55,000 Doctors and 25,000 Chemists every month.

The task ahead of the Pharmaceutical Division now is to mainly focus on consolidating its business through implementation of various growth strategies.

The growth strategy consists of –

- Revamping and Relaunch of some of the existing products
- Launch of new products in the therapeutic segments in which the Company is present.

In line with the above strategy, your Company has recently launched the fortified version of the existing product Tefroliv (Liver Corrective / Protective) under the Brand name Tefroliv Forte with improved packaging.

Your Company has also launched a line extension of its brand Lactare (Galactagogue) in granules form and a formulation consisting of Diclofenac Potassium and Serratiapetidase under the brand name Nimulase-D.

Some more products have been lined up for launch progressively during the next few months.

The Pharmaceutical Business also has a Veterinary Formulations Division which essentially caters to the requirements of Veterinarians, Hatcheries, Poultry Farms and Dairy Farms. Around 4000 Veterinarians are met every month. It is proposed to add a few new products under Animal Welfare Division during the current year in segments like Animal Fertility and Parasites Control.

The operations of the Pharmaceutical Division were severely affected due to the uncertainties prevailed on account of the implementation of Value Added Tax (VAT) System during the last quarter of the year under review.

Consumer Products Business:

The Consumer Products Division is currently servicing around 200,000 outlets across the country.

With the rationalisation of market inventories, there has been significant improvement in the primary sales of Woodward's Gripewater during the year under review as compared to the previous year. Further, there has also been improvement in the overall receivables situation through improved collections. There has been growth in the secondary sales by around 10%.

In line with the overall objective of building more of own brands, your Company has launched a range of ladies cosmetics under the brand name **EVA** in select regions. This range will be launched in other regions in a phased manner. Your Company is also exploring the possibility of launching a few new OTC products.

The Division also handles the National Distribution responsibilities for Durex / Kohinor brand of condoms manufactured by TTK LIG Ltd. It is pertinent to mention that the proportion of Kohinor Variants to the overall sales of Condoms has gone up significantly and this has resulted in higher turnover coupled with improved profitability.

Further, the Division also handles the National Distribution responsibilities for Kiwi / Brylcreem range of Shoe care / Hair Care products manufactured by Sara Lee Household and Bodycare Pvt. Ltd. There has been significant growth in sales with reference to Brylcreem Range of haircare products, especially the Brylcreem Gel which has recorded an impressive growth. It is also pertinent to mention that Brylcreem Haircream enjoys a share of around 75% in the Haircream Segment.

Your company is also continuously on the look out for third party distribution possibilities for enhancing the profitability of this Division.

Medical Devices / Disposables Business:

Heart Valve Division:

Your Company had another successful year of growth at the Heart Valve Division. The total number of TTK-CHITRA Valves implanted so far should easily exceed 8000.

An agreement was signed with Sree Chitra Tirunal Institute of Medical Sciences & Technology, Trivandrum and the National Research Development Corporation, New Delhi, for development of an Improved Artificial Heart Valve Prosthesis. The Project has already commenced and is expected to take about 3 years to complete.

Another Agreement with Sree Chitra Tirunal Institute for Medical Sciences & Technology and The South India Textile Research Association (SITRA) has been signed for the development of Large Diameter Vascular Graft prosthesis. This Project will take two years to complete.

The progress has been steady towards ISO Certification which is expected during the current year. This will be followed up with CE Marking of our Valves as already planned.

The development work on Sternotomy suture has been completed and the product is undergoing tests at leading hospitals. It is hoped that the product will have a successful launch during the current year.

Clinicare Division:

The year 2002-03 was a challenging one for the Clinicare Division. While reduction in manpower and operating costs was achieved with considerable success, the volumes are yet to grow adequately across products whereby all costs could be fully absorbed. The field sales force, now much smaller, has to

come to terms with a totally different set of circumstances and increased responsibilities to which it is taking time to adjust. It is necessary to get better in all operational areas so as to ensure profitability of the Division and that task is continuing in the current year.

Export opportunities are being seriously pursued, which can significantly change the picture for the better with the possibility of huge volumes.

Foods Business:

Foods Division continued its regional focus on value-added pellets in the domestic markets and this is yielding results. Efforts will be further stepped up during the current year. There has also been improvements in the export volumes during the year under review.

The year under review was devoted to improving operational efficiencies and restoring capacities at various stages. Considerable progress has been made in this regard, the benefits of which will be seen during the current year.

Printing and Publication Business:

Printing Division is engaged in the business of Printing and Publication of Maps, School Atlases, Travel Guides, etc. It is also engaged in general printing and manufacture of packaging cartons. The process relating to digitisation of Maps stands completed and this exercise is expected to not only improve the quality of the products but also to provide necessary flexibility in terms of upgrading the Maps whenever changes occur.

Further, a range of publications under "TTK Knowledge Series" and also "Scientific Charts" targeting the school children are being brought out.

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.

FINANCIAL PERFORMANCE:

	(Rs. in lakhs)	
	2002-03	2001-02
Sales	14643.65	12272.36
Other Income	168.31	1712.35
Total Income	14811.96	13984.71
Goods Consumption	8723.76	8707.36
Excise Duty	406.28	309.69
Expenses	4829.96	5346.94
Profit before Interest, Depreciation and Extraordinary Items	851.96	(379.28)
Interest	432.60	811.02
Depreciation	255.84	193.23
Operating profit for the year	163.52	(1383.53)
Less: Provision for diminution in the value of Investments	102.50	-
Add: Provision for extraordinary items on account of discontinued businesses made in the previous year reversed pursuant to write-off	-	500.00
Profit / (Loss) before Tax	61.02	(883.53)
Less: Provision for taxation	19.32	-
Add: Deferred Tax	263.92	1076.18
Profit / (Loss) after Tax	305.62	192.65

TTK HEALTHCARE LIMITED

Income:

The Company achieved a turnover of Rs. 146.44 crores as against the previous year turnover of Rs. 122.72 crores.

With the completion of the rationalization exercise, there has been improvement in the turnover of the Company as compared to the previous year.

Expenditure:

Goods Consumption:

Goods consumption as a percentage of sales is lower as compared to the previous year on account of the higher proportion of sales from own manufactured products where the goods consumption percentage is lower as compared to traded products.

Other Expenses:

Your Company continues to exercise absolute control on the various expenses.

There has been a reduction in the interest costs from Rs. 8.11 crores to Rs. 4.33 crores, due to repayment of borrowings and reduced rate of interest.

Share Capital:

During the year under review, 2,35,207 Equity Shares have been allotted as fully paid up to the Shareholders of the erstwhile TTK Medical Devices Limited, consequent upon its merger with the Company.

Securities Premium Account:

After obtaining necessary approval from the Shareholders and the Hon'ble High Court of Judicature at Madras, your Company adjusted a sum of Rs. 813.63 Lakhs representing the following against the Securities Premium Account:

(Rs. in lakhs)

Deferred Revenue Advertisement Expenditure	280.30
Expenditure incurred on Voluntary Retirement Scheme	143.21
Unusable / Non-saleable stocks – Sutures	324.32
Non-recoverable debtors – Sutures	65.80
TOTAL	813.63

Secured and Unsecured Loans:

Your Company continues its efforts to further reduce the borrowings by constantly improving the Working Capital Management.

There has been a further reduction in the quantum of secured and unsecured borrowings from Rs. 34.04 crores to Rs. 29.13 crores during the year under review.

Fixed Assets:

There has been an addition of Rs. 3.22 crores to Fixed Assets which mainly represents the amounts paid for acquisition of EVA Trademark and the amounts incurred on Computerisation and Renovation of Office Premises.

Investments:

During the year under review, your Company has invested a sum of Rs. 149.85 lakhs in the Equity / Preference Share Capital of M/s.TTK Healthcare Services Private Limited, Subsidiary of your Company, which is engaged in providing Third Party Administrator services to General Insurance Companies.

Your Company has also made a provision of Rs. 102.50 lakhs for the diminution in the value of investments by the Company in the Equity Capital of M/s.TTK Tantex Limited as this Company became sick and was referred to BIFR.

Inventories:

During the year under review, there has been reduction in inventories from Rs. 17.16 crores to Rs.14.82 crores and this is mainly on account of the write-off of unusable/non-saleable sutures by utilizing the Securities Premium Account.

Sundry Debtors:

As a result of the enforcement of strict receivables management, your Company has been able to reduce the investments in Sundry Debtors from Rs. 32.63 crores to Rs. 29.73 crores during the year under review. The reduction is also partly on account of the write-off of non-recoverable debts amounting to Rs. 65.80 lakhs relating to suture business against the Securities Premium Account.

INTERNAL CONTROL SYSTEMS:

Your Company has established Internal Control Systems. Internal Audits are regularly conducted through In-house Audit Department and also through an External Audit Firm. The reports are periodically discussed and corrective measures are taken.

Further, your Company has also developed an Operating Manual covering Depot Operations which is under implementation.

INFORMATION TECHNOLOGY:

The Information Technology initiative commenced during the last year stands almost completed and will become online within the next 3 months.

This would ensure switching over from the existing FOXPRO System to an advanced ORACLE Applications ERP. This project was implemented by M/s.Tata Consultancy Services.

HUMAN RESOURCES:

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

As part of the overall HR Strategy, training programmes have been organized for employees through both internal and external faculties during the year under review.

The Company entered into a long term wage settlement with the Workers' Union of Pallavaram Factory and this will be valid for a period of 4 years from 1st October, 2002. At Foods Division too, the long term wage settlement was amicably concluded with the Labour Union and this settlement will be in force till December 2004.

As part of the rightsizing exercise, the manpower strength has been reduced by around 120 at Chikalthana and Waluj Factories through a Voluntary Separation Scheme.

As on 31st March, 03, the employee strength was 1238. Your Company is also continuously focusing on rightsizing the employee strength, wherever necessary.

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 realise 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.

Auditors' Report

Auditor's Report to the Members of M/s. TTK Healthcare Limited.

We have audited the attached Balance Sheet of TTK Healthcare Limited (formerly TTK Pharma Ltd) as at 31st March, 2003, and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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.

We conducted our audit in accordance with 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 misstatements. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditors' Reports have been forwarded to us and have been appropriately dealt with;

c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the Audited returns from the branches;

d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section 3 (c) of Section 211 of the Companies Act, 1956;

e) On the basis of written representations received from the Directors as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2003, from being appointed as Directors in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required 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, 2003;
- 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 Cash Flow statement, of the cash flows for the year ended on that date.

For M/s. AIYAR & CO. For M/s. S. VISWANATHAN
Chartered Accountants Chartered Accountants

Chennai
28th June, 2003

V. NATARAJAN
Partner

C.N. GANGADARAN
Partner

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date)

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of all major fixed assets. The fixed assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) The stock of finished goods, stores and raw materials have been physically verified by the management during the year.
- 4) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) The discrepancies noticed on physical verification of stocks as compared to records were not material and the same have been properly dealt with in the books of account.
- 6) In our opinion, the valuation of stock is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- 7) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, where the rate of interest and

other terms and conditions are, in our opinion prima facie prejudicial to the interest of the Company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to the Company on or after 31st October, 1998.

- 8) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 where the rate of interest and other terms and conditions are in our opinion, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to the Company on or after 31st October, 1998.
- 9) The parties including employees to whom loans or advances in the nature of loans have been given by the Company, are generally repaying the principal amounts as stipulated and are also generally regular in payment of the interest, where applicable.
- 10) In our opinion and according to the information and explanations given to us, there are adequate internal procedures, commensurate with the size of the Company and the nature of its business, for the purchase of spares, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
- 11) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods,

materials and services, made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials and services, or the prices at which transactions for similar goods, materials or services have been made with other parties.

- 12) As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, raw materials and packing materials and finished goods and necessary adjustments for the loss have been made in the accounts.
- 13) 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.
- 14) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap, by-products and waste, where applicable and significant.
- 15) The Company has an internal audit system commensurate with the size and nature of its business.
- 16) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 17) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.

- 18) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-Tax, Wealth-Tax, Sales-Tax, Customs Duty and Excise Duty as at 31st March, 2003, which were outstanding for a period of more than six months from the date they became payable.
- 19) The Company has not made any provision for the Cess under the provisions of Section 441 A of the Companies Act, 1956, in the absence of notification regarding rate and manner of remittance.
- 20) According to the information and explanations given to us and on the basis of books and records of the Company examined by us, no personal expenses of the employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
- 21) The Company is not a Sick Industrial company within the meaning of Clause(o) of sub-section(1) of Section 3 of the Sick Industries Companies (Special Provisions) Act, 1985.
- 22) We are informed that the Company has a reasonable system of determining damaged goods in respect of trading activities. In our opinion, adequate provisions have been made in the books of accounts for the loss arising in respect of such items.

For M/s. AIYAR & CO. For M/s. S. VISWANATHAN
Chartered Accountants Chartered Accountants

Chennai
28th June, 2003

V. NATARAJAN
Partner

C.N. GANGADARAN
Partner

Balance Sheet

as at 31st March, 2003

Particulars	Schedule No.	As at 31.3.2003		As at 31.3.2002	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS:					
1. Shareholders' Funds					
a) Share Capital	1		6,61,04,140		6,37,52,070
b) Shares to be allotted to the shareholders of TTK Medical Devices Ltd. consequent upon Merger			—		23,52,070
c) Reserves & Surplus	2		33,93,15,941		39,75,41,998
2. Loan Funds					
a) Secured Loans	3A & 3B	23,13,79,807		23,72,04,386	
b) Unsecured Loans	3C	5,99,20,078		10,31,71,078	
			29,12,99,885		34,03,75,464
Total			69,67,19,966		80,40,21,602
II. APPLICATIONS OF FUNDS:					
1. Fixed Assets	4				
Gross Block		59,63,12,125		56,56,10,339	
Less: Depreciation		25,24,61,927		22,70,04,109	
Net Block			34,38,50,198		33,86,06,230
2. Investments	5		2,11,00,875		2,63,87,855
3. Current Assets, Loans & Advances:					
a) Inventories	6	14,81,78,613		17,15,56,260	
b) Sundry Debtors	7	29,72,51,069		32,63,42,898	
c) Cash and Bank Balances	8	7,62,98,842		6,69,18,579	
d) Loans and Advances	9	7,07,00,822		10,65,71,548	
		59,24,29,346		67,13,89,285	
Less: Current Liabilities & Provisions:					
a) Liabilities	10	33,03,70,730		30,49,97,535	
b) Provisions:					
Provision for Taxation		3,79,37,700		3,66,50,000	
		36,83,08,430		34,16,47,535	
Net Current Assets			22,41,20,916		32,97,41,750
Deferred Tax Asset			17,48,09,681		15,68,90,446
Deferred Tax Liability			(6,71,61,704)		(7,56,34,658)
4. Miscellaneous Expenditure (To the extent not written off or adjusted)					
Advertisement Expenditure			—		2,80,29,979
Total			69,67,19,966		80,40,21,602

Note: Schedules referred to above and the Notes attached form an integral part of the Balance Sheet.

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered Accountants

V. NATARAJAN
Partner

For M/s. S. VISWANATHAN
Chartered Accountants

C.N. GANGADARAN
Partner

Bangalore
28th June, 2003

T.T. Jagannathan, *Chairman*
T.T. Raghunathan, *Executive Vice Chairman*
Dr. K.R. Srimurthy, *Director*
B.N. Bhagwat, *Director*
K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

TTK HEALTHCARE LIMITED

Profit and Loss Account

for the year ended 31st March, 2003

Particulars	Schedule No.	2002-2003			2001-2002		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME:							
Sales	11		146,43,65,033			122,72,35,865	
Other Income	12		<u>1,68,31,122</u>	148,11,96,155		<u>17,12,35,152</u>	139,84,71,017
EXPENDITURE:							
Goods Consumption	13		87,23,75,733			87,07,36,198	
Excise Duty			4,06,28,112			3,09,69,275	
Expenses	14		52,62,56,059			61,57,95,259	
Depreciation		2,62,01,694			1,99,40,034		
Less: Transfer from Revaluation Reserve		<u>6,17,229</u>	<u>2,55,84,465</u>		<u>6,17,229</u>	<u>1,93,22,805</u>	
				146,48,44,369			1,53,68,23,537
Profit before Tax, Extraordinary items and Provision for the Diminution in the value of Investments				1,63,51,786			(13,83,52,520)
Less: Provision for Diminution in the value of Investments				1,02,50,200			-
Provision for Extraordinary items on account of Discontinued Businesses made in the previous year reversed pursuant to write-off				-			5,00,00,000
Profit / (Loss) Before Tax				61,01,586			(8,83,52,520)
Provision for Tax				19,31,744			-
Deferred Tax				2,63,92,189			10,76,17,938
Profit / (Loss) After Tax				<u>3,05,62,031</u>			<u>1,92,65,418</u>
Profit / (Loss) carried to Balance Sheet				3,05,62,031			<u>1,92,65,418</u>

Note: Schedules referred to above and the Notes attached form an integral part of the Profit & Loss Account

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered Accountants

For M/s. S. VISWANATHAN
Chartered Accountants

V. NATARAJAN
Partner

C.N. GANGADARAN
Partner

Bangalore
28th June, 2003

T.T. Jagannathan, *Chairman*
T.T. Raghunathan, *Executive Vice Chairman*
Dr. K.R. Srimurthy, *Director*
B.N. Bhagwat, *Director*
K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

Schedules

Sch. No.		As at 31.3.2003	As at 31.3.2002
	Rs.	Rs.	Rs.
1. CAPITAL:			
Authorised Capital:			
1,00,00,000 Equity Shares of Rs. 10/- each		10,00,00,000	<u>10,00,00,000</u>
Issued, Subscribed and Paid-up Capital:			
66,10,414 Equity Shares (Previous Year-63,75,207 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 Ltd. with this Company and 2,35,207 Equity Shares of Rs. 10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Medical Devices Ltd. with this Company.)		6,61,04,140	6,37,52,070
2. RESERVES AND SURPLUS:			
a) Capital Reserve:			
i) Subsidy received from:			
Karnataka State Government		9,99,500	9,99,500
Andhra Pradesh State Financial Corporation		2,53,910	2,53,910
Central Subsidy		15,00,000	15,00,000
Maharashtra Energy Development Agency		4,52,760	4,52,760
ii) Capital Reserve:			
Balance as per last Balance Sheet	7,17,34,400		7,17,34,400
Less: Adjustment in Loans & Advances	68,08,063		-
		6,49,26,337	<u>7,17,34,400</u>
		6,81,32,507	<u>7,49,40,570</u>
b) Revaluation Reserve:			
Balance as per last Balance Sheet		5,16,19,832	5,23,24,917
Less: Transfer to Profit & Loss Account	6,17,229		6,17,229
Transfer to Plant & Machinery / Building	-	6,17,229	<u>87,856</u>
		5,10,02,603	<u>5,16,19,832</u>
c) Share Premium Account:			
Balance as per last Balance Sheet	11,79,59,282		11,62,66,680
Add : Due to Merger	-		16,92,602
Less : Adjustments: Inventories	3,24,31,969		-
Sundry Debtors	65,79,606		-
VRS	1,43,21,242		-
Advertisement Expenditure	2,80,29,979	3,65,96,486	-
			<u>11,79,59,282</u>
d) Debenture Redemption Reserve:			
Balance as per last Balance Sheet	-		2,25,00,000
Less: Transfer to General Reserve	-	-	<u>2,25,00,000</u>
			-
e) General Reserve:			
Balance as per last Balance Sheet	15,30,22,314		13,76,19,046
Add: Transfer from Profit & Loss Account	3,05,62,031		1,92,65,418
Less: Transfer to Deferred Tax Liability	-		2,63,62,150
Add: Transfer from Debenture Redemption Reserve	-	18,35,84,345	<u>2,25,00,000</u>
			<u>15,30,22,314</u>
Total (a to e)		33,93,15,941	<u>39,75,41,998</u>

Schedules (Contd.)

Sch. No.	As at 31.3.2003	As at 31.3.2002	Sch. No.	As at 31.3.2003	As at 31.3.2002					
	Rs.	Rs.								
3. LOANS:			C. UNSECURED LOANS:							
A. SECURED TERM LOANS:			Fixed Deposits							
i) Indian Overseas Bank @	66,66,664	1,33,33,332	ECB from M/s. Maersk Medical A/S, Denmark							
ii) State Development Loan @@	-	1,94,000	ICICI Banking Corporation Limited – 2,00,000 Unsecured Redeemable Non - Convertible Debentures of Rs. 100/- each							
iii) IDBI*	1,00,00,000	2,00,00,000	Karur Vysya Bank Ltd. – 3,00,000 Unsecured Redeemable Non-Convertible Debentures of Rs. 100/- each							
vi) ICICI Limited*	8,00,00,000	8,00,00,000	Maharashtra Industrial Development Corporation – Interest free Loan							
Total – A	9,66,66,664	11,35,27,332	Total – C							
B. OTHER SECURED BORROWINGS:			Total – (A + B + C)							
i) Against Hypothecation of Stocks and Book Debts §	2,46,70,876	36,77,054	29,12,99,885							
ii) Demand Loan §	1,30,42,267	12,00,00,000	34,03,75,464							
iii) Corporation Bank FCNR Loan §	9,70,00,000	-								
Total – B	13,47,13,143	12,36,77,054								
Total – (A + B)	23,13,79,807	23,72,04,386								
<p>@ Secured by a first charge on all the fixed assets of the Medical Devices Unit situated at Waluj, Aurangabad. @@ Secured by a second charge on Land and Buildings of Foods Division near Bangalore. * Secured by hypothecation of movable assets and mortgage of immovable properties of the Company on <i>pari passu</i> first charge basis. § Further secured by a <i>pari passu</i> second charge on the Fixed Assets of the Company.</p>										
4. FIXED ASSETS										
Description of Assets	As on 1-4-2002	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
		Additions	Deletions	As on 31-3-2003	Upto 31-3-2002	Deletions	For the Year	Upto 31-3-2003	As on 31-3-2003	As on 31-3-2002
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land	4,33,48,228	-	2,28,580	4,31,19,648	-	-	-	4,31,19,648	4,33,48,228	
Leasehold Land	1,37,99,197	1,60,479	-	1,39,59,676	-	-	-	1,39,59,676	1,37,99,197	
Buildings	13,07,72,884	29,51,991	-	13,37,24,875	3,61,27,306	-	41,07,510	4,02,34,816	9,34,90,059	
Leasehold Buildings	21,05,365	37,64,325	-	58,69,690	21,05,365	-	7,52,865	28,58,230	30,11,460	
Plant & Machinery	34,64,69,324	1,72,15,050	1,48,991	36,35,35,383	17,07,15,542	39,701	1,81,83,104	18,88,58,945	17,46,76,438	
Furniture & Fittings	1,05,42,552	10,47,723	-	1,15,90,275	53,87,263	-	5,51,169	59,38,432	56,51,843	
Patterns, Dies & Templates	54,91,435	17,52,127	-	72,43,562	33,66,108	-	7,03,091	40,69,199	31,74,363	
Trade Marks	59,00,000	53,49,800	-	1,12,49,800	57,03,333	-	12,66,627	69,69,960	42,79,840	
Vehicles	71,81,354	-	11,62,138	60,19,216	35,99,192	7,04,175	6,37,328	35,32,345	24,86,871	
Total	56,56,10,339	3,22,41,495	15,39,709	59,63,12,125	22,70,04,109	7,43,876	2,62,01,694	25,24,61,927	34,38,50,198	
Previous Year	35,54,95,639	21,18,27,988	17,13,288	56,56,10,339	20,78,21,745	7,57,670	1,99,40,034	22,70,04,109	33,86,06,230	
<p>Note: Depreciation for the year amounting to Rs. 6,17,229/- (Previous Year - Rs. 6,17,229/-) 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. 2,62,01,694/- for the year (Previous Year - Rs. 1,99,40,034/-).</p>										

Schedules (Contd.)

Sch. No.	As at 31.3.2003	As at 31.3.2002	Sch. No.	As at 31.3.2003	As at 31.3.2002
	Rs.	Rs.		Rs.	Rs.
5. INVESTMENTS:			6. INVENTORIES:		
I. AT COST – TRADE			(Value as certified by the Management)		
a) Unquoted (Fully paid)			Raw & Packing Materials	2,19,30,997	2,64,29,693
200 Equity Shares of Rs. 1000/- each of Orient Laboratories Limited	2,00,000	2,00,000	Work-in-Progress	3,57,56,991	3,41,82,366
2,84,375 Equity Shares of Rs. 10/- each of Adyar Gate Hotel Ltd.	45,71,875	45,71,875	Finished Goods	8,43,91,336	10,49,22,299
10,24,245 Equity Shares of Rs. 10/- each of TTK Tantex Ltd.	1,02,50,200	1,02,50,200	Stores & Spares	60,99,289	60,21,902
Amount paid to TTK Healthcare Services Private Ltd., towards Share Application Money	-	1,00,00,000		14,81,78,613	17,15,56,260
9,99,000 Equity shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd.	99,90,000	-	7. SUNDRY DEBTORS:		
4,99,500 – 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd.	49,95,000	-	(Considered good for which the Company holds no security other than Debtors' Personal Security)		
b) Quoted (Fully paid)			Debts outstanding for a period exceeding six months	7,60,22,112	6,84,63,576
14,800 Equity Shares of Rs. 10/- each of TTK Prestige Ltd. – Market Value Rs. 6.70 each	13,32,000	13,32,000	Other Debts	22,78,08,563	25,78,79,322
500 Equity Shares of Rs. 10/- each of Apollo Hospitals Enterprise Limited – Market Value Rs. 97/- each	5,000	5,000		30,38,30,675	32,63,42,898
II. AT COST – NON TRADE			Less: Written off against Securities Premium	65,79,606	-
Unquoted (Fully paid)				29,72,51,069	32,63,42,898
4 Shares of Rs. 500/- each of Tamilnadu Pharmaceuticals Manufacturing Industrial Co-operative Service Society Limited	2,000	2,000	8. CASH & BANK BALANCES:		
7-year National Savings Certificates	-	21,780	Cash on hand	8,16,151	5,48,012
500 Shares of Rs. 10/- each of Delhi Super Bazaar	5,000	5,000	In Current Account with Scheduled Banks	5,77,34,680	4,82,69,159
	3,13,51,075	2,63,87,855	In Deposit Account with Scheduled Banks	1,58,64,059	1,61,13,804
Less: Provision for Diminution in the value of Investments	1,02,50,200	-	In Interest Warrant Account	23,140	17,852
	2,11,00,875	2,63,87,855	In Dividend Warrant Account	18,60,812	19,69,752
Aggregate Book Value – Quoted	13,37,000	13,37,000		7,62,98,842	6,69,18,579
Unquoted	1,97,63,875	2,50,50,855	9. LOANS AND ADVANCES:		
Aggregate Market Value – Quoted	1,47,660	2,79,380	(Considered good)		
			Lease & Rent Advances	23,65,386	24,06,632
			Electricity & Other Deposits	1,65,32,703	1,48,91,627
			Advance Income Tax	3,35,61,832	5,36,66,251
			Advance for Others	2,50,48,964	3,56,07,038
				7,75,08,885	10,65,71,548
			Less: Transfer to Capital Reserve	68,08,063	-
				7,07,00,822	10,65,71,548
			10. LIABILITIES:		
			Sundry Creditors for:		
			a. Goods	17,07,01,399	17,01,92,739
			b. Expenses	10,16,86,683	9,36,60,865
			c. Others	5,61,21,836	3,91,74,179
			d. Unclaimed Dividend	18,60,812*	19,69,752
				33,03,70,730	30,49,97,535

* Note: No amount is due to be credited to the Investor Education and Protection Fund.

Schedules (Contd.)

Sch No.	Units	2002-2003		2001-2002	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES:					
a. Orals	Lakhs	133.170	28,20,37,840	70.487	15,88,22,843
b. Dry Syrup	Lakhs	-	-	0.146	85,745
c. Tablets	Lakhs	723.920	12,91,73,261	511.560	6,05,80,791
d. Injectables	Lakhs	99.453	10,31,63,359	99.841	8,60,58,062
e. Capsules	Lakhs	213.919	3,28,35,513	185.845	2,71,39,678
f. Food Products	M.T.	2,065.047	6,13,96,308	1,966.094	5,07,42,420
g. Basic Chemicals / Drugs	M.T.	-	-	1.767	18,53,111
h. Granules	M.T.	138.287	2,21,71,849	132.782	1,92,34,567
i. Hospital Care Products	-	-	13,49,97,684		12,24,38,670
j. Ointment	M.T.	-	-	0.006	6,298
k. Shoe Care Products	M.T.	269.040	10,33,31,527	291.250	10,19,01,531
	K. Ltrs.	194.980	7,60,11,864	202.630	7,95,34,302
l. Hair Creams & Cosmetics	M.T.	360.560	15,20,52,865	273.920	11,17,09,720
	K. Ltrs.	18.500	1,57,87,109	5.150	22,96,045
m. Household Products	M.T.	-	-	604.300	6,33,57,691
n. Condoms	Millions	95.790	26,29,88,528	130.200	25,07,80,768
o. Maps & Atlases	Nos.	6,89,242	2,05,52,166	5,89,790	2,73,75,533
p. Others	-		6,78,65,160		6,33,18,090
			<u>146,43,65,033</u>		<u>122,72,35,865</u>
12. OTHER INCOME:					
a. Manufacturing Charges			3,34,832		3,54,533
b. Dividend Income			1,250		3,07,825
c. Profit on Sale of Assets			6,40,480		42,966
d. Profit on Sale of Investments			-		15,49,78,720
e. Interest Receipts			52,13,019		37,06,318
f. Others			1,06,41,541		1,18,44,790
			<u>1,68,31,122</u>		<u>17,12,35,152</u>

Schedules (Contd.)

Sch. No.	2002-2003		2001-2002	
	Rs.	Rs.	Rs.	Rs.
13.	GOODS CONSUMPTION:			
	Opening Stock of –			
	Raw & Packing Materials	2,64,29,693		2,51,62,410
	Work-in-Progress	3,41,82,366		4,89,38,614
	Finished Goods	10,49,22,299		17,33,45,761
		<u>16,55,34,358</u>		<u>24,74,46,785</u>
	Less: Stock Write-off against Securities Premium	3,24,31,969	13,31,02,389	–
				24,74,46,785
	<i>Add:</i> Purchase of –			
	Raw & Packing Materials	16,96,81,849		17,58,01,297
	Finished Goods	71,16,70,819		61,30,22,474
		<u>88,13,52,668</u>		<u>78,88,23,771</u>
			1,01,44,55,057	1,03,62,70,556
	Less: Closing Stock of –			
	Raw & Packing Materials	2,19,30,997		2,64,29,693
	Work-in-Progress	3,57,56,991		3,41,82,366
	Finished Goods	8,43,91,336		10,49,22,299
		<u>14,20,79,324</u>		<u>16,55,34,358</u>
	Total Consumption of Goods	<u>87,23,75,733</u>		<u>87,07,36,198</u>
14.	EXPENSES:			
	Salaries, Wages & Bonus	11,91,31,819		12,18,79,400
	Contribution to P.F. & Other Funds	93,67,558		97,90,278
	Gratuity & Superannuation	87,41,824		1,03,12,222
	Contribution to E.S.I.	10,74,424		15,88,139
	Welfare Expenses	1,23,03,911		1,04,04,337
	Power & Fuel	2,37,49,150		2,41,40,097
	Repairs & Maintenance			
	Repairs to Buildings	7,96,597		13,80,510
	Repairs to Plant & Machinery	81,22,614		62,70,218
	Factory Upkeep	36,23,993		25,37,900
	Consumable Stores	47,39,817		47,12,788
	General Insurance	28,40,407		30,95,273
	Rates & Taxes	20,21,561		20,27,455
	Rent	86,62,004		92,83,322
	Electricity	21,44,499		10,32,436
	Printing & Stationery	85,02,372		80,62,086
	Postage, Telegrams & Trunk Calls	1,39,60,659		1,78,50,490
	Interest	4,32,60,136		8,11,01,953
	Carriage Outwards	3,87,21,017		3,65,49,968
	Transit Insurance	9,89,449		14,60,603
	Advertisement & Sales Promotion	8,32,09,895		6,82,25,462
	Travelling & Conveyance	7,27,89,739		7,21,37,545
	Audit & Other Fees			
	Audit Fees	2,15,687		2,32,450
	Tax Audit Fees	50,563		64,100
	Cost Audit Fees	21,000		21,000
	Other Matters	5,250		29,850
	Donation	14,802		29,003
	Depot Service Charges	2,71,19,329		2,39,48,278
	Directors' Sitting Fees	2,60,000		2,49,000
	Loss on Sale of Assets	3,78,568		3,37,212
	Conversion Charges	34,41,486		47,52,429
	Bad debts written off	54,542		5,69,40,649
	Non recoverable Deposit / Export incentive written off	–		53,22,033
	Miscellaneous Expenses	2,59,41,387		3,00,26,773
		<u>52,62,56,059</u>		<u>61,57,95,259</u>

Notes on Accounts

Sl. No.	Units	2002-2003		2001-2002		
		Quantity	Value Rs.	Quantity	Value Rs.	
I.	MATERIALS CONSUMED:					
a.	Industrial Alcohol	K.L.	10.953	5,39,502	3.421	1,59,957
b.	Sweetening Agents & Base	M.T.	235.834	44,47,404	232.979	44,28,446
c.	Fats & Oils	M.T.	1.974	2,43,318	2.327	1,30,102
d.	Vitamins & Nutrients	M.T.	1.277	33,09,037	0.742	12,95,856
e.	Drugs	M.T.	7.644	31,84,880	8.003	33,27,625
f.	Anti-Bacterial Preservatives	M.T.	4.077	7,30,809	4.844	7,53,111
g.	Flavouring & Colouring Agents	M.T.	4.991	16,05,004	5.304	14,57,136
h.	Enzymes & Biological Products	M.T.	52.962	90,24,168	38.523	70,01,788
i.	Vegetable & Crude Drugs	M.T.	99.901	77,45,647	112.655	77,12,018
j.	Cereals, Spices & Salts	M.T.	2,229.923	2,55,21,387	2,230.123	2,41,25,223
k.	Antibiotics	M.T.	2.327	22,17,130	3.076	31,98,253
l.	Other Chemicals	-	-	44,14,381	-	34,33,626
m.	Containers & Closures	1,000's	16,835.698	1,09,80,870	18,149.613	1,10,13,998
n.	Paper & Boards	M.T.	803.296	2,30,51,542	750.377	2,90,44,162
o.	Inks	M.T.	6.126	22,08,911	8.173	25,62,770
p.	Films	-	-	1,64,593	-	3,00,053
q.	Latex	M.T.	407.330	1,53,39,685	525.747	1,60,00,924
r.	Silicon Oil	M.T.	-	-	8.976	13,70,841
s.	Packing & Other Materials	-	-	5,25,78,671	-	5,72,18,125
				<u>16,73,06,939</u>		<u>17,45,34,014</u>
II.	VALUE OF MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR:					
a)	MATERIALS:		%		%	
i)	Imported		5.86	98,06,563	3.99	69,70,186
ii)	Indigenous		94.14	15,75,00,376	96.01	16,75,63,828
			<u>100.00</u>	<u>16,73,06,939</u>	<u>100.00</u>	<u>17,45,34,014</u>
b)	SPARE PARTS & COMPONENTS:					
i)	Imported		2.43	1,15,363	2.15	1,01,547
ii)	Indigenous		97.57	46,24,454	97.85	46,11,241
			<u>100.00</u>	<u>47,39,817</u>	<u>100.00</u>	<u>47,12,788</u>
III.	VALUE OF IMPORTS: (C.I.F. Value)					
i)	Raw Materials			66,74,059		77,96,434
ii)	Finished Goods			1,04,87,413		71,66,029
iii)	Capital Goods			5,81,754		48,479
iv)	Spares			77,295		38,274
				<u>1,78,20,521</u>		<u>1,50,49,216</u>
IV.	EARNINGS IN FOREIGN EXCHANGE: Export of Goods (FOB Value)			<u>2,26,28,649</u>		<u>1,59,29,015</u>

Notes on Accounts (Contd.)

V. PARTICULARS OF GOODS MANUFACTURED:

PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS	
					2002-2003	2001-2002	Opening	Closing
1. Liquid Products	A	Lakhs	1,110	1,200	–	–	–	–
	B	Lakhs	–	375,000	25,759	23,158	3,818	5,536
2. Dry Syrup	A	Lakhs	24,000	–	–	–	–	–
	B	Lakhs	–	–	–	0.048	–	–
3. Tablets	A	Lakhs	337,750	600,000	66,731	69,198	13,916	15,803
	B	Lakhs	–	3,400,000	662,901	482,982	92,512	111,605
4. Injectables	A	Lakhs	19,860	50,000	53,031	30,712	–	–
	B	Lakhs	–	100,000	38,444	76,810	21,748	12,799
5. Capsules	A	Lakhs	605,900	25,000	–	–	–	–
	B	Lakhs	–	600,000	93,358	120,386	23,523	19,511
6. Food Products	A	M.T.	10,000,000	5,800,000 ⁺	2,048,003	1,989,830	31,500	8,885
7. Granules	A	M.T.	–	135,000	–	–	–	–
	B	M.T.	–	–	106,091	174,767	24,331	13,793
8. Ointments	A	M.T.	–	15,000	–	0.063	0.312	0.027
9. Basic Chemicals / Drugs	A	M.T.	330,788	3,800	0,073⁺⁺	0.045	0.016	0.027
	B	M.T.	–	47,244	–	–	–	–
10. Maps & Atlases	A	Million Impressions	245	245	0,370[@]	0,706 [@]	0,556 [@]	0,237 [@]
11. Heart Valves		Nos.	3,600	3,600	2,297	2,054	484	700
12. Latex Gloves								
Examination Gloves		Millions	30,000	30,000				
Surgical Gloves		Millions	30,000	30,000	21,920	18,140	0,700	5,030
13. Blood Lancets		Millions	–	9,000	28,651	13,041	3,600	9,531
14. Sutures		Lakh Dozen	–	1,650	0,232	0,511	0,479	0,000
15. Foley Catheters		Millions	–	0,900	1,156	0,436	0,361	0,165

* 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.

++ Includes Production for captive consumption.

@ Figures given denote number of Units in Millions.

2002-2003	2001-2002
Rs.	Rs.

VI. EXPENDITURE IN FOREIGN CURRENCY:

i. Travelling	5,60,624	3,26,464
ii. Advertisement, Sales Promotions, Subscriptions, Registration Charges, etc.	1,94,915	–
	7,55,539	3,26,464

2002-2003	2001-2002
Rs.	Rs.

VII. A. DIRECTORS' REMUNERATION:

1. Salary and Perquisites	48,65,744	27,00,882
2. Contribution to P.F., Gratuity & Superannuation Funds	7,53,208	4,68,969
3. Settlement (Leave Encashment and differential Gratuity)	–	16,33,946
	56,18,952	48,03,797

Notes on Accounts (Contd.)

	2002-2003 Rs.	2001-2002 Rs.
B. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 198 OF THE COMPANIES ACT, 1956		
Profit as per Profit & Loss Account	1,44,20,042	(13,83,52,520)
Add: Taxation	19,31,744	-
Depreciation	2,55,84,465	1,93,22,805
Directors' Remuneration	56,18,952	48,03,797
Sitting Fees	2,60,000	2,49,000
	<u>4,78,15,203</u>	<u>(11,39,76,918)</u>
Less: Depreciation allowable under Section 350 of the Companies Act, 1956	2,55,84,465	1,93,22,805
Profit as per Section 198 of the Companies Act, 1956	<u>2,22,30,738</u>	<u>(13,32,99,723)</u>
Note: In view of inadequacy of profit, the managerial personnel have been paid remuneration as per the provisions of Schedule XIII to the Companies Act, 1956.		
VIII. INTEREST COMPRISES OF:		
Interest on Debentures and other Fixed Loans	2,95,59,376	3,53,08,253
Interest – Others	1,37,00,760	4,57,93,700
	<u>4,32,60,136</u>	<u>8,11,01,953</u>
	2002-2003 (Rs. in Lakhs)	2001-2002 (Rs. in Lakhs)
IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:		
Guarantees against letters of credit opened	3.65	5.11
Other Guarantees	61.86	712.74
Disputed Taxes / Claims, not acknowledged as debts	704.25	225.69
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 retiring employees. The premia thereon have been so adjusted as to cover the liability in respect of all employees at the end of their future anticipated service with the Company. In the event of any employee leaving the service earlier, the Company would have to bear certain proportion of Gratuity for which no provision has been made as the amount thereof is not ascertainable. The amounts thus not provided for are being charged in the year of payment.		
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. Premia payable to LIC are accounted at the time of payment. No other liabilities are incurred by the Company in this regard.		
XII. During the year, after obtaining necessary approval from the shareholders and the Honourable High Court of Judicature at Madras, a sum of Rs. 813.63 Lakhs has been adjusted towards the following items against the Securities Premium Account of the Company:		
		(Rs.in Lakhs)
Advertisement Expenditure to the extent not Written off		280.30
Finished Goods – Sutures	255.58	
Raw & Packing Materials – Sutures	68.74	
		<u>324.32</u>
Sundry Debtors – Sutures		65.80
VRS Compensation (Biomed & Medical Devices Divisions)		143.21
Total		<u>813.63</u>
XIII. Loans & Advances include Export Incentive Receivables amounting to Rs. 68,08,063 on account of transactions of erstwhile TTK Biomed Limited which was merged into the Company. As the same is now considered not realisable, the same is set off against the Amalgamation Reserve which was created at the time of merger.		
XIV. During the year, the Company has accounted for Deferred Tax in accordance with Accounting Standard 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 higher by Rs. 263.92 lakhs for the year 2002-03 as detailed below:		
	2002-2003 (Rs. in Lakhs)	2001-2002 (Rs. in Lakhs)
Deferred Tax Asset:		
Unabsorbed Losses / Tax Credit	1,014.95	502.93
Unabsorbed Depreciation	617.19	556.88
Current Year Losses	71.20	495.65
Others	44.76	13.44
Total	<u>1,748.10</u>	<u>1,568.90</u>

Notes on Accounts (Contd.)

	2002-2003 (Rs. in Lakhs)	2001-2002 (Rs. in Lakhs)
Deferred Tax Liability:		
Depreciation Difference & Others	671.61	756.34
Net Deferred Tax Asset / (Liability)	1,076.49	812.56

Deferred Tax Asset on account of unabsorbed depreciation / unabsorbed losses has 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.

- XV. During the year, a provision of Rs. 102.50 lakhs has been made towards diminution in the value of Investments in TTK Tantex Ltd, since this Company became sick and was referred to BIFR.
- XVI. During the year, the Company has invested a sum of Rs. 99.90 lakhs and Rs. 49.95 lakhs in the Equity and Preference Share Capital respectively of M/s. TTK Healthcare Services Private Limited, a subsidiary of the Company, which is engaged in providing Third Party Administrator (TPA) services to General Insurance Companies.
- XVII. The Public Works Department increased the Water Charges with effect from 9th May, 1991, 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. The Company filed a writ petition in the Madras High Court and as per the interim order dated 9th July, 1991, passed by the Court, the Company was paying 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 Court by remanding the matter to the Public Works Department. Subsequently, the Public Works Department reconfirmed the rates @ Rs. 500/- per 1000 Cu. Mtr. Aggrieved by this, the Company has filed a writ petition in the Madras High Court and the High Court has passed an interim Order directing payment of water charges @ Rs. 300/- per 1000 Cu. Mtr. prospectively. Since the Paper Division has been disposed off, the liability, if any, upto the date of sale (i.e. 14-11-1999), will have to be borne by the Company.
- XVIII. Sundry Creditors for goods shown under Current Liabilities (Schedule No. 10) include Rs. 356.46 Lakhs (Previous Year: Rs. 344.07 lakhs) due to SSI Units. Listed below are the SSI Units to whom the Company owes dues outstanding more than 30 days as at the Balance Sheet date:

Cassel Research Laboratories, Fredun Pharmaceuticals Ltd., Kniss Laboratories (P) Ltd., Star Drugs & Research Labs. Ltd., Cheminnova Remedies Pvt. Ltd., Promed Laboratories Pvt. Ltd., South India Research Institute (P) Ltd., D.J. Industries, Exon Enterprises, Alutop, Rasula Pharmaceuticals & Fine Chemicals, Alpha Containers, Sel Jegat Printers, Essar Glass Works Pvt. Ltd., B. Pillai Plastics, The Orient Processors, Srikal Graphics, Arun Poly Print Pack Pvt. Ltd., A to Z Pharmaceuticals Pvt. Ltd., Bactochem Laboratories, Bhavika Chemical Corporation, Baader Schulz Laboratories, D B Lakshmi & Co., Sreekrishna Strapping Pvt. Ltd., Dharmi Paper Convertors, Hridaya, Klass Pack Pvt. Ltd., Maarvel Graphics, Qualicare Pharmaceuticals Ltd., Shree Pack, Salesworth India Pvt. Ltd., Tamilnadu Cartons, Polinova Packers, Erawat Pharma Ltd., Egattur Printing & Packaging Ltd., Ishita Pharmaceuticals, Integerated Capsules Ltd., Packaids, Shree Products Ltd., Srinivas Chemicals Industries Pvt. Ltd., Superpress, The Southern Spice Products, Sterile Specialities India Pvt. Ltd., Jaishree Packagaing, Kemar Packaging, Royal Refrigeration Co., Saifee Stores, Seven Three Enterprises, Vishal Enterprises, Dodal Sales Corporation, Pooja Enterprises, Pratipal Commitments, R P Traders, Shirish Enterprises, Archana Enterprises, A S T Packaging Co. Pvt. Ltd., Bhakti Plastics, Pravin Industries, Sai Om Industries, Sarvesh Industries, Shree Paper Products, Srishti Packaging Pvt. Ltd., United Printing & Packaging, Sagmeshwar Precision Works, Kishore Industries, Snehal Packaging, Lakshmi Industries, Krishna Plastics Industries, Sanfran Inc., Chetak Plasto Electric Pvt. Ltd., Hindu Metal Syndicate Pvt. Ltd., Jeet Ply Plast, Kanishk Enterprise, Metro Foils & Prints Pvt. Ltd., Saras Plastics, Shree Packaging Co., Suyesh Offset Printers and Vinit Carbonic.

The above information regarding SSI Undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

- XIX. Provision for Tax includes a sum of Rs. 6.44 lakhs provided towards earlier period tax liability of Printing Division.

- XX. Earnings per share as per Accounting Standard 20:

	2002-2003	2001-2002
Profit after tax as per Profit & Loss Account (Rs. in Lakhs)	144.20	(1,383.52)
Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs shares)	65.30	63.75
Earnings per Share of Rs. 10/ each		
Before Extraordinary items & Provisions	Rs. 2.21	-
After Extraordinary items & Provisions	Rs. 0.64	-

- XXI. The Company has not made any provision for the Cess under the provisions of Section 441 A of the Companies Act, 1956, in the absence of notification regarding rate and manner of remittance.

Notes on Accounts (Contd.)

XXII. The current year figures include that of Medical Devices Division for a period of 12 months as against the figures for six months in the previous year as TTK Medical Devices Limited got merged with this Company with effect from 1-10-2001. On account of this, the figures of the previous year and the current year are not fully comparable.

XXIII. 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.

XXIV. Related Party disclosures as per Accounting Standard 18:

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

Associate Companies / Firms / Parties	T.T. Krishnamachari & Co Pharma Research & Analytical Laboratories TTK Prestige Limited TTK LIG Limited Packwell Packaging Products Limited TTK Healthcare Services Pvt. Limited TTK Tantex Limited SSL – TTK Limited Mr. T.T. Mukund
Key Management Personnel	Mr. T.T. Raghunathan, Executive Vice Chairman Mr. D. Srinivasan, Executive Director Mr. I. Ravindran, Wholetime Director

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

(Rs. in lakhs)

Purchase of Finished Goods	2,313.31
Purchase of Raw Materials	71.95
Sale of Goods	154.68
Receiving Services	162.26
Rendering Services	70.28
Interest Received on Deposits	8.35
Investments	149.85
Rental Charges Paid	29.08
Rental Charges Received	6.08
Reimbursement of Expenses paid	3.15
Logo Charges Paid	71.47
Inter-corporate Deposits	300.00
Outstanding Balance included in Current Assets	116.88
Outstanding Balance included in Current Liabilities	540.86
Managerial Remuneration	56.19

STATEMENT SHOWING SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

The Company generally adopts the accrual basis of accounting except that certain benefits to employees which are determinable only at the time of payment are accounted on cash basis.

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 31st May, 1984 and under Straight Line Method in respect of other Assets. In respect of Capital expenditure incurred on Leasehold Buildings, the same is amortized over the duration of the lease.

The cost of acquisition of Trade Marks is being amortized 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

Investments are stated at cost of acquisition.

Valuation of inventories

- a. Raw and Packing Materials and Consumables are valued at cost on FIFO basis.
- b. Finished Goods are valued at lower of cost or realisable value.
- c. Work-in-Progress is valued at Works cost.

Sales

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

Treatment of Retirement Benefits

The Contributions to Gratuity and Superannuation funds, as well as residual payments to employees, accruals of which are indeterminate, are accounted at the time of respective payments.

Annexure to our Report of date

For M/s. AIYAR & CO. <i>Chartered Accountants</i>	For M/s. S. VISWANATHAN <i>Chartered Accountants</i>
V. NATARAJAN <i>Partner</i>	C.N. GANGADARAN <i>Partner</i>

Bangalore
28th June, 2003

T.T. Jagannathan, *Chairman*
T.T. Raghunathan, *Executive Vice Chairman*
Dr. K.R. Srimurthy, *Director*
B.N. Bhagwat, *Director*
K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

Segment-wise Revenue, Results & Capital Employed:

Segment-wise Revenue & Results			Capital Employed		
Particulars	(Rs. in lakhs)		Particulars	(Rs. in lakhs)	
	For the Year Ended 31-03-2003	31-03-2002		As on 31-03-2003	As on 31-03-2002
	Rs.	Rs.		Rs.	Rs.
Segment Revenue:			Segment Assets less Segment Liabilities		
Pharmaceuticals	5,771.63	3,548.41	Pharmaceuticals	2,167.26	2,515.32
Medical Devices	1,349.98	2,061.19	Medical Devices	2,602.18	3,500.79
Consumer Products Distribution	6,355.69	5,437.34	Consumer Products Distribution	178.36	41.48
Printing / Maps	619.62	793.95	Printing / Maps	616.46	689.30
Others	627.15	516.96	Others	276.82	284.04
Total Segment Revenue	14,724.07	12,357.85	Total Capital Employed in Segments	5,841.08	7,030.93
Less: Inter Segment Revenue	80.42	85.49	Add: Unallocable Corporate Assets	(161.37)	(347.47)
Net Sales	14,643.65	12,272.36	Less Corporate Liabilities		
Segment Results:			Total Capital Employed in Company	5,679.71	6,683.46
(Profit before interest & tax)			Total Assets Exclude:		
Pharmaceuticals	1,093.14	(454.58)	Investments	211.01	263.88
Medical Devices	(143.67)	(640.97)	Deferred Tax Asset	1748.10	1,568.90
Consumer Products Distribution	98.24	89.31	Miscellaneous Exp. to the extent not written off	-	280.30
Printing / Maps	(10.39)	7.87	Total Liabilities Exclude:		
Others	32.98	(32.00)	Secured Loans	2313.80	2,372.04
Total Segment Results	1,070.30	(1,030.37)	Unsecured Loans	599.20	1,031.71
Less: Interest Expenses	432.60	811.02	Deferred Tax Liability	671.62	756.35
Less: Unallocable Expenses (Net of Unallocable Income)	474.18	(957.87)			
Total Profit / Loss before tax	163.52	(883.52)			

Notes:

- 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.
- Details of products included in each of the Segments are as below:
Pharmaceuticals include products for both Human and Veterinary use.
Medical Devices include Artificial Heart Valves, Hernia Repair Mesh, Surgical Sutures, Catheters, Incontinence Bags, Gloves and Blood Lancets.
Consumer Products Distribution consists of trading of Branded Condoms, Shoe Care Products, Hair Creams & Cosmetics and EVA Range of Ladies Cosmetics.
Printing / Maps comprise of Printing and Publishing of Maps and Atlases and Packaging Materials.
'Others' comprise of ready-to-fry Cereal Snack Food and Rice Sevai and Paper Products.
- 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 all those expenses not identifiable to any specific segment.

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

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS		
Registration Number		003647
State Code		18
Balance Sheet Date		31-03-2003
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)		
Public Issue		Nil
Rights Issue		Nil
Private Placement		Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)		
Total Liabilities		11,32,190
Total Assets		11,32,190
Sources of Funds		
Paid-up Capital		66,104
Reserves & Surplus		3,39,316
Secured Loans		2,31,380
Unsecured Loans		59,920
Applications of Funds		
Net Fixed Assets		3,43,850
Investments		21,101
Net Current Assets		2,24,121
Deferred Tax Asset (Net)		1,07,648
IV. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSANDS)		
Turnover (Total Income)		14,81,196
Total Expenditure		14,64,844
Profit (+) / Loss (-) before Tax & Extraordinary items		16,352
Provision for diminution in value of Investments		10,250
Profit (+) / Loss (-) before Tax		6,102
Provision for Taxation		1,932
Deferred Tax		26,392
Profit (+) / Loss (-) after Tax		30,562
Earning per Share (after extraordinary item) (in Rs.)		0.64
Dividend Rate		-
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)		
Item Code No. (ITC Code)		Product Description
300390.27		Gripewater
300450.03		Calcium Supplement
294200.29		Valethamate Bromide

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered AccountantsFor M/s. S. VISWANATHAN
Chartered AccountantsV. NATARAJAN
PartnerC.N. GANGADARAN
PartnerBangalore
28th June, 2003

T.T. Jagannathan, *Chairman*
T.T. Raghunathan, *Executive Vice Chairman*
Dr. K.R. Srimurthy, *Director*
B.N. Bhagwat, *Director*
K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

Cash Flow Statement for the year ended 31st March, 2003

	2002-2003		2001-2002	
	(Rs. in Lakhs)			
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		163.52		(883.53)
Adjustments for:				
Depreciation	255.84		193.23	
Profit on sale of Assets	(2.62)		2.94	
Dividend Received	(0.01)		(3.08)	
Interest Paid	432.60	685.81	<u>811.02</u>	1,004.11
Operating Profit before Working Capital Changes		849.33		120.58
Adjustments for:				
Trade and Other Receivables	448.58		2,404.08	
Inventories	233.78		731.80	
Trade Payables	253.73		<u>(453.00)</u>	
Cash generated from Operations		1,785.42		2,803.46
Direct Taxes Paid		194.60		(7.32)
Cash Flow before Extraordinary Items		1,980.02		2,796.14
Extraordinary Items (Pursuant to Merger) & Deferred Revenue Expenditure		280.30		3.42
Cash Flow after Extraordinary Items		2,260.32		2,799.56
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets	(322.41)		(1,667.25)	
Sale of Fixed Assets	10.58		5.76	
Purchase of Investments (Pursuant to Merger)	(49.63)		1,369.60	
Sale of Investments	-		403.12	
Interest / Dividend Received	0.01		3.08	
Amalgamation Reserve Adjustment	(68.08)		-	
Securities Premium Adjustment	(813.63)		-	
		(1,243.16)		114.31

Cash Flow Statement for the year ended 31st March, 2003 (Contd.)

	2002-2003		2001-2002	
	(Rs. in Lakhs)			
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	–		23.52	
Proceeds from Long Term Borrowings	(468.61)		16.66	
Bank Borrowings – Short Term	110.36		(1,299.49)	
Public Deposits / Other Loans	(132.51)		(844.63)	
Interest paid	(432.60)		(811.02)	
Net Cash used in Financing Activities		<u>(923.36)</u>		<u>(2,914.96)</u>
Net Increase in Cash and Cash Equivalents		<u>93.80</u>		<u>(1.09)</u>
Cash and Cash Equivalents as at the beginning of the year	669.19		670.28	
Cash and Cash Equivalents as at the end of the year	<u>762.99</u>	<u>(93.80)</u>	<u>669.19</u>	1.09

Notes: a. The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

b. 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

V. NATARAJAN
Partner

For M/s. S. VISWANATHAN
Chartered Accountants

C.N. GANGADARAN
Partner

T.T. Jagannathan, *Chairman*
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K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

Bangalore
28th June, 2003

Financial Highlights

(Rs. in lakhs)

	2002-03	2001-02	2000-01	1999-00 (10 Months)	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
Sales & Other Income	14,811.96	13,984.71	15,027.18	11,610.11	13,675.32	12,882.12	12,624.12	13,109.60	12,428.99	10,435.98
Profit Before Tax	61.02	(883.52)	(456.88)	262.04	300.43	603.62	305.08	563.41	519.29	473.39
Deferred Tax	263.92	1,076.17	-	-	-	-	-	-	-	-
Profit After Tax	305.62	192.65	(447.40)	207.04	205.43	390.62	208.08	303.41	299.29	277.39
Dividend	-	-	-	125.75	125.75	125.75	125.75	125.75	125.75	113.61
Tax on Dividend	-	-	-	27.66	13.83	12.57	12.57	-	-	-
Retained Earnings	305.62	192.65	(447.40)	53.63	65.85	252.30	32.25	140.16	136.04	126.28
Net Block	3,438.50	3,386.06	1,927.78	1,676.41	1,913.90	1,965.48	1,879.01	1,926.58	1,933.61	1,883.82
Investments	211.01	263.88	2,036.60	579.33	668.87	586.77	501.41	339.08	339.21	321.67
Net Current Assets	2,241.21	3,297.42	5,974.08	6,337.76	5,006.74	4,408.45	4,122.19	4,338.76	3,672.68	3,385.02
Deferred Tax Asset	1,748.10	1,568.90	-	-	-	-	-	-	-	-
Deferred Tax Liability	(671.62)	(756.35)	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	280.30	266.79	126.44	-	-	-	-	-	0.18
Total Assets	6,967.20	8,040.21	10,205.25	8,719.94	7,589.51	6,960.70	6,502.61	6,604.42	5,945.50	5,590.69
Share Capital	661.04	661.04**	637.52	502.99	502.99	502.99	502.99	502.99	502.99	502.99*
Reserves	3,393.16	3,975.42	4,036.51	3,041.57	2,994.00	2,935.42	2,690.64	2,631.12	2,461.09	2,295.64
Net Worth	4,054.20	4,636.46	4,674.03	3,544.56	3,496.99	3,438.41	3,193.63	3,134.11	2,964.08	2,798.63
Borrowings	2,913.00	3,403.75	5,531.22	5,175.38	4,092.52	3,522.29	3,308.98	3,470.31	2,981.42	2,792.06
Total Liabilities	6,967.20	8,040.21	10,205.25	8,719.94	7,589.51	6,960.70	6,502.61	6,604.42	5,945.50	5,590.69
* Includes Rs. 48.54 lakhs, being the value of shares pending allotment as on 31-5-94; subsequently allotted during 1994-95.										
** Includes Rs. 23.52 lakhs, being the value of shares pending allotment as on 31-3-02; subsequently allotted during 2002-03.										

**Statement Pursuant to Sec. 212 of the Companies Act, 1956
Relating to Subsidiary Company**

Name of the Subsidiary	:	TTK Healthcare Services Private Limited
Financial Year of the Company ended on	:	31st March, 2003
Number of Shares held in the Subsidiary Company	:	999000 Equity Shares of Rs. 10/- each and 499500 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each
Percentage shareholding in Subsidiary	:	75.11%
The net aggregate amount of profits / (losses) of the Subsidiary Company so far as it concerns the members of the Holding Company –		
a. Not dealt with in the accounts of TTK Healthcare Ltd.		
i. for the Subsidiary's financial year ended 31-3-2003	:	(Rs. 49,00,824)
ii. for the previous financial years of the Subsidiary since it became the Company's Subsidiary	:	–
b. Dealt with in the accounts of TTK Healthcare Ltd.		
i. for the Subsidiary's financial year ended 31-3-2003	:	–
ii for the previous financial years of the Subsidiary since it became the Company's Subsidiary	:	–

T.T. Jagannathan, *Chairman*
T.T. Raghunathan, *Executive Vice Chairman*
Dr. K.R. Srimurthy, *Director*
B.N. Bhagwat, *Director*
K. Vaidyanathan, *Director*
D. Srinivasan, *Executive Director*
K. Shankaran, *Director*
I. Ravindran, *Wholetime Director*
S. Kalyanaraman, *Company Secretary*
K. Hariharasubramanian, *Vice President (Accounts)*

Bangalore
28th June, 2003

TTK HEALTHCARE SERVICES PRIVATE LIMITED

BOARD OF DIRECTORS

Mr. T.T. Jagannathan *Chairman*
Mr. T.T. Raghunathan
Mr. G.J. Nehru
Dr. (Mrs.) Latha Jagannathan
Mr. K. Shankaran
Mr. Girish Rao *Managing Director*
Mr. D. Srinivasan
Mr. V. Natarajan

AUDITORS

M/s. S. Viswanathan
Chartered Accountants
27/34, II Floor
Nandi Durg Road
Jayamahar Extension
Bangalore - 560 046

REGISTERED OFFICE

11th Floor, Brigade Towers
135, Brigade Road
Bangalore - 560 025.

BANKERS

Bank of Baroda
Corporate Banking Branch
HJS Complex, 1st Floor
No. 26, Richmond Road
Bangalore - 560 025.
ICICI Bank Ltd.
ICICI Bank Towers
1st Floor, West Wing
1, Commissariat Road
Bangalore - 560 025.

CORPORATE OFFICE

No. 7, Jeevan Bhima Nagar Main Road
HAL IIIrd Stage
Bangalore - 560 075.

OFFICES

Chennai, Coimbatore, Cochin, Hyderabad, Pune, Mumbai, New Delhi, Kolkata

Directors' Report

Your Directors have pleasure in presenting the First Annual Report together with the Audited Accounts of the Company for the period from 7th March 2002 to 31st March 2003 as follows:

FINANCIAL RESULTS:

	Rs. in Lakhs
Total Income	79.78
Expenditure	153.55
Profit / (Loss) before tax	(73.77)
Deferred tax credit	24.76
Net Profit / (Loss) for the year	(49.01)

REVIEW OF PERFORMANCE

Total TPA Commission billed up to 31st March, 2003 was Rs. 169.30 lakhs. However, the Company recognized pro-rata revenue adopting the completion of work method as per the Accounting Standard No. 9 issued by the Institute of Chartered Accountants of India.

The Company was incorporated on 7th March 2002 and obtained the licences from Insurance Regulatory and Development Authority (IRDA) on 10th June, 2002 for engaging in Third Party Administrator (TPA) services for Mediclaim Policyholders. Your Company entered into agreements with three National Insurance Companies and one private Insurance Company to act as TPA for them. Your Company has established a tie-up with a network of around 600 Hospitals and Nine Branches to provide services to the Mediclaim Policyholders.

OUTLOOK FOR THE FINANCIAL YEAR 2003-2004:

The Health Insurance portfolio of the Public Sector General Insurance Companies has been recording very good growth. As against the total revenue of around Rs. 750 crores for the year ended 2001-2002, the current year turnover is estimated to be over Rs. 1,250 crores. The Public Sector Insurance Companies are focusing on this portfolio as they see vast potential for growth in this area. As per the study of McKinsey, the total private in-patient spend is likely to reach Rs. 73,000 crores by the year 2012.

The TPA industry is new and this has led to a shortfall of trained manpower. The Company is investing a lot of time and efforts in training the staff. The next few years are also likely to see some consolidation in the TPA business. However, one major source of concern is the low margins. During the next review meeting between the insurance companies and the TPAs, your Company is hopeful that this will be reviewed and revised.

Your company is already a market leader in South India with offices in Chennai, Bangalore, Coimbatore, Hyderabad and Cochin. We will consolidate our presence in South by opening additional offices. However, your Company will retain the pan India presence.

Your company has invested in the area of information technology to be able to provide reliable service to the policyholders, insurance companies, etc. The entire system is web-enabled thereby providing transparency in the operations. All our offices have been provided with computers and they can access information on real time basis through the web. The insurance companies can also directly access relevant information without having to interact with our offices. The technology has been built on a platform that enables rapid scaling up of operations. Additional Investments are planned to network all the offices and enhance the server capacity.

Your company is also going in for ISO 9000-2000 certification.

DIRECTORS:

Mr. T.T. Jagannathan, Mr. T.T. Raghunathan and Mr. K. Shankaran, Directors, retire by rotation and are eligible for re-election.

Mr. Ramakrishna Raju resigned from the Board of your company with effect from 19-6-2003. The Board wishes to place on record its appreciation for the valuable services rendered by him during his tenure as Director.

Dr. (Mrs.) Latha Jagannathan, Mr. V. Natarajan and Mr. G.J. Nehru were co-opted as Additional Directors of the Company with effect from 14th March 2002, 8th April 2002 and 26th June 2003 respectively. They hold office upto the ensuing Annual General Meeting. Pursuant to Sec. 257 of the Companies Act 1956, notices have been received from the members proposing the candidature of Dr. (Mrs.) Latha Jagannathan, Mr. V. Natarajan and Mr. G.J. Nehru for appointment as Directors of the Company and they are eligible for reappointment.

FINANCIAL YEAR:

The Company was incorporated on 7th March, 2002 and as such the Accounts were made from 7th March, 2002 to 31st March, 2003.

ISSUE OF SHARES:

The Company during the year issued 13,30,000 Equity Shares of Rs.10/- each and 6,65,000 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.10/- each.

DIVIDEND:

In view of the loss during the period under review, the Board of Directors have decided not to recommend any dividend.

FIXED DEPOSIT:

The Company has not taken any Fixed Deposit either from the Public or from its Directors.

AUDITORS:

M/s. S. Viswanathan, Chartered Accountants were appointed as the First Auditors of the Company. They hold office as Auditors upto the date of the ensuing Annual General Meeting and are eligible for reappointment.

FOREIGN EXCHANGE:

During the period under review, the Company did not have any earnings nor any payments in foreign exchange.

CONSERVATION OF ENERGY AND RESEARCH & DEVELOPMENT:

The information as required under Section 217(1)(e) of the Companies Act, 1956, relating to Conservation of Energy and Research & Development is not applicable to this Company.

PARTICULARS OF EMPLOYEES:

There was no employee who was in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Section 217(2AA) of the Companies Act, 1956, your Directors confirm.

1. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the loss of the Company for that period.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the Annual Accounts on a "going concern" basis.

COMPLIANCE CERTIFICATE

The copy of the Compliance Certificate as required under the provisions of Section 383-A of the Companies Act, 1956 is attached with this Report.

ACKNOWLEDGEMENT:

Your Directors deeply appreciate and acknowledge the significant co-operation given to your Company by the Employees and the Bankers of the Company.

For and on behalf of the Board

Place : Bangalore
Date : 26th June, 2003

T T JAGANNATHAN
Chairman

Registered Office:

11th Floor, Brigade Towers
135, Brigade Road, Bangalore - 560 025.

Secretarial Compliance Certificate

To
The Members

TTK HEALTHCARE SERVICES PRIVATE LIMITED

I / We have examined the registers, records, books and papers of TTK Healthcare Services Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2003 (i.e. for the period from the date of incorporation on 7th March 2002 to 31st March 2003). In my / our opinion and to the best of my / our information and according to the examinations carried out by me / us and explanations furnished to me / us by the Company, its officers and agents, I / we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate subject to our comments therein, with the Registrar of Companies as prescribed under the Act and the Rules made thereunder.
3. The Company, being a Private Limited Company, has the minimum prescribed paid-up Capital and its maximum number of members during the said financial year was 13 excluding its present and past employees and the Company during the year under scrutiny:
 - i. has not invited public to subscribe for its shares or debentures, and
 - ii. has not invited or accepted any deposits from persons other than its members, Directors or their relatives.

The Company is a subsidiary of a Public Company under Section 4(l)(b)(ii) of the Act.

4. The Board of Directors duly met 9 times on 7th March 2002, 14th March 2002, 15th March 2002, 8th April 2002, 10th May 2002, 14th June 2002, 19th September 2002, 3rd October 2002 and 2nd January 2003 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has not / was not required to close its Register of Members during the financial year.
6. Being a newly incorporated Company, the Company was not required to hold Annual General meeting during the financial year.
7. 2 (two) Extra-ordinary General meetings were held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loan to its Directors falling under the purview of Section 295 of the Act during the financial year.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There were no instances falling under the purview of Section 314 of the Act during the financial year.
12. The Company has not issued duplicate share certificates during the financial year.

13. i. the Company has delivered all the certificates on allotment of securities and there was no transfer / transmission of shares during the financial year.
- ii. the Company has not declared or paid any dividend during the financial year.
- iii. there was no unclaimed / unpaid dividend to be transferred to unpaid Dividend Account.
- iv. there are no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and to be transferred to Investor Education and Protection Fund; and
- v. the Company was not required to present Directors' Report during the financial year.
14. The Board of Directors of the Company is duly constituted and the appointment of additional Directors and alternate Directors have been duly made.
15. The appointment of Managing Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act and no approval of the Central Government was required to be obtained in respect of the appointment of Managing Director.
16. There was no appointment of sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder.
19. The Company has issued 13,20,000 Equity Shares of Rs. 10/- each and 6,65,000 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.
21. The Company has not redeemed any preference shares / debentures during the financial year.
22. The Company has not kept in abeyance any rights to dividend, rights shares and bonus shares pending registration of transfer of shares during the financial year.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1957 / the applicable directions issued by the Reserve Bank of India / any other authority during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate and was not required to make any entries in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny.

TTK HEALTHCARE SERVICES PRIVATE LIMITED

Secretarial Compliance Certificate (contd.)

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to Share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has altered its Articles of Associations after obtaining approval of members in the Extraordinary General Meeting held on 4th October 2002 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was no prosecution initiated against or show cause notices received by the Company and also no fines and penalties or any other punishment imposed on the Company for offences under the Act.
32. The Company has not received any money as security from its employees during the year under certification falling within the purview of Section 417(1) of the Act.
33. The Company has not established any separate Provident Fund falling under the purview of Section 418 of the Act. The Company has deposited both employees' and employers' contribution to Provident Fund with the prescribed authorities under the Employees Provident Fund Scheme.

P.G. HEGDE
Hegde & Hegde
Company Secretaries
C.P. No. 640

Place : Bangalore
Date : 26th June, 2003

Annexure A

Registers as maintained by the Company

1. Register of Members	:	S 150 / 151
2. Register of particulars of Contracts	:	S 301
3. Register of Directors / Managing Directors	:	S 303
4. Register of Directors' Shareholdings	:	S 307
5. Board Meeting Minutes Book	:	S 193 / 196
6. General Meeting Minutes Book	:	S 193 / 196
7. Books of Accounts	:	S 209

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies Regional Director, Central Government or other Authorities during the financial year ended on 31st March, 2003.

1. Form 23 dated 06-04-2002 filed under Section 192 for increase in authorised capital.
2. Form 32 dated 14-03-2002 filed under Section 303(2) for appointment of additional Directors / resignation of Director.
3. Form 2 dated 15-03-2002 filed under Section 75(1) for allotment of equity shares (filed on 15-03-2002 with additional fees)
4. Form 32 dated 08-04-2002 filed under Section 303(2) for appointment of additional and alternate Directors.
5. Form 2 dated 10--5-2002 filed under Section 75(1) for allotment of equity shares.
6. Form 23 dated 03-10-2002 filed under Section 192 for appointment of Managing Director (filed on 13-11-2002 with additional fee).
7. Form 23 dated 04-10-2002 filed under Sections 94, 16 and 31 for alteration of Authorised Share Capital, Memorandum and Articles of Association (filed on 13-11-2002 with additional fees).
8. Form 25C dated 01-11-2002 filed under Section 269(2) for the appointment of Managing Director.
9. Form 2 dated 02-01-2003 filed under Section 75(1) for allotment of redeemable preference shares.
10. Form 5 dated 06-04-2002 filed under Section 97 for increase in Authorised Share Capital.
11. Form 32 dated 01-11-2002 filed under Section 303(2) for appointment for Mr. Girish Rao as Managing Director (filed on 26-06-2003 with additional fees)

with the Registrar of Companies, Karnataka.

Auditor's Report to the Members of M/s. TTK Healthcare Services Pvt. Ltd.

We have audited the attached Balance Sheet of TTK Healthcare Services Pvt. Ltd. as at 31st March 2003 and also the Profit and Loss Account for the period from 7-3-2002 to 31-3-2003 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.

We conducted our audit in accordance with 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representation received from the Directors, as on 31st March 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2003 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2003; and
 - b. In the case of the Profit and Loss Account, of the LOSS for the period from 7-3-2002 to 31-3-2003.

For M/s. S. Viswanathan
Chartered Accountants

C.N. Srinivasan
Partner

Place: Bangalore
Date: 26-6-2003

Annexure to the Auditor's Report

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. Physical verification of major fixed assets have been conducted by the management during the year. In our opinion, the programme of verification carried out is reasonable, having regard to the size of the Company and the nature of assets, and on the basis of explanation given to us, no serious discrepancies have been noticed on verification.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has not taken any loan, secured or unsecured from companies, firms or other related parties and / or from the Companies under the same management as defined under Section 370(IB) of the Companies Act, 1956.
4. The Company has not granted any loans, secured or unsecured, to companies, firms or other related parties and / or from the Companies under the same management as defined under Section 370(IB) of the Companies Act, 1956.
5. The Company has not accepted deposits from public.
6. The Company has an adequate internal audit system commensurate with its size and nature of its business.
7. The Company is not required to maintain any cost records, under Section 209(1)(d) of the Companies Act, 1956, and as such, no such records have been maintained.
8. According to the records of the Company, Provident Fund dues have been regularly deposited during the period with appropriate authorities. Being

the first year of the Company's operation, the Company has applied to ESI authorities for registration.

9. There were no undisputed amounts payable to any statutory bodies.
10. Based on appropriate checks carried out by us and the information and explanations given to us, no personal expenses have been charged to the Profit and Loss Account other than those payable under the contractual obligations or in accordance with generally accepted business principle.
11. The Company is not a Sick Industrial Company within the meaning of Clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
12. The clauses (iii), (iv), (v), (vi), (ix), (x), (xi), (xii) and (xiv) of para 4A of Manufacturing and other Companies (Auditor's Report) Order, 1988 are not applicable to the Company.
13. The Company being in service industry, has a reasonable system of allocating man hours utilised to the relative jobs commensurate with the size and nature of business. The clauses (ii) and (iv) of paragraphs 4B of the Manufacturing and other Companies (Auditor's Report) Order, 1988 are not applicable to the Company having regard to the nature of business activity.

For M/s. S. Viswanathan
Chartered Accountants

C.N. Srinivasan
Partner

Place: Bangalore
Date: 26-6-2003

TTK HEALTHCARE SERVICES PRIVATE LIMITED

Balance Sheet

as at 31st March, 2003

	Schedule No.	As at 31st March 2003	
		Rs.	Rs.
I. SOURCES OF FUNDS:			
1. Shareholders' Funds			
a) Capital	1	1,99,50,000	
b) Reserves & Surplus		<u> -</u>	
			1,99,50,000
2. Loan Funds			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
Total			<u> -</u>
			1,99,50,000
II. APPLICATIONS OF FUNDS:			
1. Fixed Assets	2		
a) Gross Block		20,62,615	
b) Less: Depreciation		<u>3,19,514</u>	
c) Net Block			17,43,101
2. Investments		-	-
3. Current Assets, Loans & Advances:			
a) Sundry Debtors	3	1,47,08,272	
b) Cash and Bank Balances	4	53,40,136	
c) Loans and Advances	5	<u>45,48,610</u>	
Total Current Assets		2,45,97,018	
Less:			
Current liabilities & Provisions			
a) Liabilities	6	1,39,84,517	
b) Provisions		<u> -</u>	
Net Current Assets			1,06,12,501
4. Deferred Tax Asset	7		24,76,294
5. (a) Miscellaneous Expenditure to the extent not written off or adjusted	8	2,17,280	
(b) Profit & Loss a/c	9	<u>49,00,824</u>	
			51,18,104
Total			<u> -</u>
			1,99,50,000

Notes: The Schedules referred to above and Notes attached form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For M/s. S. VISWANATHAN
Chartered Accountants

C.N. SRINIVASAN
Partner

Bangalore
26th June, 2003

Mr. T.T. Jagannathan, *Chairman*
Mr. T.T. Raghunathan, *Director*
Mr. G.J. Nehru, *Director*
Dr. (Mrs.) Latha Jagannathan, *Director*
Mr. K. Shankaran, *Director*
Mr. Girish Rao, *Managing Director*
Mr. D. Srinivasan, *Director*
Mr. V. Natarajan, *Director*

Profit & Loss Account Statement

For the period from 7th March 2002 to 31st March 2003

	Schedule No.	Rs.	Rs.
I. REVENUE:			
TPA Commssion	10	73,74,102	
Other Income	11	6,03,860	
Gross Revenue			79,77,962
II. EXPENDITURE:			
Administrative Expenses	12	1,49,81,246	
Depreciation		3,19,514	
Preliminary Expenses written off	13	54,320	
Total			1,53,55,080
Profit / (Loss) before tax			(73,77,118)
Provision for tax			
Current		-	
Deferred Tax Credit		24,76,294	24,76,294
Net loss carried to Balance Sheet			(49,00,824)

Notes: The Schedules referred to above and Notes attached form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our Report of even date.

For M/s. S. VISWANATHAN
Chartered Accountants

C.N. SRINIVASAN
Partner

Bangalore
26th June, 2003

Mr. T.T. Jagannathan, *Chairman*
Mr. T.T. Raghunathan, *Director*
Mr. G.J. Nehru, *Director*
Dr. (Mrs.) Latha Jagannathan, *Director*
Mr. K. Shankaran, *Director*
Mr. Girish Rao, *Managing Director*
Mr. D. Srinivasan, *Director*
Mr. V. Natarajan, *Director*

TTK HEALTHCARE SERVICES PRIVATE LIMITED

Schedules

Schedule No.	As at 31st March 2003		
	Rs.		Rs.
1. CAPITAL			
Authorised Capital:			
a) 13,34,500 Equity Shares of Rs. 10/- each	1,33,45,000		
b) 6,65,500 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.10/- each.	<u>66,55,000</u>		<u>2,00,00,000</u>
Issued, Subscribed and Paid-up Capital:			
a) 13,30,000 Equity Shares of Rs.10/- each	1,33,00,000		
b) 6,65,000 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs.10/- each	<u>66,50,000</u>		1,99,50,000
2. FIXED ASSETS			
	Gross Block	Depreciation	Net Block
Description of Asset	Purchased	for the	as on
	During the year	Period	31-03-2003
	Rs.	Rs.	Rs.
Computers	16,85,722	2,69,267	14,16,455
Furniture & Fixtures	3,76,893	50,247	3,26,646
Total	20,62,615	3,19,514	17,43,101
	Rs.		Rs.
3. SUNDRY DEBTORS:			
(Considered good for which the Company holds no security other than Debtors' Personal Security)			
Less than 6 months	1,47,08,272		
More than 6 months	-		1,47,08,272
4. CASH AND BANK BALANCES:			
Cash on Hand	36,697		
In Current Account with Scheduled Banks	1,68,439		
In Deposit Account with Scheduled Banks	51,35,000		53,40,136
5. LOANS & ADVANCES:			
Deposits with Hospitals	10,98,900		
Rental Advance	31,77,500		
Advance for Others	2,72,210		45,48,610
6. CURRENT LIABILITIES:			
Claims Payable	1,94,005		
Claims Float from Insurance Companies	17,11,871		
Advance TPA Commission	95,56,210		
Sundry Creditors for Expenses	25,22,431		1,39,84,517
7. DEFERRED TAX ASSET:			
Net of Deferred Tax Liability			24,76,294
8. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED:			
a. Preliminary expenses	2,71,600		
Less: Written off during the year	54,320		2,17,280
9. PROFIT AND LOSS ACCOUNT			
Current year's loss			49,00,824

Schedules (contd.)

Schedule No.	For the period from 7th March 2002 to 31st March 2003	
	Rs.	Rs.
10. TPA COMMISSION		
TPA commission from insurance companies		73,74,102
11. OTHER INCOME		
Interest	6,02,184	
Others	1,676	
		6,03,860
12. ADMINISTRATIVE EXPENSES		
Salaries & Bonus	33,52,163	
Contribution to P.F. & Other funds	3,91,825	
Employees' Welfare	3,68,101	
Power	1,72,833	
Repairs & Maintenance		
Office Maintenance	3,80,803	
Computers	27,809	
Others	12,881	
Rent	8,50,565	
Rates & Taxes	1,69,885	
Travelling & Conveyance	23,71,141	
Legal & Professional Charges	11,00,640	
Technology Expenses	15,08,364	
Motorcar / Hire Expenses	1,20,926	
Postage & Courier Expenses	5,84,747	
Communication Expenses	8,57,884	
Printing & Stationery	8,17,542	
Audit Fees	50,000	
Bank Charges	3,05,115	
License fee	73,741	
Directors' Sitting Fees	5,500	
Entertainment Expenses	8,303	
Advertisement & Marketing Expenses	70,523	
Call Centre Expenses	87,752	
Hiring Charges	59,336	
Data Entry Charges	9,15,178	
Brokerage to real estate agencies	1,18,750	
Miscellaneous Expenses	1,98,939	
		1,49,81,246
13. PRELIMINARY EXPENSES		
Total Amount Incurred – Rs. 271600/-		
Written off in this year (1st year)		54,320
Annexure to our Report of date.		
For M/s. S. VISWANATHAN Chartered Accountants		Mr. T.T. Jagannathan, <i>Chairman</i> Mr. T.T. Raghunathan, <i>Director</i> Mr. G.J. Nehru, <i>Director</i>
C.N. SRINIVASAN Partner		Dr. (Mrs.) Latha Jagannathan, <i>Director</i> Mr. K. Shankaran, <i>Director</i> Mr. Girish Rao, <i>Managing Director</i>
Bangalore 26th June, 2003		Mr. D. Srinivasan, <i>Director</i> Mr. V. Natarajan, <i>Director</i>

TTK HEALTHCARE SERVICES PRIVATE LIMITED

Notes on Accounts

Forming part of the Balance Sheet as at 31st March 2003 and Profit & Loss Account for the period from 7th March 2002 to 31st March 2003

1. Significant Accounting Policies:

a. Accounting Concepts:

The Company is a Service Providing Industry and follows Mercantile System of Accounting and recognises income and expenditure on accrual basis.

b. Fixed Assets:

Fixed assets are stated at cost of acquisition less depreciation. The cost of acquisition includes freight, taxes, insurance, etc. relating to the acquisition including installation charges up to the date the asset is put to use, as applicable.

c. Depreciation:

The Company is providing depreciation on Written Down Value (WDV) method by adopting the rates prescribed in the Schedule XIV to the Companies Act, 1956.

d. Revenue Recognition:

The Company's main revenue consists of commission earned on Third Party Administrator (TPA Service) contracts entered into with Insurance Companies. The full commission accrues to the Company on the basis of certain % of premium earned by the Insurance Company, in respect of policies entrusted to the Company for TPA purpose. As the services on insurance policies are for a period of 12 months, the Company recognises income on the principle of proportion of completion of work in line with the AS 9 issued by ICAI on revenue recognition. The amount so apportioned as relevant to the accounting period is shown as TPA Commission earned for the period. The amount not so apportioned is shown as TPA commission earned in advance under the head "Current Liabilities".

2. In accordance with the revenue recognition policy, the company recognised Rs. 73,74,102/- as TPA commission for the period under report against the total commission entitlement of Rs. 1,69,30,312/-.

3. This being the 1st year of operation of the Company the provision for gratuity liability does not arise.

4. Figures have been rounded off to the nearest rupee.

5. In respect of Creditors / Debtors, confirmation of balance is still awaited in some cases.

6. The Company was incorporated on 7th March 2002 and hence Accounts are made for the period from 07-03-2002 to 31-03-2003.

7. During the period, the Company issued 13,30,000 Equity Shares of Rs. 10/- each and 6,65,000 - 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each. All these shares are fully subscribed and paid-up.

8. Arrears of dividend on Optionally Convertible Cumulative Redeemable Preference Shares @ 5% from the date of allotment to the end of the financial year is Rs. 80,164/-.

9. Remuneration to Directors:

(Managing Director)
Mr. Girish Rao
(Part of the Year)

	Rs.
Salary	3,00,000
Accommodation / HRA	1,50,000
Contribution to Provident Fund	36,000
Other Allowances / Expenses	4,909
Total	4,90,909

10. Audit Fees include:

For Audit Purpose	Rs. 50,000
Other Services	-
Total	Rs. 50,000

11. Earnings in Foreign Exchange:

Nil

12. All the Insurance Companies provide Float Money for settling claims. The Company has settled claims to the Policy Holders amounting to Rs. 1, 20, 96,906/- up to 31st March, 2003.

13. Contingent Liability:

Bank Guarantees to Hospitals & Insurance Companies:	Rs. 1,48,65,000/-
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14. Related Party Transactions as per Accounting Standard 18:

The Company has transactions with the following entities:

- TTK Healthcare Limited
- T.T. Krishnamachari & Co.

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

	Rs.
Purchases	1,00,606
Share Capital	1,49,85,000
Others	2,69,591

15. In compliance with the Accounting Standard 22 issued by The Institute of Chartered Accountants of India, deferred tax asset of Rs. 24,76,294/- has been recognised and reflected in Profit & Loss Account and Balance Sheet.

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

Balance Sheet Abstract and Company's General Business Profile

I. REGISTRATION DETAILS	
Registration Number	30218
State Code	08
Balance Sheet Date	31-03-2003
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	
Equity Shares of Rs. 10/- Each	13,300
5% Optionally Convertible Cumulative Preference Shares of Rs. 10/- each	6,650
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)	
Total Liabilities	33,935
Total Assets	33,935
Sources of Funds	
Paid-up Capital	19,950
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	Nil
Applications of Funds	
Net Fixed Assets	1,743
Investments	Nil
Net Current Assets	10,613
Deferred Tax Asset	2,476
Misc. Expenditure	217
Current Year Losses	4,901
IV. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSANDS)	
Turnover (Total Income)	7,978
Total Expenditure	15,355
Profit / Loss before Tax	(7,377)
Deferred Tax (credit)	2,476
Profit / Loss after Tax	(4,901)
Earnings per Share	Nil
Dividend Rate	Nil
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY	Not Applicable

Annexure to our Report of date.

For M/s. S. VISWANATHAN
Chartered AccountantsC.N. SRINIVASAN
Partner
Bangalore
26th June, 2003Mr. T.T. Jagannathan, *Chairman*
Mr. T.T. Raghunathan, *Director*
Mr. G.J. Nehru, *Director*
Dr. (Mrs.) Latha Jagannathan, *Director*
Mr. K. Shankaran, *Director*
Mr. Girish Rao, *Managing Director*
Mr. D. Srinivasan, *Director*
Mr. V. Natarajan, *Director*