

# TTK HEALTHCARE LIMITED

## BOARD OF DIRECTORS

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

## COMPANY SECRETARY

Mr S Kalyanaraman

## REGISTERED & ADMINISTRATIVE OFFICE

6, Cathedral Road  
Chennai-600 086.

## BANKERS

Bank of Baroda  
Canara Bank  
Corporation Bank

## STATUTORY AUDITORS

### M/s Aiyar & Co.

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

### M/s S Viswanathan

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

## REGISTRARS & TRANSFER AGENTS

M/s Data Software Research Co. Pvt. Ltd.  
Shree Sovereign Complex  
22, 4th Cross Street, Trustpuram  
Kodambakkam, Chennai 600 024.

## FACTORIES

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

## DEPOTS

Ahmedabad, Ambala, Bangalore, Bhiwandi, Chandigarh, Chennai, Cuttack, Dehradun, Ernakulam, Guwahati, Hyderabad, Indore, Jaipur, Kolkata, Lucknow, Meerut, Mumbai, Nagpur, New Delhi, Patna, Raipur, Ranchi, Siliguri, Thane, Varanasi, Vijayawada and Zirakpur.

Contents	Page
Board of Directors	1
Notice to Shareholders	3
Directors' Report	9
Report on Corporate Governance	13
Management Discussion and Analysis Report	18
Auditors' Report	22
Balance Sheet	24
Profit and Loss Account	25
Schedules	26
Notes on Accounts	31
Segment-wise Revenue, Results and Capital Employed	38
Balance Sheet Abstract and Company's General Business Profile	40
Cash Flow Statement	41
Financial Highlights	43

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## Notice to Shareholders

**NOTICE** is hereby given that the 47th Annual General Meeting of the Company will be held at **12.00 noon on Friday, the 9th September, 2005**, at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No. 168, (Old No. 306), TTK Road, Chennai 600 014, to transact the following:

### Ordinary Business:

- To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2005 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 B N Bhagwat, 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 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** pursuant to Sections 198, 309, 311 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director of the Company as revised by the Board of Directors, after due endorsement by the Remuneration Committee, with effect from 1st January, 2004 and as specified in the Explanatory Statement to this Resolution, be and are hereby approved and ratified".

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

**"RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to revise the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, from time to time, within the ceilings prescribed under Sections 198, 309, 311 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** during the year of loss or inadequacy of profits the Salary, Productivity Incentive, Allowances and Perquisites fixed by the Board of Directors from time to time and endorsed by the Remuneration Committee, be paid to Mr T T Raghunathan, Executive Vice Chairman, Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director as the minimum remuneration effective 1st October, 2005 for a period of 3 years or till the conclusion of their respective current term, whichever is earlier, in accordance with the provisions of and subject to the ceiling prescribed for the time being under Schedule XIII to and other applicable Sections of the Companies Act, 1956 or any statutory modification(s) thereof from time to time and that the Board of Directors be and are hereby further authorised to apply to the Central Government in connection with the payment of Managerial Remuneration, if and when necessary".

**The Register of Members of the Company will remain closed from 1st September 2005 to 9th September, 2005 (Both days inclusive).**

BY ORDER OF THE BOARD

Place : Chennai  
Date : 27th June, 2005

**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 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.
- Pursuant to Section 205A of the Companies Act, 1956, **all Unclaimed Dividends upto the financial year ended 31st May, 1994 have been transferred to the General Reserve Account of the Central Government.** Shareholders who have not encashed the Dividend Warrants for the aforesaid period(s) are requested to claim the same from the Central Government by applying in the prescribed form.
- Pursuant to Section 205C of the Companies Act, 1956, **all Unclaimed Dividends in respect of financial years 1994-95, 1995-96 & 1996-97 have been credited to the Investor Education and Protection Fund of the Central Government and the members are not entitled to claim these dividends.**

Those members who have so far not encashed their Dividend Warrants for the subsequent financial years mentioned below may approach the Company for the payment thereof immediately 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	Dividend Declared on	Due Date of Transfer
31.05.1998	26.11.1998	25.11.2005
31.05.1999	29.11.1999	28.11.2006
31.03.2000 (10 month period)	21.09.2000	20.09.2007

- The particulars to be provided in respect of Directors seeking re-appointment are furnished in the Report on Corporate Governance (Page No.14 of this Annual Report).

BY ORDER OF THE BOARD

Place : Chennai  
Date : 27th June, 2005

**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 No.6**

Mr D Srinivasan was appointed as Executive Director of the Company for a period of 5 years with effect from 6th April, 2001 and Mr I Ravindran was appointed as Wholetime Director of the Company for a period of 5 years with effect from 24th October, 2002.

The Remuneration Committee considered the revision in the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, effective 1st January, 2004, in their meeting held on 29th October, 2004. In accordance with the recommendations of the Remuneration Committee, the Board of Directors in their meeting held on 29th October, 2004 revised the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, effective 1st January, 2004, as below, which have already been notified to the members under Section 302(2) of the Companies Act, 1956:

PARTICULARS	MR D SRINIVASAN	MR I RAVINDRAN
A. Salary	: Rs.80,000/- (Rupees Eighty Thousand only) per month.	Rs.65,000/- (Rupees Sixty Five Thousand only) per month.
B. Productivity Incentive	: Not exceeding 30% of the Salary, subject to the approval of the Management.	Not exceeding 30% of the Salary, subject to the approval of the Management.
<b>C. PERQUISITES</b>		
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.	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 or three months' salary over a period of three years for self, wife, children and dependents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.	One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.
(c) Leave Travel Allowance	: Once a year Air Fare to and from any place in India for self and family, as per the rules of the Company.	Once a year Air Fare to and from any place in India for self and family, as per the rules of the Company.

(d) Personal Accident Insurance	: As per Company's policy.	As per Company's policy.
(e) Club Fees	: Fees for two clubs not including Admission and Life Membership Fees.	Fees of club, not including Admission and Life Membership Fee, for one Club.
2. Other Perquisites	(i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.  (ii) Mr D Srinivasan will be provided Car for use on Company's Business. He will also be provided telephone at his residence.  (iii) Mr D Srinivasan will be allowed Leave and Encashment thereof as per the rules of the Company.	Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.  Mr I Ravindran will be provided Car for use on Company's Business. He will also be provided telephone at his residence.  Mr I Ravindran will be allowed Leave and Encashment thereof as per the rules of the Company.

All other terms and conditions remain the same.

The above revision is in line with the industry practices and commensurate with the qualifications, experience and performance of the appointees.

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

The Resolution is commended for adoption.

None of the Directors except Mr D Srinivasan and Mr I Ravindran are deemed to be interested in the Resolution.

**Item No.7**

Mr T T Raghunathan was appointed as Executive Vice Chairman of the Company for a period of 5 years with effect from 1st November, 2001 and Mr D Srinivasan was appointed as Executive Director of the Company for a period of 5 years with effect from 6th April, 2001. Mr I Ravindran was appointed as Wholetime Director of the Company for a period of 5 years with effect from 24th October, 2002.

The Shareholders of the Company in their meeting held on 27th September, 2002 approved the payment of Salary, Productivity Incentive, Allowances and Perquisites as the minimum remuneration in the event of loss or inadequacy of profits to Mr T T Raghunathan and Mr D Srinivasan, for a period of 3 years effective 1st October, 2002, to the extent allowed as per the provisions of Schedule XIII to the Companies Act, 1956 on the basis of the Effective Capital Employed by the Company and this approval expires on 30th September 2005.

It is now proposed to obtain the approval of the Shareholders by means of a Special Resolution for the payment of Salary, Productivity Incentive, Allowances and Perquisites, as fixed by the Board of Directors and revised from time to time in accordance with the recommendations of the Remuneration Committee, as the Minimum Remuneration during the year of loss or inadequacy of profits, effective 1st October, 2005 for a period of 3 years or till the conclusion of the current term of Mr T T Raghunathan, Executive Vice-Chairman, Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, whichever is earlier.

In accordance with the amended guidelines provided by the Central Government under Schedule XIII to the Companies Act, 1956, the payment of the aforesaid minimum remuneration was duly approved by the Remuneration Committee in their meeting held on 27th June, 2005, by means of a Resolution.

Further, the Company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of the above managerial personnel, which is one of the requirements for seeking the approval of the Shareholders for the payment of Salary, Productivity Incentive, Allowances and Perquisites as the minimum remuneration to the Directors.

The approval of the Shareholders is sought by means of a Special Resolution for payment of Salary, Productivity Incentive, Allowances and Perquisites as minimum remuneration to Mr T T Raghunathan, Executive Vice Chairman, Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, from 1st October, 2005 for a period of 3 years or till the conclusion of their respective current term, whichever is earlier, to the extent allowed as per the provisions of Schedule XIII to the Companies Act, 1956, on the basis of the Effective Capital Employed by the Company.

The current term of Mr T T Raghunathan, Mr D Srinivasan and Mr I Ravindran expires on 31st October 2006, 5th April 2006 and 23rd October, 2007 respectively.

The Statement containing information as required under Schedule XIII to the Companies Act, 1956 is annexed to this Notice.

The Resolution is commended for adoption.

None of the Directors except Mr T T Jagannathan, Mr T T Raghunathan, Mr D Srinivasan and Mr I Ravindran are deemed to be interested in this Resolution.

BY ORDER OF THE BOARD

Place : Chennai  
Date : 27th June, 2005

**S KALYANARAMAN**  
Company Secretary

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

#### STATEMENT SHOWING THE DETAILS AS REQUIRED UNDER SCHEDULE XIII TO THE COMPANIES ACT, 1956

[In connection with Item No.7 of the Notice / Explanatory Statement]

##### I General Information :

1. Nature of Industry	Manufacture and Sale of Woodward's Gripewater, Cosmetics, Pharmaceutical Formulations, Heart Valves, Medical Disposables, Snack Foods, Printing & Publishing and Distribution of various Consumer Products.		
2. Date or expected date of commencement of commercial production	An existing Company		
3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.		
4. Financial performance based on given indicators	N.A.		
5. Export performance and net foreign exchange earnings	<b>Foreign Exchange Earnings (Exports)</b> Rs.	<b>Foreign Exchange Outgo (Imports/Expenses)</b> Rs.	<b>Net Foreign Exchange Earnings</b> Rs.
	2004 – 2005	1,21,87,721	1,99,16,004
			- 77,28,283
6. Foreign Investments or Collaborators, if any		None	

##### III Information about the Appointee:

	<b>MR T T RAGHUNATHAN</b>	<b>MR D SRINIVASAN</b>	<b>MR I RAVINDRAN</b>
1. Background details	Mr T T Raghunathan has vast industrial experience and has been actively involved in the management of various companies of the TTK Group.	Mr D Srinivasan has been with the TTK Group for over 18 years and has vast experience in the field of Management.	Mr I Ravindran has been working for the Company for the last 16 years and prior to his induction on the Board, he was holding the position of Senior Vice President, in-charge of the Consumer Products Business of the Company.
2. Past Remuneration	Appointed for the first time as Executive Vice Chairman in TTK Healthcare Limited with effect from 1st November, 2001 and there has been no revision in his package since then.	Details given in Annexure II.	Details given in Annexure III.
3. Recognition or Awards	—	—	—
4. Job Profile and his suitability	Mr T T Raghunathan is in-charge of the overall management of the Company. Since he has relevant experience in the field, he is best suited for the position.	Mr D Srinivasan is in-charge of the Clinicare, Medical Devices and Foods Businesses and is fully responsible for the Sales / Profitability of the said businesses. Since he has relevant experience in the field, he is best suited for the position.	Mr I Ravindran is the Head of the Consumer Products Business - Strategic Business Unit of the Company and is fully responsible for the Sales / Profitability of the said business. Throughout his career, Mr I Ravindran has been involved in sales, marketing and distribution of Consumer Products. Since he has relevant experience in the field, he is best suited for the position.

## TTK HEALTHCARE LIMITED

5. Remuneration proposed	Details of the remuneration package given in <b>Annexure I</b> to this Statement.	Details of the remuneration package given in <b>Annexure II</b> to this Statement.	Details of the remuneration package given in <b>Annexure III</b> to this Statement.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin)	The remuneration package is in line with the nature of the Industry, size of the Company, profile of the person and the responsibilities entrusted.	The remuneration package is in line with the nature of the Industry, size of the Company, profile of the person and the responsibilities entrusted.	The remuneration package is in line with the nature of the Industry, size of the Company, profile of the person and the responsibilities entrusted.
7. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any.	Related to Mr T T Jagannathan, Chairman of the Company	NIL	NIL
<b>III Other Information :</b>			
ii) Reasons for loss or inadequate profits	The Company's Biomed, Medical Devices and Printing Divisions have been incurring losses. Though the other Divisions have been profitable, the overall profitability was affected. During the year 2004-05, due to the uncertainties prevailed over the introduction of VAT, the profitability of the Company particularly of the Pharmaceutical Business was severely affected. Further, the performance of the Food Division was also not upto mark due to low offtake and reduced realisations. As a result of these developments, your Company has incurred losses during the year 2004-05. Further, the write-off of Rs. 195.30 lakhs towards bad debts has also contributed to the loss.		
ii) Steps taken or proposed to be taken for improvement	Various steps have been initiated by the Board Directors for reversing the situation with reference to the loss making Divisions mentioned above. With the implementation of VAT in most of the States, normalcy with reference to the Pharma Business has been restored.		
iii) Expected increase in productivity and profits in measurable items	During the year 2005-06, the Company expects improvement in productivity / profitability.		
<b>IV Disclosures :</b>			
The details of the remuneration packages of Mr Mr T T Raghunathan, Mr D Srinivasan and Mr I Ravindran are given in <b>Annexure-I, Annexure-II &amp; Annexure-III</b> respectively to this Statement. The other disclosures required are furnished in the Report on Corporate Governance, forming part of this Annual Report.			
<b>ANNEXURE – I</b>			
<b>REMUNERATION DETAILS OF MR T T RAGHUNATHAN, EXECUTIVE VICE CHAIRMAN</b>			
A. <b>Salary</b>	: Rs.1,00,000/- (Rupees One Lakh only) per month		
B. <b>Perquisites :</b>			
1. (a) Housing	: House Rent Allowance of 60% of the Salary.		
(b) Gas, Electricity, Water, etc.,	: The expenditure incurred on Gas, Electricity, Water, Furnishings, etc., shall be valued as per Income Tax Rules 1962, subject to a ceiling of 10% of the Salary.		
(c) Medical Benefits	: One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents.		
(d) Leave Travel Allowance	: For self and family, to and fro air fare and other related expenses to any place in India or abroad, once a year.		
(e) Club Fees	: Fees for two clubs not including Admission and Life Membership Fees.		
(f) Personal Accident Insurance	: Personal Accident Cover, as per the rules of the Company.		
C. <b>Benefits:</b>			
(i) Other Benefits viz., Provident Fund, Superannuation and Gratuity, will be allowed as per the rules of the Company.			
(ii) Mr T T Raghunathan will be provided Car with driver for use on Company's Business. He will also be provided telephone at his residence.			
(iii) Mr T T Raghunathan will be allowed Leave and Leave Encashment as per the rules of the Company.			

**D. Commission:**

During the year in which adequate profits have been made, the difference between 5% of such profits and the salary and benefits as referred to above in items A to C shall be paid as commission and such commission shall become due and payable on adoption of the accounts of the Company for such financial year. Such profits shall be computed in accordance with Sec. 198 of the Companies Act, 1956.

**E. Other Terms and Conditions:**

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

**ANNEXURE – II****REMUNERATION DETAILS OF MR D SRINIVASAN, EXECUTIVE DIRECTOR**

	<b>PAST</b>	<b>PRESENT</b>
<b>A. Salary</b>	: Rs. 75,000/- (Rupees Seventy Five Thousand only) per month.	Rs. 80,000/- (Rupees Eighty Thousand only) per month.
<b>B. Productivity Incentive</b>	: As agreed to between the appointee and the Board of Directors, but within the overall ceiling of Managerial Remuneration prescribed under the Companies Act, 1956.	Not exceeding 30% of the Salary, subject to the approval of the Management.
<b>C. Perquisites:</b>		
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.	Same
(b) Medical Benefits	: One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.	Same
(c) Leave Travel Allowance	: Once a year Air Fare to and from any place in India for self and family.	Once a year Air Fare to and from any place in India for self and family, as per the rules of the Company.
(d) Personal Accident Insurance	: As per Company's policy.	Same
(e) Club Fees	: Fees for two clubs not including Admission and Life Membership Fees.	Same

## TTK HEALTHCARE LIMITED

2. <b>Other Perquisites</b>	: (i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.	Same
	(ii) Mr D Srinivasan will be provided Car for use on Company's Business. He will also be provided telephone at his residence.	Same
	(iii) Mr D Srinivasan will be allowed Leave and Encashment thereof as per the rules of the Company.	Same

The above mentioned Salary and Perquisites and subsequent revisions, if any, will be paid as the minimum remuneration in the event of loss or inadequacy of profits, as per the provisions of Schedule XIII to the Companies Act, 1956.

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

### ANNEXURE - III

#### REMUNERATION DETAILS OF MR I RAVINDRAN, WHOLETIME DIRECTOR

	PAST	PRESENT
<b>A. Salary</b>	: Rs. 50,000/- (Rupees Fifty Thousand only) per month.	Rs. 65,000/- (Rupees Sixty Five Thousand only) per month.
<b>B. Productivity Incentive</b>	: Not exceeding 30% of the Salary, subject to the approval of the Management.	Same
<b>C. Perquisites:</b>		
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.	Same
(b) Medical Benefits	: One month's salary in a year for self, wife, children and parents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.	One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.
(c) Leave Travel Allowance	: Once a year Air Fare to and from any place in India for self and family	Once a year Air Fare to and from any place in India for self and family, as per the rules of the Company.
(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.	As per Company's policy.
(e) Club Fees	: Fees of club, not including Admission and Life Membership Fee, for one Club.	Same
2. <b>Other Perquisites</b>	: (i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity, will be allowed as per the rules of the Company.	Same
	(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.	Same
	(iii) Mr I Ravindran will be allowed Leave and Encashment thereof as per the rules of the Company.	Same

The above mentioned Salary and Perquisites and subsequent revisions, if any, will be paid as the minimum remuneration in the event of loss or inadequacy of profits as per the provisions of Schedule XIII to the Companies Act, 1956.

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

## Directors' Report

Your Directors have pleasure in presenting the 47th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2005.

### FINANCIAL RESULTS

	2004-2005 (Rs. in lakhs)	2003-2004 (Rs. in lakhs)
Profit for the year before Depreciation, Extraordinary Item(s) & Taxation	46.45	363.97
<b>Less: Depreciation</b>	<b>258.79</b>	<b>247.41</b>
	<b>(212.34)</b>	116.56
<b>Less: VRS Amortised</b>	<b>25.30</b>	10.54
<b>Profit / (Loss) before Tax</b>	<b>(237.64)</b>	106.02
<b>Less: Provision for Tax</b>	-	8.20
<b>Less: Deferred Tax</b>	<b>(30.61)</b>	56.75
<b>Profit / (Loss) after Tax</b>	<b>(207.03)</b>	41.07

### DIVIDEND

In view of the loss, your Directors do not propose to recommend any dividend for the financial year ended 31st March, 2005.

### 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, the performance of your Company, particularly the Pharmaceutical Business, was severely affected due to the uncertainties prevailed over the introduction of Value Added Tax (VAT).

Effective 1st April, 2005, the VAT rate is 4% for Medicines as against the average sales tax of about 9% prior to introduction of VAT. This has resulted in significant down stocking by trade channels during the last quarter so as to clear the high tax bearing inventories before the end of the financial year.

The performance of Consumer Products and Heart Valve Businesses was in line with the expectations. However, the performance of Clinicare Division (dealing in Medical Disposables) and Printing / Foods Divisions was unsatisfactory. Various steps have already been initiated for reversing the situation so as to improve the overall profitability of the Company.

Under the Consumer Products Division, the sales performance of EVA brand of Ladies' Cosmetics has been very encouraging. The EVA Range has been further strengthened with the addition of two premium variants, viz., **EVA CHIC & EVA WOW**. Focusing on consumer convenience, a **MINI DEO SPRAY** has also been recently launched under the EVA Brand. These products have been very well received by the consumers. The distribution arrangement with M/s Saralee Household & Bodycare Private Limited for their Shoe care / Body care products and with M/s TTK - LIG Limited for their branded condoms are progressing satisfactorily.

Under the Ethical Products Division, your Company has recently expanded the **NUROBEST** range by launching **NUROBEST-OD** (once daily dosage), **NUROBEST-XL** and **NUROBEST INJECTION**. Your Company has also launched **OSSOGEMS** (*Chewable Milk Calcium*) and re-launched **ARTHRID** (*an anti-Arthritis Formulation*). Under the Animal Welfare Division, three new products viz., **LYSETIK** (Deltamethrin), **ENROBEST** (Enrofloxacin) and **TT ZYME** (Cocktail Enzyme) have been recently launched.

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

As mentioned in the last Annual Report, in order to bring about an enhanced focus on the Herbal Products Segment, your Company has launched a New Marketing Division **VENTURA** in 11 Regions across the country. This Division will predominantly deal with the herbal products of the Company.

Your Company has also expanded the Animal Welfare Division operations in Punjab and Uttar Pradesh.

In view of the continuing unfavourable market conditions and the consequent losses, your Directors had taken a decision as mentioned in the last Annual Report, to rationalize the Gloves Manufacturing Operations at Chikalthana and this exercise stands fully completed. Necessary approval has been obtained from the shareholders for suitably dealing with the Gloves Manufacturing Undertaking / its assets and steps are being taken in this regard.

During the year under review, the performance of Foods Division was affected due to low off-take and reduced realizations. Necessary steps have already been taken for reversing the situation and the performance of the Division is now on course.

The rationalization exercise relating to Printing & Packaging Operations is in progress and as envisaged under this exercise, the manufacturing operations have been stopped. The Company will now focus only on the profitable lines of business such as Self-Publications, Digital Cartography, etc. by outsourcing the products.

To sum up, with the various initiatives taken for improving the profitability and also to reduce the losses, your Directors expect a healthy performance during the year 2005-06.

### FINANCE

During the year under review, your Company has repaid the Secured Term Loan to the extent of Rs. 266.67 lakhs availed from Corporation Bank. Further, your Company has also settled in full the Term Loan amounting to Rs. 475.33 lakhs availed from The Federal Bank Limited, by availing a fresh Term Loan of Rs. 375 lakhs from UTI Bank Limited, at a lower cost.

Your Company has also repaid Rs.3.36 lakhs of interest free loan from Maharashtra Industrial Development Corporation and repaid the Fixed Deposits to the extent of Rs.93.66 lakhs.

The overall borrowings have been reduced from Rs.24.94 crores to Rs.20.40 crores during the year under review.

### FIXED DEPOSITS

As on 31st March, 2005, your Company was holding an aggregate sum of Rs.60.64 lakhs on account of Fixed Deposits.

A sum of Rs.3.12 lakhs relating to 27 accounts was unclaimed as on that date and they continue to remain unclaimed till date.

### EMPLOYEES

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

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

### DIRECTORS

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

### 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 were earlier listed with –

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

It was decided at the 45th Annual General Meeting to delist the Company's Equity Shares from the Ahmedabad, Delhi, Kolkata and Madras Stock Exchanges in accordance with Clause 5 of the Securities and Exchange Board of India (Delisting

of Securities) Guidelines, 2003 and to continue the listing of the Equity Shares only at The Stock Exchange, Mumbai (BSE).

Accordingly, your Company had applied for delisting of the Equity Shares with Ahmedabad, Delhi, Kolkata and Madras Stock Exchanges and has already received the delisting approval from The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Limited, New Delhi and The Calcutta Stock Exchange Association Limited, Kolkata.

The delisting approval from the Madras Stock Exchange Limited is awaited.

The Listing Fees have been paid for the financial year 2005-06.

**SUBSIDIARY**

During November 2004, a Strategic Partner was inducted into M/s.TTK Healthcare Services Private Limited, the Subsidiary of your Company to infuse further capital into this entity. Consequent to the allotment of shares to the said Strategic Partners by TTK Healthcare Services Private Limited, the Shareholding of your Company in the said Subsidiary was reduced from 56.33% to 35.06% during the year under review and consequently, TTK Healthcare Services Private Limited ceases to be the Subsidiary of your Company.

**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 or loss of the Company for that year.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- These Annual Accounts have been prepared on a “going concern” basis.

**ACKNOWLEDGEMENT**

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

For and on behalf of the Board

Place : Chennai  
Date : 27th June, 2005

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, 2005

### 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

	2004-2005	2003-2004
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity:</b>		
(a) Purchased		
Units	28,19,339	28,45,227
Total Amount (Rs.)	1,37,76,385	1,43,00,349
Rate per Unit (Rs.)	4.89	5.03
(b) Own Generation		
Units	92,485	2,00,957
Unit per litre of Diesel Oil	2.15	2.21
Cost per Unit (Rs.)	11.42	9.55
<b>2. Furnace Oil/Light Diesel Oil:</b>		
Quantity (litres)	1,66,613	2,38,781
Total Amount (Rs.)	24,34,416	32,80,746
Average rate per litre (Rs.)	14.61	13.74

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

- (a) Development of –
- An Anti Inflammatory Drug
  - Formulation consisting of Methylcobalamin, Alpha Lipoic Acid, Folic Acid and Vitamin B6
  - Anti-aflatoxin for Veterinary Feed
  - Fortified Hepato-regeneration product for Pets
  - Deo sprays with different fragrances
- (b) The Joint project for the development of Improved Heart Valves with better flow dynamics, in collaboration with Sree Chitra Tirunal Institute of Medical Sciences & Technology, Trivandrum and National Research Development Corporation, New Delhi, has been progressing satisfactorily. The design for all sizes of valves has been completed and the prototypes have been made and are being tested in the accelerated wear tester. Animal trials are expected to commence sometime during August 2005.
- (c) The Single Centric Clinical evaluation of large diameter Vascular Graft Prosthesis being developed under the Joint Project with Sree Chitra Tirunal Institute of Medical Sciences & Technology, Trivandrum and South India Textile Research Association (SITRA), Coimbatore stands completed. Clinically usable samples of Vascular Grafts have been given to Chitra Institute for multi centre evaluation.

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

- The Company has launched the following products:
  - NUROBEST-OD** (Methylcobalamin with Alpha Lipoic Acid-once daily dosage- to prevent and treat neuropathy)
  - NUROBEST-XL** (Methylcobalamin with Alpha Lipoic Acid-to treat oligospermia)
  - NUROBEST INJ.** (Methylcobalamin-to prevent and treat neuropathy)

- ARTHRID** (an anti-Arthritis Formulation)
- OSOGEMS** (Chewable Milk Calcium)
- LYSETIK** (Deltamethrin-Ectoparasiticide)
- ENROBEST** (Enrofloxacin-an antibiotic formulation)
- TT ZYME** (Cocktail Enzyme)
- EVA CHICK & EVA WOW** (Deo spray)
- MINI EVA** (Deo spray)

- Sternotomy Suture manufactured and marketed under the brand name "Clinistern" is gaining acceptance from Surgeons.

- Test marketing of the Vascular Graft Prosthesis has been initiated after approval for the same by Sree Chitra Tirunal Institute who constituted a Committee of external experts for the purpose.

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

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

- Polyherbal Drug for treating Nephrolithiasis (*Kidney Stone*)
- Potassium Clauvinate with Amoxycillin Tablet (*Betalactamase-resistant Anti-microbial*)
- Anti-bacterial & Anti-protozoal (*Oford Vet Bolus*)
- Polyherbal Immunomodulator Liquid
- Crisofulvin Vet Bolus

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

	2004-2005	2003-2004
	Rs.	Rs.
a) Capital	–	–
b) Recurring	24,64,285	19,82,730
c) Total	24,64,285	19,82,730
d) % of R&D expenses to sales	0.16 %	0.13 %

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

In-house Technology for making Sternotomy Sutures has been developed.

#### 3. Benefits derived from the above efforts:

The Sternotomy Suture has already been launched under the brand name "Clinistern".

#### 4. Details of Imported Technology:

NIL

#### 5. Foreign Exchange Earnings & Outgo:

(i) The Company has earned **Rs.1,21,87,721/-** through exports of its products to various countries during the year under review, as against Rs.1,98,76,835/- during the previous year.

(ii) During the year under review, Foreign Exchange used was **Rs.1,99,16,004/-** (Previous Year – Rs.1,74,64,692/-) as detailed below:

	2004-2005	2003-2004
	Rs.	Rs.
Imports	1,98,15,108	1,66,80,033
Travel, Advertisement, Subscription and Registration Charges	1,00,896	7,84,659

For and on behalf of the Board

Place : Chennai  
Date : 27th June, 2005

T T JAGANNATHAN  
Chairman

#### Registered Office:

6, Cathedral Road  
Chennai 600 086.

TTK HEALTHCARE LIMITED

**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, 2005.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr. T.T. Raghunathan	Executive Vice Chairman	24,49,209	33	53	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 : Chennai  
Date : 27th June, 2005

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 Clause 49 of the Listing Agreement, as per the details given below:

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

### BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS

The Board of your Company met six times during the financial year ended 31st March, 2005, on the following dates:

- 26th May, 2004
- 25th June, 2004
- 26th July, 2004
- 10th September, 2004
- 29th October, 2004
- 31st January, 2005

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

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

Name of the Director	Attendance Particulars		No. of other Directorships & Committee Member / Chairmanships		
	Board Meetings	Last AGM (10.09.04)	Other Directorships	Committee Member-ships	Committee Chairmanships
Mr T T Jagannathan	6	Yes	6 <sup>s</sup>	–	–
Mr T T Raghunathan	5	Yes	4	–	–
Mr R K Tulshan	6	Yes	2	1	–
Dr K R Srimurthy	4	Yes	–	1	–
Mr B N Bhagwat	6	Yes	–	1	1
Mr K Shankaran	6	Yes	3 <sup>s</sup>	2	1
Mr D Srinivasan	6	Yes	–	1	–
Mr K Vaidyanathan	5	Yes	–	–	1
Mr I Ravindran	5	Yes	–	–	–

Other Directorships do not include Private Companies.

<sup>s</sup> Includes Directorship of one Overseas Entity.

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

### AUDIT COMMITTEE

The Audit Committee was constituted on 6th April, 2001, comprising of three Non-Executive Independent 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 of the Audit Committee include the following:**

- 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 under review, on the following dates:

- 24th June, 2004
- 26th July, 2004
- 9th September, 2004
- 29th October, 2004
- 31st January, 2005

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.

### 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.

## TTK HEALTHCARE LIMITED

The scope of the Committee is to look into the Shareholders / Investors Complaints / Grievances relating to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, issue of Duplicate Share Certificates and the performance of the Registrars and Share Transfer Agents. In addition, the Board shall also from time to time provide requisite guidelines / scope of work for the Grievance Committee and the Committee will discharge such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The Committee met twice during the year under review - on 24th June, 2004 and 31st January, 2005 and reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

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

Nature of Complaints	
Non-receipt of Dividends	1
Non-receipt of Shares sent for transfer / transmission	7
Non-receipt of Balance Sheet	1
Others	2
<b>Total</b>	<b>11</b>

All the complaints were resolved satisfactorily and there has been no pending complaint as on 31st March, 2005.

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

### Directors' Remuneration:

The details of remuneration paid to the Wholetime Directors for the year 2004-05 are as follows:

Name & Designation	Salary Rs.	HRA & Other Allow- ances Rs.	Contribution to PF & Other Funds Rs.	Total Rs.	Tenure of Appointment
Mr T T Raghunathan Executive Vice Chairman	12,00,000	8,67,992	3,81,217	24,49,209	5 years with effect from 1st November, 2001
Mr D Srinivasan Executive Director	9,75,000	8,67,746	3,03,500	21,46,246	5 years with effect from 6th April, 2001
Mr I Ravindran Wholetime Director	8,25,000	9,72,583	2,88,640	20,86,223	5 years with effect from 24th October, 2002

The Managerial remuneration paid to the Wholetime 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 2004-05.

The Company currently does not have Stock Options Scheme.

### 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 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.

#### 2. 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 the 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 the member of the Audit Committee.

#### 3. 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.
6. Prestige Health Administrators (P) Ltd.

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

### General Body Meetings:

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

Year	Date	Time	Venue	No. of Special Resolutions passed
2002	27th September, 2002	10.15 a.m.	Registered Office: No.6 Cathedral Road Chennai 600 086	2
2003	19th September, 2003	10.00 a.m.	Registered Office: No.6 Cathedral Road Chennai 600 086	1
2004	10th September, 2004	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, Old No.306, TTK Road, Chennai 600 014	—

An Ordinary Resolution was passed through Postal Ballot process on 20th November, 2004 as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, for obtaining the consent of the Shareholders of the Company under Section 293(1)(a) of the Companies Act, 1956, to sell, lease or otherwise dispose of the whole or substantially the whole of the Undertaking (Biomed Division) of the Company at Chikalthana, Aurangabad, engaged in the manufacturing and marketing of Latex Gloves.

**Disclosures:**

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

- The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out on Page No. 36 of this Annual Report.
- There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years. Hence, the question of penalties or strictures being imposed by SEBI, the Stock Exchanges or any statutory authorities does not arise.

**Means of Communication:**

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

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

Date	–	9th September, 2005
Day	–	Friday
Time	–	12.00 noon
Venue	–	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No. 168, Old No. 306 TTK Road, Chennai 600 014

**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** – 1st September, 2005 to 9th September, 2005 (Both Days Inclusive)**d) Listing on Stock Exchanges:**

Your Company's shares were earlier listed with –

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

It was decided at the 45th Annual General Meeting to delist the Company's Equity Shares from the Ahmedabad, Delhi, Calcutta and Madras Stock Exchanges in accordance with Clause 5 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and to continue the listing of the Equity Shares only at The Stock Exchange, Mumbai (BSE).

Accordingly, your Company had applied for delisting of the Equity Shares with Ahmedabad, Delhi, Calcutta and Madras Stock Exchanges and has already received the delisting approval from The Stock Exchange, Ahmedabad. The Delhi Stock Exchange Association Limited, Delhi and The Calcutta Stock Exchange Association Limited, Kolkata.

The delisting approval from the Madras Stock Exchange Limited is awaited.

The Listing fees have been paid for the financial year 2005-06.

**e) Stock Code:** BSE - 507747

**f) Demat Arrangement with NSDL and CDSL**

Demat ISIN – INE910C01018

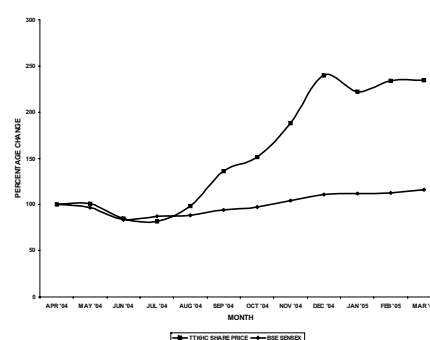
**g) Stock Price Data:**

MONTH	BSE (2004-2005)			BSE (2003-2004)		
	High	Low	Volume	High	Low	Volume
	Rs.	Rs.		Rs.	Rs.	
April	23.25	19.65	110730	14.80	13.10	6114
May	23.40	16.35	83843	16.10	13.30	21275
June	19.75	16.10	40813	22.75	16.00	76455
July	19.00	16.75	42327	32.50	23.50	233811
August	22.95	17.85	162493	34.30	25.15	497025
September	31.60	22.05	476233	35.60	26.10	233556
October	35.15	31.20	419607	28.10	23.50	85844
November	43.65	32.10	292468	25.25	21.50	100183
December	55.75	41.95	757756	39.35	25.55	862599
January	51.65	44.45	231990	37.10	23.85	323110
February	54.35	44.35	762754	23.00	20.85	214255
March	54.55	44.25	511227	20.80	16.20	122875

**h) Stock Performance Vs BSE Sensex:**

Month	TTKHC Share Price (High)	% Change	BSE (High)	% Change Sensex
April '04	23.25	–	5979.25	–
May '04	23.40	1%	5772.64	–3%
June '04	19.75	–15%	5012.52	–16%
July '04	19.00	–18%	5200.85	–13%
August '04	22.95	–1%	5269.22	–12%
September '04	31.60	36%	5638.79	–6%
October '04	35.15	51%	5803.82	–3%
November '04	43.65	88%	6248.43	5%
December '04	55.75	140%	6617.15	11%
January '05	51.65	122%	6696.31	12%
February '05	54.35	134%	6721.08	12%
March '05	54.55	135%	6954.86	16%

TTKHC SHARE PRICE VS BSE SENSEX



## TTK HEALTHCARE LIMITED

**i) 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  
Tel : (91) (44) 24834487  
Fax: (91) (44) 24834636

### j) Share Transfer System:

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

Share Transfers in respect of physical shares are normally effected within a maximum of 30 days from the date of receipt, if all the required documentation is complete in all respects.

Also the Company has made arrangements for simultaneous dematerialization of Share Certificate(s) lodged for transfer, subject to the regulations specified by SEBI in this regard.

As at 31st March, 2005, no Equity Shares were pending for transfer.

### k) Distribution of Shareholding as on 31st March, 2005:

Shareholding of Nominal Value of	No. of Shareholders		% to No. of Shareholders		Share Amount		% to Total	
	Physical Mode	Electronic Form	Physical Mode	Electronic Form	Physical Form	Electronic Form	Physical Form	Electronic Mode
1	2	3	4	5	6	7	8	9
<b>Rs.</b>					<b>Rs.</b>	<b>Rs.</b>		
Upto 5000	9714	5413	63.90	35.61	8663750	13753190	13.11	20.81
5001- 10000	11	20	0.08	0.13	836660	1426830	1.27	2.16
10001- 20000	5	13	0.03	0.09	707800	1850290	1.07	2.80
20001- 30000	2	4	0.01	0.03	530000	972690	0.80	1.47
30001- 40000	1	5	0.01	0.03	302500	1772420	0.46	2.68
40001- 50000	0	2	0.00	0.01	0	983750	0.00	1.49
50001-100000	2	2	0.01	0.01	1134000	1666080	1.71	2.52
100001& Above	6	1	0.04	0.01	29809980	1694200	45.09	2.56
<b>Total</b>	<b>9741</b>	<b>5460</b>	<b>64.08</b>	<b>35.92</b>	<b>41984690</b>	<b>24119450</b>	<b>63.51</b>	<b>36.49</b>
<b>Grand Total</b>	<b>15201</b>		<b>100.00</b>		<b>66104140</b>		<b>100.00</b>	

### l) Categories of Equity Shareholders as on 31st March, 2005:

Category	No. of Shares held	% of Shareholding
<b>A. Promoters Holding:</b>		
1. Promoters		
(a) Indian Promoters*	3249218	49.15
(b) Foreign Promoters	0	0.00
2. Persons acting in concert – Directors	101243	1.53
<b>Sub Total</b>	<b>3350461</b>	<b>50.68</b>
<b>B. Non-Promoters Holding:</b>		
<b>3. Institutional Investors</b>		
(a) Mutual Funds & UTI	7072	0.11
(b) Banks, Financial Institutions, Insurance Companies (Central /State Government Institutions / Non-Government Institutions)	4530	0.07
(c) Foreign Institutional Investors	972	0.01
<b>Sub Total</b>	<b>12574</b>	<b>0.19</b>
<b>4. Others</b>		
(a) Private Corporate Bodies	301542	4.56

(b) Indian Public	2936520	44.42
(c) Non Resident Indians / Overseas Corporate Bodies	9317	0.14
(d) Any Other (Please Specify)	–	–
<b>Sub Total</b>	<b>3247379</b>	<b>49.13</b>
<b>GRAND TOTAL</b>	<b>6610414</b>	<b>100.00</b>

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

During the year under review, the promoters M/s T T Krishnamachari & Co., acquired 2,65,340 Equity Shares of Rs.10/- each at a price of Rs.40/- per share through Open Offer.

### m) Dematerialisation of Shares and Liquidity as on 31st March, 2005:

	No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	9741	4198469	63.51
No. of Shareholders in Electronic Mode	5460	2411945	36.49
<b>Total</b>	<b>15201</b>	<b>6610414</b>	<b>100.00</b>

Days taken for Dematerialization	No. of Requests	No. of Shares	% of Shares
15 days	1176	176929	2.68%

	National Securities Depository Limited (NSDL)	Central Depository Services (I) Limited (CDSL)
	2004-05	2003-04
Number of Shares Dematerialised	158980	566280
Number of Shares Rematerialised	50	116

**n) Outstanding GDRs/ADRs/warrants or any convertible Instruments** : The Company has not issued any GDRs/ADRs/Warrants or Convertible Instruments

**o) 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

p) **Registered & Administrative Office and Investor Correspondence Address** : 6, Cathedral Road, Chennai 600 086

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

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

#### NON-MANDATORY REQUIREMENTS:

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

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

(b) **Remuneration Committee:**

The Remuneration Committee 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

#### Auditors' Certificate on Corporate Governance:

##### 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, 2005 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

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

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

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company / Registrars and Transfer Agents of the Company, there were no investor grievances remaining unattended / pending for more than 30 days as at 31st March, 2005.

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  
27th June, 2005

For M/s AIYAR & CO  
Chartered Accountants  
V NATARAJAN  
Partner  
Membership No. 454

M/s S VISWANATHAN  
Chartered Accountants  
C N SRINIVASAN  
Partner  
Membership No. 18205

such other functions as are required under the provisions of the Listing Agreement and the Companies Act, 1956.

The Remuneration Committee met once during the year on 29th October, 2004 for considering the revision in the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, for further approval by the Board and also 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.

The above meeting was attended by all the members of the Committee except Dr K R Srimurthy.

(c) **Postal Ballot:**

During the year under review, the consent of the members of the Company was sought by an Ordinary Resolution, through Postal Ballot, to sell, lease or otherwise dispose of the whole or substantially the whole of the Undertaking (Biomed Division) of the Company at Chikalthana, Aurangabad, engaged in the manufacturing and marketing of Latex Gloves.

The Postal Ballot Process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Mr R Balasubramanian, Practising Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot process.

The results of the Postal Ballot, which were announced on 20<sup>th</sup> November, 2004, are given below:

Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Paid-up Equity Capital
Number of Valid Postal Ballot Forms received	1503	3925781	59.39
Votes in favour of the Ordinary Resolution	1426	3918776	59.28
Votes against the Ordinary Resolution	77	7005	0.11
Number of Invalid Postal Ballot Forms received	94	17882	0.27

Thus, the said Ordinary Resolution was approved by the requisite majority.

## Management Discussion and Analysis Report

### ECONOMIC AND BUSINESS ENVIRONMENT:

The GDP growth during the year 2004-05 is estimated to be around 6.9% as compared to 8.5% in 2003-04. Though the rate of growth in the Agriculture Sector was lower, the Industrial Sector and the Services Sector performed well. It is a fact that the growth momentum has been maintained despite deficient monsoon and hardening international prices of oil & steel. The rising trend in the country's foreign exchange reserves continues and has reached a level of USD 135 billion in March 2005. The average inflation has been higher at 6.4% in 2004-05 as compared to 5.5% in 2003-04 which was mainly due to the increase in the prices of petroleum products, iron & steel and coal.

The Rs.20,500 crores Indian Pharmaceutical Formulations market has witnessed a value growth of 6.4% for the year ended December 2004. Though the growth during the first half of 2004 was healthy at 9.0%, the momentum did slacken perceptibly in the subsequent two quarters which has resulted in the overall growth of only 6.4%. (Source : ORG)

The performance of Pharmaceutical Industry as a whole was severely affected during Jan-Mar '05 due to the uncertainties prevailed over the introduction of Value Added Tax.

### 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 Bio-Medical Devices 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. However, this has to be looked at considering the current size of our Foods Business. There is also a possibility of further increase in the export volumes.
- Since GIS / GPS related services are gaining momentum, the capabilities available at the Maps Division will present an opportunity to your Company for entering this growing segment.

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:

- The Product Patent Regime came into force with effect from 1<sup>st</sup> January, 2005 with the passing of The Patents (Amendment) Ordinance, 2004 by the Parliament. It is expected that this would restrict the access to latest molecules which was hitherto available for exploitation by the Indian Companies. However, it is believed that the medium size pharma enterprises like yours will be able to grow through their existing product portfolios with the 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 Bio-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 realizations 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 the Government and other entities for Healthcare purchases which may have its impact on the business. Your Company, in addition to focusing on institution business, is also continuously striving to increase its share in the trade segment where the realizations are better coupled with lesser credit period.

### SEGMENT-WISE PERFORMANCE:

As you know, your Company has three Strategic Business Units (SBUs) viz., Pharmaceutical Business, Consumer Products Business and Medical 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. Pharmaceuticals also include Woodward's Gripewater. Since the product is distributed through the Consumer Products Division of your Company, the same has been covered under the head Consumer Products Business.

The key segments in Pharmaceutical Business are Calcium Supplements, Haematinics, Cervical Dilators, Thrombolytic Agents, Rejuvenators & Multimineral Supplements, Galactagogues, Liver Correctives, Pain Management Products, etc.

The Division mainly focuses on Gynaecologists, Cardiologists and General Practitioners and the field force spread across the country meets around 55,000 Doctors and 25,000 Chemists every month.

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

As already mentioned in the last report, 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, your Company has recently expanded the **NUROBEST** range by launching **NUROBEST-OD** (*Methylcobalamin with Alpha Lipoic Acid-once daily dosage-to prevent and treat neuropathy*), **NUROBEST-XL** (*Methylcobalamin with Alpha Lipoic Acid-to treat oligospermia*) and **NUROBEST INJECTION** (*Methylcobalamin-to prevent and treat neuropathy*)

Your Company has also launched **OSSOGEMS** (Chewable Milk Calcium) and relaunched **ARTHRID** (An Anti-Arthritis Formulation).

These products have been well received and are expected to contribute significantly to the sales volume in the year 2005-06.

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

The performance of the entire Pharmaceutical Business of your Company during the year under review was affected due to the uncertainties prevailed over the implementation of VAT.

With the introduction of VAT in most of the States from 1<sup>st</sup> April, 2005, the performance of the Pharmaceutical Business is expected to be on course during the current year.

As mentioned in the last Annual Report, in order to bring about an enhanced focus on the Herbal Products Segment, your Company has launched a New Marketing Division **VENTURA** in 11 Regions across the country. This Division will cover around 20,000 doctors every month and will predominantly deal with the herbal products of the Company.

The Pharmaceutical Business also has a Veterinary Formulations Division which essentially caters to the requirements of Veterinarians, Hatcheries, Poultry Farms and Dairy Farms. Around 9000 Veterinarians are met every month by our Field Staff and this Division reaches the Customers through a network of 450 stockists across the country.

The Animal Welfare Division of your Company deals with Feed Supplements, Liver Correctives, Calcium and Phosphorus supplements, Fertility inducer, Anthelmintics, Antispasmodic & Cervical dilator, Antihistamine, Trace minerals & Vitamin-A supplements, Antibiotics, Ectoparasiticide, Cocktail Enzymes, etc.

The following new products have been launched under the Animal Welfare Division:

- **LYSETIK** (*Deltamethrin-Ectoparasiticide*)
- **ENROBEST** (*Enrofloxacin-an antibiotic formulation*)
- **TT ZYME** (*Cocktail Enzyme*)

Further, the operations of AWD have been extended in Punjab and Uttar Pradesh.

The Division is also continuously looking into the possibility of increasing the range of products and intensifying the coverage of potential livestock markets & canine segments apart from increasing the range of products in these segments as well to considerably enhance the turnover / profitability.

#### **Consumer Products Business:**

The Consumer Products Division (CPD) of the Company distributes Company's own products viz., Woodward's Gripe Water (WGW) and EVA Range of Cosmetics. In addition, CPD also handles the National Distribution of Durex/ Kohinoor Brand of Condoms manufactured by M/s TTK-LIG Limited and Kiwi / Brylcreem range of Shoe care, Hair care and Toiletry Products manufactured by M/s Saralee Household and Bodycare Private Limited. The performance of this Division during the year under review was on the expected lines.

Though your Company enjoys the leadership position with reference to WGW, Gripe Water as a category is not growing. The performance was further affected due to the uncertainties prevailed over the implementation of VAT. The brand also faced competition from local / regional players. However, through better inventory management and credit control, your Company has been able to increase the cash flow into the system from this product.

The EVA Range currently consists of Deodorant and Talcum Powder. During the year under review, the performance of EVA Range has been quite impressive and the sales have almost doubled. In this process, EVA has overtaken many established brands in this segment. The brand has been further strengthened with the launch of two premium variants of Deo sprays viz., EVA Chic and EVA Wow. Focusing on convenience in handling / carrying the product, your Company has launched a Mini Version of EVA Deodorant in three variants. This has been very well received by the market.

The Division is also working on new product introductions (own brands) under the OTC Segment.

During the year under review, though the overall condom market remained stagnant, the TTK-LIG range grew up by 6-7%. The growth was mainly fuelled by the new value added product – Kohinoor Xtra time Variant. Kohinoor Pink which is the mainstay of the range also grew by around 7%. The focus for 2005-06 will be to achieve higher volumes in high value products, thus improving the margins.

Kiwi Shoe Care Range recorded a growth of 13% and the Brylcreem Haircare / Toiletries segment recorded a growth of 18%, thus resulting in an overall growth of 15%. During the year 2005-06, we expect the growth process to continue despite competition intensifying.

#### **Biomedical Devices / Medical Disposables Business:**

##### **Heart Valve Division:**

The Heart Valve Division had another successful year in 2004-05 and the performance has been quite encouraging. With the sale of around 3500 valves during the year under review, the total number of TTK Chitra Valves so far implanted should exceed 13500. The valves are being regularly used in more than 170 centres across the country. You will also be happy to note that TTK Chitra Valves have found acceptance even in countries like South Africa, Sri Lanka and Nepal.

The Joint project for the development of Improved Heart Valves with better flow dynamics, in collaboration with Sree Chitra Tirunal Institute of Medical Sciences & Technology, Trivandrum and National Research Development Corporation, New Delhi, has been progressing satisfactorily. The design for all sizes of valves had been completed and Prototypes have been made and are being tested in the accelerated wear tester. Animal trials are expected to commence sometime during August 2005.

The Single Centric Clinical evaluation of large diameter Vascular Graft Prosthesis being developed under the Joint Project with Sree Chitra Tirunal Institute of Medical Sciences & Technology, Trivandrum and South India Textile Research Association (SITRA), Coimbatore stands completed. Clinically usable samples of Vascular Grafts have been given to Chitra Institute for multi centre evaluation and the test marketing has just commenced.

Your Company expects to commence the full scale marketing of this product during the financial year 2005-06.

Sternotomy Suture manufactured and marketed under the brand name **Clinistern** by your Company is gaining acceptance from Surgeons. Similarly, the Polypropylene Mesh, being marketed under the brand name **Clinimesh**, is also performing well.

Your Company is also planning to put up a state of the art manufacturing plant for Heart Valves and other bio-medical implants / devices near Thiruvananthapuram, conforming to CE requirements. The land for the project has already been acquired and the project will be completed within a year's time.

##### **Clinicare Division:**

The rationalization exercise mentioned in the last Annual Report with reference to Gloves Manufacturing Operations at Chikalthana stands fully completed. Necessary approval from the Shareholders has been obtained for suitably dealing with the Gloves Manufacturing Undertaking / its assets and steps are being taken in this regard.

The performance of Foley Catheters is not up to expectations and this product is facing the challenges of low volumes coupled with longer credit periods. Similarly, due to non-availability of grants from the Government, the performance of the Blood Lancets whose demand is predominantly institution-dependent, is also not very satisfactory. Your Company is exploring various possibilities for dealing with these product lines.

##### **Foods Division:**

The Foods Division is engaged in the manufacturing and marketing of Ready-to-fry Snack Pellets. As part of the strategic initiative, your Company had moved towards the value-added Potato-based Pallets, a couple of years ago. Though this strategy began to yield results in terms of higher price realizations, our plan to impose tighter credit norms on the market that was already used to more liberal norms, had an adverse impact on the sales volumes. This has in turn impacted the overall profitability of the Division during the year under review. Though the domestic volumes were affected, your Company has been able to maintain steady volumes in exports. Efforts are further intensified for improving both the domestic and export volumes / profitability during the year 2005-06.

##### **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 rationalization exercise relating to Printing & Packaging Operations is in progress and as envisaged under this exercise, the manufacturing operations have been stopped. It has been decided to focus only on Self-publications and Digital Cartography businesses for improving the overall profitability.

**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)	
	2004-05	2003-04
Sales	<b>15627.08</b>	15227.58
Less: Excise Duty relating to Sales	<b>327.18</b>	358.67
	<b>15299.90</b>	14868.91
Other Income	<b>373.18</b>	176.35
Total Income	<b>15673.08</b>	15045.26
Goods Consumption Expenses	<b>9785.75</b>	9296.98
	<b>5591.67</b>	5059.08
<b>Profit before Interest, Depreciation, Extraordinary Item(s) and Tax</b>	<b>295.66</b>	689.20
Interest	<b>249.21</b>	325.23
Depreciation	<b>258.79</b>	247.41
<b>Operating profit for the year</b>	<b>(212.34)</b>	116.56
<b>Less : VRS Amortised</b>	<b>25.30</b>	10.54
<b>Profit / (Loss) before Tax</b>	<b>(237.64)</b>	106.02
<b>Less: Provision for taxation</b>	-	8.20
<b>Less: Deferred Tax</b>	<b>(30.61)</b>	56.75
<b>Profit / (Loss) after Tax</b>	<b>(207.03)</b>	41.07

**Income:**

During the year under review, the Company registered a sales turnover of Rs.156.27 crores as against the previous year's turnover of Rs.152.27 crores. The turnover, particularly of the Pharmaceutical Business, was severely affected due to the uncertainties prevailed over the implementation of VAT during the last quarter of the year under review.

**Other Income:**

The Other Income includes a sum of Rs.179.03 lakhs being the refund received from the Excise Department and Rs.60.27 lakhs being the benefit accrued consequent to the pre-payment of sales tax liability relating to Medical Devices Division under the scheme announced by the Government of Maharashtra. It also includes profit on sale of Office Premises at Bangalore amounting to Rs.18.02 lakhs and sale of investments in M/s Adyar Gate Hotel Limited amounting to Rs.31.06 lakhs.

**Expenditure:**

**Expenses:**

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

There has been a reduction in the interest costs from Rs.325.23 lakhs to Rs.249.21 lakhs.

The expenses also include a sum of Rs.195.30 lakhs representing the Bad Debts written off. There has also been an increase in the Advertisement and Sales Promotion Expenditure to the extent of Rs.201.39 lakhs which predominantly related to WG/W / EVA Brands.

**Reserves and Surplus:**

During the year under review, a sum of Rs.138.69 lakhs, being the loss on Impairment of Assets has been adjusted against the opening Revenue Reserves in line with the Accounting Standard 28 (AS-28) on Impaired Assets, issued by The Institute of Chartered Accountants of India.

**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.24.94 crores to Rs.20.40 crores during the year under review.

**Fixed Assets:**

There has been an addition of Rs.3.03 crores to Fixed Assets (including leasehold assets) which mainly represents the amounts incurred for acquisition of plant & machinery, computers, vehicles, etc. This also includes acquisition of 5 acres land at Mahindra City at a cost of Rs.133.75 lakhs on a 99-year lease basis.

**Investments:**

During the year under review, your Company had divested 2,84,375 Equity Shares of Rs.10/- each held in M/s Adyar Gate Hotel Limited, at a price of Rs.27/- per share.

Your Company has written off the investment of Rs.102.50 lakhs in M/s TTK Tantex Limited against the provision made in the year 2002-03.

**Inventories:**

During the year under review, there has been an increase in the Inventories from Rs.994.89 lakhs to Rs.1213.62 lakhs. As already mentioned, during the last quarter of the year under review, the Pharma sales was affected due to VAT and this has resulted in the accumulation of inventories. However, the excess inventories have been liquidated in the subsequent months.

**Sundry Debtors:**

There has been a reduction in Sundry Debtors from Rs.2843.88 lakhs to Rs.1897.24 lakhs during the year under review. During the last quarter of the year under review, though the sales was affected due to VAT, your Company has been able to collect the outstandings from the Stockists and this has resulted in reduction in the overall debtors. Further, the reduction is also partly due to the write-off of non-recoverable debts to the extent of Rs.195.30 lakhs.

**Loans and Advances:**

There has been a decrease in Loans and Advances from Rs.539.29 lakhs to Rs.391.66 lakhs during the year under review. The reduction is mainly due to the return of Inter-Corporate Deposit of Rs.100.00 lakhs earlier provided to the Subsidiary, M/s TTK Healthcare Services Private Limited.

**Cash and Bank Balances:**

During the year under review, there has been an increase in the cash and bank balances from Rs.798.74 lakhs to Rs.1313.53 lakhs. The increase represents the surplus monies kept in Fixed Deposits with banks.

**Current Liabilities and Provisions:**

The Current liabilities include a sum of Rs.224.03 lakhs being the advance received from M/s T T Krishnamachari & Co., towards the sale of 14,93,500 Equity Shares of Rs.10/- each, held in M/s TTK Healthcare Services Private Limited, at a price of Rs.15/- per share.

**INTERNAL CONTROL SYSTEMS:**

Your Company has necessary Internal Control Systems in place. Internal Audits are regularly conducted through In-house Audit Department and also through

External Audit Firms. The reports are periodically discussed and corrective measures are taken.

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

**INFORMATION TECHNOLOGY:**

The Information Technology initiative (Phase-I) was fully implemented and is running smoothly. The Phase-II covering 6 Depot locations is being taken up for implementation and will be completed during the year 2005-06.

**HUMAN RESOURCES:**

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

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

As on 31st March, 2005, the employee strength was 1137. 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 realize certain goals. The success in realizing these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before taking any investment decision.

## Auditors' Report

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

1. We have audited the attached Balance Sheet of TTK Healthcare Limited as at 31st March, 2005 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors of the Company as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
  - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**M/s. Aiyar & Co.,**  
**Chartered Accountants**  
**V Natarajan**  
 Partner  
 Membership No. 454  
**Chennai**  
**27th June 2005**

**M/s. S Viswanathan**  
**Chartered Accountants**  
**C N Srinivasan**  
 Partner  
 Membership No. 18205

### Annexure to the Auditors' Report (referred to in paragraph 3 of the Auditors' Report of even date to the Members of TTK Healthcare Limited on the Financial Statements for the year ended 31st March, 2005)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the Management at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off by the Company during the year.
- (ii) (a) As explained to us, the inventories (excluding stocks with third parties and materials in transit) have been physically verified during the year by the Management. In respect of inventories lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks have been properly dealt with in the books of accounts and were not material.

- (iii) The Company has neither granted nor taken any loans to / from any party covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii)(a) to (iii)(g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. The provisions of Section 58 AA are not attracted, as there has been no default.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) On the basis of records produced to us, we are of the opinion that, *prima facie*, the cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (ix) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material Statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the particulars of disputed dues on account of Wealth Tax, Sales Tax and Excise Duty as on 31st March, 2005.

Name of the Statute	Nature of the Dues	Amount under Dispute not yet Deposited (Rs. in Lakhs)	Financial year to which the matter pertains	Forum where the Dispute is pending
The Wealth Tax Act, 1957	Wealth Tax with Interest, as applicable	0.80	1995-96 to 1997-98	The Income Tax Appellate Tribunal
Central Sales Tax Act and Local Sales Tax Acts	Sales Tax with Interest and Penalty, as applicable	0.73	1992-93 and 1993-94	The Supreme Court, New Delhi
		59.86	1986-87, 1988-89, 1991-92, 1993-94, 1995-96 & 1997-98 to 2002-03	Appellate Authority – Upto the Commissioner's Level
The Central Excise Act, 1944	Excise Duty with Interest and Penalty, as applicable	146.26	1988-89 to 1999-2000 & 2001-02 to 2003-04	The Customs, Excise and Service Tax Appellate Tribunal
		200.14	1991-92 & 1992-93	The Supreme Court, New Delhi
		51.88	2001-02 & 2002-03	The Commissioner of Central Excise (Appeals)
		53.28	1994-95 to 2003-04	Appellate Authority - Upto the Commissioner's levels.

- (x) The Company does not have any accumulated losses as at 31st March, 2005 and has not incurred cash losses during the financial year covered by our audit and the immediately preceeding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- (xviii) According to the information and explanations given to us, during the period covered by our Audit Report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has no outstanding debentures at the end of the year.
- (xx) During the period covered by our Audit Report, the Company has not raised money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**M/s. Aiyar & Co.,**  
Chartered Accountants

**V. Natarajan**  
Partner  
Membership No:454

**Chennai**  
27th June 2005

**M/s. S. Viswanathan**  
Chartered Accountants

**C.N. Srinivasan**  
Partner  
Membership No.18205

TTK HEALTHCARE LIMITED

**Balance Sheet**

as at 31st March, 2005

Particulars	Schedule No.	As at 31.3.2005		As at 31.3.2004	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCES OF FUNDS:</b>					
1. Shareholders' Funds					
a) Share Capital	1		<b>6,61,04,140</b>		6,61,04,140
b) Reserves & Surplus	2		<b>29,45,71,511</b>		32,97,60,180
2. Loan Funds					
a) Secured Loans	3A & 3B	<b>18,79,60,227</b>		22,35,98,082	
b) Unsecured Loans	3C	<b>1,60,64,000</b>	<b>20,40,24,227</b>	2,57,66,078	24,93,64,160
Total			<b>56,46,99,878</b>		64,52,28,480
<b>II. APPLICATIONS OF FUNDS:</b>					
1. Fixed Assets					
Gross Block	4	<b>57,08,95,697</b>		60,57,64,029	
Less: Depreciation		<b>25,32,87,219</b>		27,51,05,790	
Net Block			<b>31,76,08,478</b>		33,06,58,239
2. Investments	5		<b>1,63,22,000</b>		2,11,00,875
3. Deferred Tax					
Deferred Tax Asset		<b>16,21,47,326</b>		16,62,18,112	
Deferred Tax Liability		<b>(5,71,13,749)</b>		(6,42,45,310)	
Total			<b>10,50,33,577</b>		10,19,72,802
4. Current Assets, Loans & Advances:					
a) Inventories	6	<b>12,13,62,091</b>		9,94,89,178	
b) Sundry Debtors	7	<b>18,97,23,855</b>		28,43,87,725	
c) Cash and Bank Balances	8	<b>13,13,52,779</b>		7,98,73,990	
d) Loans and Advances	9	<b>3,91,65,545</b>		5,39,29,374	
Total		<b>48,16,04,270</b>		51,76,80,267	
Less: Current Liabilities & Provisions:					
a) Liabilities	10	<b>34,95,38,076</b>		32,23,83,034	
b) Provisions:					
Provision for Tax		<b>1,53,95,137</b>		1,53,95,137	
Total		<b>36,49,33,213</b>		33,77,78,171	
Net Current Assets			<b>11,66,71,057</b>		17,99,02,096
5. Miscellaneous Expenditure (To the extent not written off or adjusted)					
Voluntary Retirement Scheme			<b>90,64,766</b>		1,15,94,468
Total			<b>56,46,99,878</b>		64,52,28,480

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

For M/s. S VISWANATHAN  
Chartered Accountants

V NATARAJAN  
Partner  
Membership No.454

C N SRINIVASAN  
Partner  
Membership No.18205

Chennai  
27th June, 2005

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

## Profit and Loss Account

for the year ended 31st March, 2005

Particulars	Schedule No.	2004-2005			2003-2004		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>INCOME:</b>							
Sales	11	<b>156,27,08,024</b>			152,27,57,535		
Less: Excise Duty relating to Sales		<u>3,27,17,521</u>			<u>3,58,66,805</u>		
			<b>1,52,99,90,503</b>			148,68,90,730	
Other Income	12		<u>3,73,17,766</u>			<u>1,76,35,128</u>	
				<b>156,73,08,269</b>			150,45,25,858
<b>EXPENDITURE:</b>							
Goods Consumption & Excise Duty	13		<b>97,85,74,901</b>			92,96,98,261	
Expenses	14		<b>58,40,88,557</b>			53,84,30,679	
Depreciation		<b>2,64,95,943</b>			2,53,58,328		
Less: Transfer from Revaluation Reserve		<u>6,16,778</u>	<u>2,58,79,165</u>		<u>6,17,229</u>	<u>2,47,41,099</u>	
				<b>158,85,42,623</b>			149,28,70,039
Profit / (Loss) before Tax & Extraordinary Item(s)				<b>(2,12,34,354)</b>			1,16,55,819
Less: VRS Amortized				<b>25,29,702</b>			10,54,043
Profit / (Loss) Before Tax				<b>(2,37,64,056)</b>			1,06,01,776
Provision for Tax				-			8,20,000
Less: Deferred Tax				<b>(30,60,775)</b>			56,75,175
Profit / (Loss) After Tax				<b>(2,07,03,281)</b>			41,06,601
Profit / (Loss) carried to Balance Sheet				<b>(2,07,03,281)</b>			41,06,601
<p>Note: Schedules referred to above and the Notes attached form an integral part of the Profit &amp; Loss Account Annexure to our Report of date</p>							
For M/s. AIYAR & CO. Chartered Accountants	For M/s. S VISWANATHAN Chartered Accountants						T T Jagannathan, <i>Chairman</i> T T Raghunathan, <i>Executive Vice Chairman</i> R K Tulshan, <i>Director</i> Dr K R Srimurthy, <i>Director</i> K Vaidyanathan, <i>Director</i> D Srinivasan, <i>Executive Director</i> K Shankaran, <i>Director</i> I Ravindran, <i>Wholesale Director</i> S Kalyanaraman, <i>Company Secretary</i> K Hariharasubramanian, <i>Vice President (Accounts)</i>
V NATARAJAN Partner Membership No.454	C N SRINIVASAN Partner Membership No.18205			Chennai 27th June, 2005			

**Schedules**

Sch. No.		As at 31.3.2005	As at 31.3.2004
	Rs.	Rs.	Rs.
1. CAPITAL:			
Authorised Capital:			
1,00,00,000 Equity Shares of Rs. 10/- each		<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed and Paid-up Capital:			
66,10,414 Equity Shares of Rs. 10/- each fully paid-up (of which 9,42,600 Equity Shares of Rs. 10/- each were issued as fully paid up by way of Bonus Shares through Capitalisation of Reserves, 70,295 Equity Shares of Rs. 10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Chemicals Limited with this Company, 4,85,450 Equity Shares of Rs. 10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TT. Maps & Publications Limited with this Company, 13,45,294 Equity Shares of Rs. 10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Biomed Limited with this Company 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 Limited with this Company)		<u>6,61,04,140</u>	<u>6,61,04,140</u>
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:		<u>6,49,26,337</u>	<u>6,49,26,337</u>
		<u>6,81,32,507</u>	<u>6,81,32,507</u>
b) Revaluation Reserve:			
Balance as per last Balance Sheet	5,03,85,374		5,10,02,603
Less: Transfer to Profit & Loss Account	<u>6,16,778</u>		<u>6,17,229</u>
		<u>4,97,68,596</u>	<u>5,03,85,374</u>
c) Share Premium Account:		<u>3,65,96,486</u>	<u>3,65,96,486</u>
d) General Reserve:			
Balance as per last Balance Sheet	17,46,45,813		18,35,84,345
Less: Cartography Development charges classified under Work-in-Progress adjusted			1,30,45,133
Less: Loss on Impairment of Assets adjusted against the Opening Reserves, in line with AS - 28	1,38,68,610		
Add: Transferred from P & L Account	<u>(2,07,03,281)</u>		<u>41,06,601</u>
		<u>14,00,73,922</u>	<u>17,46,45,813</u>
Total (a to d)		<u>29,45,71,511</u>	<u>32,97,60,180</u>

## Schedules (Contd.)

Sch. No.	As at 31.3.2005	As at 31.3.2004	Sch. No.	As at 31.3.2005	As at 31.3.2004							
	Rs.	Rs.		Rs.	Rs.							
<b>3. LOANS:</b>			<b>C. UNSECURED LOANS:</b>									
<b>A. SECURED TERM LOANS:</b>			Fixed Deposits									
i) The Federal Bank Limited §	–	4,75,33,000		<b>60,64,000</b>	1,54,30,000							
ii) Corporation Bank*	<b>5,33,33,000</b>	8,00,00,000	ECB from M/s Maersk	<b>1,00,00,000</b>	1,00,00,000							
iii) UTI Limited**	<b>3,75,00,000</b>	–	Medical A/S, Denmark									
Total – A	<b>9,08,33,000</b>	12,75,33,000	Maharashtra Industrial Development Corporation – Interest free Loan	–	3,36,078							
<b>B. OTHER SECURED BORROWINGS:</b>			Total – C	<b>1,60,64,000</b>	2,57,66,078							
Working Capital Loans from Banks: (Against Hypothecation of Stocks and Book Debts)			Total – (A + B + C)	<b>20,40,24,227</b>	24,93,64,160							
i) Cash Credit @	<b>21,27,244</b>	14,25,082	§ Secured by hypothecation of movable assets and mortgage of immovable properties of the Company except the properties of Biomed and Medical Devices Divisions on pari-passu first charge basis.									
ii) Demand Loan @	<b>30,00,000</b>	30,00,000	* Secured by hypothecation of movable assets and mortgage of immovable properties of the Company on pari-passu first charge basis.									
iii) FCNR Loan @	<b>9,19,99,983</b>	9,16,40,000	** Secured by hypothecation of movable assets and mortgage of immovable properties of the Company situated at Pallavaram on pari-passu first charge basis.									
Total – B	<b>9,71,27,227</b>	9,60,65,082	@ Further secured by a pari-passu second charge on the fixed assets of the company.									
Total – (A + B)	<b>18,79,60,227</b>	22,35,98,082										
<b>4. FIXED ASSETS</b>												
GROSS BLOCK (AT COST)												
Description of Assets	As on 1-4-2004	Additions	Deletions	Deletions on account of impairment	Ason 31-3-2005	Upto 31-3-2004	Deletions	Deletions on account of impairment	For the Year	Upto 31-3-2005	As on 31-3-2005	As on 31-3-2004
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	4,31,19,648	–	–	–	4,31,19,648	–	–	–	–	–	4,31,19,648	4,31,19,648
Leasehold Land	1,45,93,404	1,33,75,120	–	–	2,79,68,524	–	–	–	60,697	60,697	2,79,07,827	1,45,93,404
Buildings	13,65,19,299	1,58,050	19,43,498	–	13,47,33,851	4,43,77,598	6,54,454	–	41,68,041	4,78,91,185	8,68,42,666	9,21,41,701
Leasehold Buildings	58,69,690	37,33,792	–	–	96,03,482	36,11,095	–	–	12,86,848	48,97,943	47,05,539	22,58,595
Plant & Machinery	36,52,50,623	75,18,659	33,11,768	5,93,14,250	31,01,43,264	20,40,86,343	17,17,965	4,54,45,640	1,67,03,905	17,36,26,643	13,65,16,621	16,11,64,280
Furniture & Fittings	1,16,27,585	7,25,566	35,000	–	1,23,18,151	66,20,696	25,980	–	6,92,278	72,86,994	50,31,157	50,06,889
Patterns, Dies & Templates	82,80,062	2,31,000	–	–	85,11,062	49,24,124	–	–	8,98,891	58,23,015	26,88,047	33,55,938
Trade Marks	1,12,49,800	–	–	–	1,12,49,800	80,39,920	–	–	10,69,960	91,09,880	21,39,920	32,09,880
Vehicles	53,50,778	3,63,583	5,89,658	–	51,24,703	29,80,932	4,70,475	–	4,80,106	29,90,563	21,34,140	23,69,846
Total	60,18,60,889	2,61,05,770	58,79,924	5,93,14,250	56,27,72,485	27,46,40,708	28,68,874	4,54,45,640	2,53,60,726	25,16,86,920	31,10,85,565	32,72,20,181
<b>LEASED ASSETS:</b>												
Vehicles	39,03,140	42,20,072	–	–	81,23,212	4,65,082	–	–	11,35,217	16,00,299	65,22,913	34,38,058
<b>GRAND TOTAL</b>	<b>60,57,64,029</b>	<b>3,03,25,842</b>	<b>58,79,924</b>	<b>5,93,14,250</b>	<b>57,08,95,697</b>	<b>27,51,05,790</b>	<b>28,68,874</b>	<b>4,54,45,640</b>	<b>2,64,95,943</b>	<b>25,32,87,219</b>	<b>31,76,08,478</b>	<b>33,06,58,239</b>
Previous Year	59,63,12,125	1,39,22,695	44,70,791	–	60,57,64,029	25,24,61,927	27,14,465	–	2,53,58,328	27,51,05,790	33,06,58,239	34,38,50,198
<b>Notes :</b>												
1. Depreciation for the Year amounting to Rs.6,16,778/- (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. 2,64,95,943/- for the Year (Previous Year Rs. 2,53,58,328/-).												
2. A sum of Rs. 138.68 lakhs has been adjusted against the Opening Reserves of the Company towards the book value of the impaired assets, in accordance with Accounting Standard-28 (AS-28). The corresponding Gross Value and Accumulated Depreciation have been shown as deletion in the above Fixed Assets Schedule.												

Schedules (Contd.)

Sch. No.	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.	Sch. No.	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
5. INVESTMENTS:			6. INVENTORIES:		
I. AT COST – TRADE			(Value as certified by the Management)		
a) Unquoted (Fully paid)			Raw & Packing Materials	2,25,70,397	2,30,14,842
200 Equity Shares of Rs. 1000/- each of Orient Laboratories Limited	–	2,00,000	Work-in-Progress	48,75,736	1,79,44,967
2,84,375 Equity Shares of Rs. 10/- each of Adyar Gate Hotel Ltd.	–	45,71,875	Finished Goods	9,06,31,994	5,38,86,588
10,24,245 Equity Shares of Rs. 10/- each of TTK Tantex Ltd.	–	1,02,50,200	Stores & Spares	32,83,964	46,42,781
14,98,500 Equity shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd.	1,49,85,000	99,90,000		<u>12,13,62,091</u>	<u>9,94,89,178</u>
4,99,500 – 5% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd. (Optionally Convertible into Equity Shares within a period of 10 years or redeemable at the end of 10th, 11th and 12th years from the date of issue)	–	49,95,000	7. SUNDRY DEBTORS:		
			(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	3,95,62,214	5,44,89,095
14,800 Equity Shares of Rs. 10/- each of TTK Prestige Ltd. – Market Value Rs. 45.25 each	13,32,000	13,32,000	Other Debts	15,01,61,641	22,98,98,630
500 Equity Shares of Rs. 10/- each of Apollo Hospitals Enterprise Limited – Market Value Rs. 341.00 each	5,000	5,000		<u>18,97,23,855</u>	<u>28,43,87,725</u>
II. AT COST – NON TRADE			8. CASH & BANK BALANCES:		
Unquoted (Fully paid)			Cash on hand	7,14,239	8,14,455
4 Shares of Rs. 500/- each of Tamilnadu Pharmaceuticals Manufacturing Industrial Co-operative Service Society Limited	–	2,000	In Current Account with Scheduled Banks	6,73,74,419	6,11,79,524
500 Shares of Rs. 10/- each of Delhi Super Bazaar	–	5,000	In Deposit Account with Scheduled Banks	6,23,69,926	1,62,32,678
			In Interest Warrant Account	35,447	26,981
Less: Provision for Diminution in the value of Investments	–	1,02,50,200	In Dividend Warrant Account	8,58,748	16,20,352
	<u>1,63,22,000</u>	<u>3,13,51,075</u>		<u>13,13,52,779</u>	<u>7,98,73,990</u>
			9. LOANS & ADVANCES:		
Aggregate Book Value – Quoted	13,37,000	13,37,000	(Considered Good)		
Unquoted	1,49,85,000	1,97,63,875	Lease & Rent Advances	54,61,787	40,02,786
Aggregate Market Value – Quoted	8,40,200	2,65,750	Electricity & Other Deposits	1,73,81,033	2,67,96,290
			Advance Income Tax	44,99,933	78,90,062
			Advance for Others	1,18,22,792	1,52,40,236
				<u>3,91,65,545</u>	<u>5,39,29,374</u>
			10. LIABILITIES:		
			Sundry Creditors for:		
			a. Acceptance for Goods	1,68,50,813	1,91,28,560
			b. Goods	15,35,28,774	15,40,73,888
			c. Expenses	10,90,18,329	9,46,75,225
			d. Others	6,92,81,412	5,28,85,009
			e. Unclaimed Dividend*	8,58,748	16,20,352
				<u>34,95,38,076</u>	<u>32,23,83,034</u>

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

## Schedules (Contd.)

Sch No.	Units	2004-2005		2003-2004	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES:					
a. Orals	Lakhs	138.236	30,51,87,325	133.553	29,28,01,349
b. Tablets	Lakhs	677.380	13,99,39,856	720.799	14,47,44,156
c. Injectables	Lakhs	104.303	9,54,01,441	107.348	9,97,43,727
d. Capsules	Lakhs	229.731	4,98,50,349	261.358	4,29,92,420
e. Food Products	M.T.	1524.236	4,26,52,452	2,160.504	6,28,15,120
f. Granules	M.T.	147.523	23226685	119.846	2,16,25,065
g. Hospital Care Products	–	–	8,61,41,935	–	10,18,13,261
h. Ointment	M.T.	–	–	0.125	95,000
i. Shoe Care Products	M.T.	282.630	9,28,21,505	285.930	10,33,79,935
	K. Ltrs.	205.010	8,44,46,999	171.320	6,91,44,310
j. Hair Creams & Cosmetics	M.T.	498.070	21,76,84,967	473.180	20,57,83,468
	K. Ltrs.	115.850	5,30,02,489	60.740	3,08,52,523
k. Condoms	Millions	99.730	28,39,22,692	94.995	26,44,36,987
l. Maps & Atlases	Nos.	6,95,946	1,62,30,505	5,07,357	1,15,00,896
m. Others	–	–	7,21,98,824	–	7,10,29,318
			<u>156,27,08,024</u>		<u>152,27,57,535</u>
Less: Excise Duty			3,27,17,521		3,58,66,805
			<u>152,99,90,503</u>		<u>148,68,90,730</u>
12. OTHER INCOME:					
a. Manufacturing Charges			1,32,900		3,50,079
b. Dividend Income			1,750		1,500
c. Profit on Sale of Assets			18,01,831		61,474
d. Profit on Sale of Investments			31,06,250		–
e. Interest Receipts			36,57,825		29,30,721
f. Gain on prepayment of Sales tax Deferment Loan			60,27,154		–
g. Excise Duty Refund			1,79,03,069		
h. Others			46,86,987		1,42,91,354
			<u>3,73,17,766</u>		<u>1,76,35,128</u>



## Notes on Accounts

Sl. No.	Units	2004-2005		2003-2004		
		Quantity	Value Rs.	Quantity	Value Rs.	
I.	MATERIALS CONSUMED:					
a.	Industrial Alcohol	K.L.	8.334	5,20,424	9.863	4,65,574
b.	Sweetening Agents & Base	M.T.	233.336	44,85,193	218.974	39,59,961
c.	Fats & Oils	M.T.	2.321	3,00,071	2.255	2,86,891
d.	Vitamins & Nutrients	M.T.	1.400	25,11,975	1.259	27,92,560
e.	Drugs	M.T.	3.787	36,47,049	7.801	39,38,968
f.	Anti-Bacterial Preservatives	M.T.	4.425	8,14,371	4.153	7,38,087
g.	Flavouring & Colouring Agents	M.T.	5.084	15,65,746	4.945	15,30,146
h.	Enzymes & Biological Products	M.T.	55.712	86,44,957	53.129	94,79,556
i.	Vegetable & Crude Drugs	M.T.	100.497	68,09,767	105.233	75,42,891
j.	Cereals, Spices & Salts	M.T.	1,867.772	2,06,77,901	2,361.692	2,75,74,366
k.	Antibiotics	M.T.	1.411	6,83,685	1.480	8,05,928
l.	Other Chemicals	-	-	41,60,320	-	41,14,320
m.	Containers & Closures	1000's	18,125.345	1,30,67,497	15,768.367	1,22,82,753
n.	Paper & Boards	M.T.	581.514	2,44,23,607	597.079	2,51,22,347
o.	Inks	M.T.	5.420	16,20,891	6.020	18,00,151
p.	Films	-	-	86,891	-	1,14,864
q.	Latex	M.T.	-	-	68.817	27,96,312
r.	Packing & Other Materials	-	-	4,38,17,286	-	4,13,27,170
				<u>13,78,37,631</u>		<u>14,66,72,845</u>
II.	VALUE OF MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR:					
a)	MATERIALS:		%		%	
i)	Imported		6.37	87,80,295	5.86	85,93,170
ii)	Indigenous		93.63	12,90,57,336	94.14	13,80,79,675
			<u>100.00</u>	<u>13,78,37,631</u>	<u>100.00</u>	<u>14,66,72,845</u>
b)	SPARE PARTS & COMPONENTS:					
i)	Imported		4.39	1,87,170	1.08	57,180
ii)	Indigenous		95.61	40,76,590	98.92	52,39,924
			<u>100.00</u>	<u>42,63,760</u>	<u>100.00</u>	<u>52,97,104</u>
III.	VALUE OF IMPORTS: (C.I.F. Value)					
i)	Raw Materials			1,27,58,782		1,06,67,482
ii)	Finished Goods			68,67,671		51,84,494
iii)	Capital Goods			-		6,86,689
iv)	Spares			1,88,655		1,41,368
				<u>1,98,15,108</u>		<u>1,66,80,033</u>
IV.	EARNINGS IN FOREIGN EXCHANGE: Export of Goods (FOB Value)			<u>1,21,87,721</u>		<u>1,98,76,835</u>

Notes on Accounts (Contd.)

V. PARTICULARS OF GOODS MANUFACTURED:									
PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS		
					2004-2005	2003-2004	Opening	Closing	
1. Liquid Products	A	Lakhs	1.110	1.200	-	-	-	-	
	B	Lakhs	-	375.000	<b>26.563</b>	23.767	3.705	7.226	
2. Dry Syrup	A	Lakhs	24.000	-	-	-	-	-	
	B	Lakhs	-	-	-	-	-	-	
3. Tablets	A	Lakhs	337.750	600.000	<b>66.247</b>	63.211	8.254	13.136	
	B	Lakhs	-	3,400.000	<b>603.112</b>	577.570	66.367	101.447	
4. Injectables	A	Lakhs	19.860	50.000	<b>7.445</b>	34.038	-	-	
	B	Lakhs	-	100.000	<b>95.108</b>	78.888	17.732	17.426	
5. Capsules	A	Lakhs	605.900	25.000	-	-	-	-	
	B	Lakhs	-	600.000	<b>70.777</b>	93.622	8.241	14.220	
6. Food Products	A	M.T.	10,000.000	5,800.000 <sup>+</sup>	<b>1666.264</b>	2,227.881	23.002	22.413	
7. Granules	A	M.T.	-	135.000	-	-	-	-	
	B	M.T.	-	-	<b>103.773</b>	84.324	15.625	18.273	
8. Ointments	A	M.T.	-	15.000	-	0.130	0.005	-	
9. Basic Chemicals / Drugs	A	M.T.	330.788	3.800	<b>0.078<sup>++</sup></b>	0.032 <sup>++</sup>	-	0.022	
	B	M.T.	-	47.244	-	-	-	-	
10. Maps & Atlases	A	Million Impressions	245.000	245.000	<b>0.732<sup>@</sup></b>	0.465 <sup>@</sup>	0.195 <sup>@</sup>	0.230 <sup>@</sup>	
11. Heart Valves		Nos.	3,600	3,600	<b>3429</b>	2,644	808	1,180	
12. Latex Gloves									
Examination Gloves		Millions	30.000	30.000	-	-	-	-	
Surgical Gloves		Millions	30.000	30.000	<b>0.220</b>	4.970	0.990	0.010	
13. Blood Lancets		Millions	-	9.000	<b>17.713</b>	15.876	0.685	1.812	
14. Sutures		Lakh Dozen	-	1.650	-	0.032	0.029	0.029	
15. Foley Catheters		Millions	-	0.900	<b>1.116</b>	0.492	0.167	0.393	
16. Hernia Repair Mesh		Lakh Sq. Inch.	5.000	5.000	<b>1.554</b>	2.874	0.933	0.917	

\* 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.

	2004-2005 Rs.	2003-2004 Rs.
VI. EXPENDITURE IN FOREIGN CURRENCY:		
i. Travelling	<b>1,00,896</b>	1,84,809
ii. Advertisement, Sales Promotion, Subscription, Registration Charges, etc.	-	5,99,850
	<b>1,00,896</b>	<b>7,84,659</b>
VII. A. DIRECTORS' REMUNERATION:		
1. Salary and Perquisites	<b>57,08,321</b>	50,15,986
2. Contribution to P.F., Gratuity & Superannuation Funds	<b>9,73,357</b>	8,83,952
	<b>66,81,678</b>	<b>58,99,938</b>

## Notes on Accounts (Contd.)

	2004-2005 Rs.	2003-2004 Rs.
<b>B. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 198 OF THE COMPANIES ACT, 1956</b>		
Profit as per Profit & Loss Account	<b>(2,37,64,056)</b>	97,81,776
Add: Taxation	-	8,20,000
Depreciation	<b>2,58,79,165</b>	2,47,41,099
Directors' Remuneration	<b>66,81,678</b>	58,99,938
Sitting Fees	<b>2,70,000</b>	2,50,000
	<b>90,66,787</b>	4,14,92,813
Less: Depreciation allowable under Section 350 of the Companies Act, 1956	<b>2,58,79,165</b>	2,47,41,099
Profit as per Section 198 of the Companies Act, 1956	<b>(1,68,12,378)</b>	1,67,51,714
<b>Note:</b> In view of the loss / inadequacy of profit, the managerial personnel have been paid remuneration as per the provisions of Schedule XIII to the Companies Act, 1956.		
<b>VIII. INTEREST COMPRISES OF:</b>		
Interest on Debentures and other Fixed Loans	<b>1,30,72,100</b>	1,82,11,143
Interest – Others	<b>1,18,48,893</b>	1,43,11,836
	<b>2,49,20,993</b>	3,25,22,979
<b>Note:</b> There is no interest accrued and due as on 31st March, 2005.		
	<b>2004-2005 (Rs. in Lakhs)</b>	2003-2004 (Rs. in Lakhs)
<b>IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:</b>		
Guarantees against letters of credit opened	-	9.84
Other Guarantees	<b>42.23</b>	35.24
Disputed Taxes / Claims, not acknowledged as debts	<b>1,597.68*</b>	812.72
* Includes Central Excise demand of Rs. 604.45 Lakhs raised by the Central Excise Department by issuing Show Cause Notices to one of the Finished Goods suppliers and the Company towards Excise Duty on differential price.		
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. Leave Encashment benefit has been charged to Profit & Loss Account on the basis of actuarial valuation as at the year end in line with the Accounting Standard 15 (AS – 15) issued by The Institute of Chartered Accountants of India.		
XIII. Other Income for the year ended 31-3-2005 includes Central Excise Duty refund amounting to Rs. 1,79,03,069/- received from the Central Excise Department being the excise duty paid on permissible deductions accounted as expenses in the earlier years.		
XIV. During the year 2002-03, a provision of Rs. 102.50 Lakhs towards diminution in the Value of Investments in TTK Tantex Ltd. (10,24,245 Equity Shares of Rs. 10/- each) since the Company became sick and was referred to BIFR. During the current year, the said investments were written off against this provision of Rs. 102.50 Lakhs.		
Subsequently, out of the above, 7,54,245 Equity Shares, which were written off, have been sold to M/s Packwell Packaging Products Ltd @ 50 paise per share and the sale proceeds have been shown under "Other Income".		
Further, the investments in M/s Orient Laboratories Ltd – Rs. 2,00,000, Delhi Super Bazaar – Rs. 5,000/- and Tamil Nadu Pharmaceutical Manufacturing Industrial Co-operative Services Society Ltd – Rs. 2,000/- were written off due to diminution in their value in line with Accounting Standard 13 (AS-13) – Accounting for Investments issued by The Institute of Chartered Accountants of India.		
XV. During the year, the Company opted for repayment of Deferred Sales Tax Liability of Rs. 100.17 Lakhs at a discounted value of Rs. 39.90 lakhs as per the prepayment scheme announced by the Government of Maharashtra and the resultant reduction in liability amounting to Rs. 60.27 Lakhs has been included in the "Other Income".		

## Notes on Accounts (Contd.)

- XVI. The Company identified certain Fixed Assets as impaired as on 1-4-2004 and the impairment loss determined at Rs. 138.68 Lakhs has been adjusted against the Opening General Reserve, as per the provisions of the Accounting Standard – 28 (AS-28) on "Impairment of Assets" issued by The Institute of Chartered Accountants of India.

The above impairment loss is from the following assets:

Description	Division	Location	Amount (Rs. in Lakhs)	Reasons for Impairment
1) Condoms Plant	Biomed	Aurangabad	93.73	Discontinuation of Condoms Manufacturing
2) I.V. Fluid & Others	Medical Devices	Aurangabad	41.55	Change of Manufacturing Technology / Change in Market Dynamics / Unviable Cost Structure
3) Packaging Machinery	Printing/ Packaging	Chennai	3.40	Development of alternate methods of Printing / Packaging

The Company internally evaluated the said assets as to its cash generating capacity on the basis of its value in use. The discontinuation of Condoms manufacturing, Change of I.V. Fluid Manufacturing Technology / Change in Market Dynamics / Unviable Cost Structure and Development of alternate method of printing / packaging have resulted in the impairment of the above assets.

- XVII. During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 (AS – 22) on "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 more by Rs. 30.61 Lakhs for the year 2004-2005 as detailed below:

	2004-2005 (Rs. in Lakhs)	2003-2004 (Rs. in Lakhs)
<b>Deferred Tax Asset:</b>		
Unabsorbed Losses / Tax Credit / Depreciation	1,513.04	1,591.28
Current Year Losses / Depreciation	59.77	–
Others	48.66	70.90
Total	1,621.47	1,662.18
<b>Deferred Tax Liability:</b>		
Depreciation Difference & Others	571.13	642.45
<b>Net Deferred Tax Asset / (Liability)</b>	<b>1,050.34</b>	<b>1,019.73</b>

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.

- XVIII. The Company has acquired "EVA" Trade Mark at a consideration of Rs. 53,49,800/- in the year 2001-02. In accordance with the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India, this amount has been amortized over a period of 5 years and accordingly, a sum of Rs. 10,69,960/- has been charged as depreciation during the year under review.
- XIX. A sum of Rs. 126.48 lakhs incurred towards Voluntary Retirement Scheme (VRS) in respect of the employees of Chikalthana factory during 2003-04 has been treated as Deferred Revenue Expenditure and has to be written off equally over a period of five years. Accordingly, an amount of Rs. 25.30 Lakhs has been debited to the Profit & Loss Account during 2004-05.
- XX. During the year, your Company has written off Non-Recoverable Debts to the extent of Rs. 195.30 Lakhs.
- XXI. The following information is provided in connection with the discontinuation of Latex Gloves operations (Biomed Division) as required under Accounting Standard 24 (AS-24).
- During the year, we discontinued the Gloves manufacturing operations at Chikalthana, Aurangabad.
  - Your Company is in the process of collecting the receivables and settling the creditors and other liabilities.
  - In view of the operations becoming unviable and continuing losses, the entire manufacturing operations have been completely stopped.
  - There are no special expenses incurred towards discontinuation of the operations except for the VRS amount of Rs.126.48 Lakhs incurred during the year 2003-04.
  - During the year, Glove Business (Biomed Division) has incurred a loss of Rs.204.06 Lakhs which has been totally funded by the Head Office of the Company.
  - Necessary approval from the shareholders has already been obtained for suitably dealing with the Gloves Manufacturing Undertaking / its assets and steps are being taken in this regard.

XXII. 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 01.04.1993 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 rate @ Rs. 500 per 1000 Cu. Mtr. Aggrieved by this, the Company 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, pending final disposal of the writ petition. 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.

As a matter of prudence, the Company has made a provision of Rs. 12 lakhs during the year towards the liability by debiting the Profit and Loss Account, without prejudice to the right of the Company to contest the case in the Court.

XXIII. Creditors for goods shown under "Current Liabilities" (Schedule No.10) include Rs.280.17 Lakhs due to SSI Units. Listed below are the SSI Units to whom the Company owes amounts outstanding for more than 30 days as at the Balance Sheet date:

A to Z Pharmaceuticals Pvt Ltd, Alpha Containers, Alutop, Ashok Rubber Works, Auto Fits, Arun Cans P. Ltd, B.Pillai Plastics, Baader Schulz Laboratories, Bhavika Chemical Corporation, Cassel Research Laboratories P. Ltd, Cheminova Remedies Pvt Ltd, D.J.Industries, Essar Glass Works Pvt Ltd, Fredna Enterprises, Fredun Pharmaceuticals Ltd, Gwen-Chem, Hridaya, Immu-Kimia Laboratory, Ishita Pharmaceuticals, Klass Pack Pvt Ltd, Kniss Laboratories P. Ltd, Krishna Chemicals, Maarvel Graphics, N.P. Screens, Novel Thermoplast Pvt Ltd, Pakaidis, Pharma Research & Analytical Laboratories, Promed Laboratories Pvt Ltd, Qualicare Pharmaceuticals Ltd, Radiant Rubbers, Rasula Pharmaceuticals & Fine Chemicals, Sel-Jegat Printers, Sri Devi Printers, Srikals Graphics, Star Drugs & Research Labs Ltd, Sterile Specialities India Pvt Ltd, Super Press, The Orient Processors, Wonder Packaging Industries, Arun Starch, National Starch Industries Pvt Ltd, Oceanic Foods Pvt Ltd, Venkatesa Food Industries Ltd, Raghavendra Spices, Goodwill Plastics, Marudhar Poly Sacks, Multitek Poly Sacks, Seven Three Enterprises, Sapna Enterprises, Vinit Carbonic, AST Packaging, Bhakti Plastics, Kanishk Enterprises, Kishore Industries, Saras Plastics, Beryl Chemi Pharma, Paras Plastics, Sai Om Industries, Sagmeshwar Precision Works, Prachi Industries, Unipharm Rotographics & Scientific, Neelkamal Printing Press, United Printing & Packaging. Krishna Plastics, Ajanta Steels, Shri Krishna Chemicals, Raj Chemicals, Sanfran Inc, Engineering Approach, Omkar Traders, Pravin Industries, Lavanya Printing Inks, Popular Chemicals, Dodal Sales Corporation, Sulphur Mills, R.P. Traders, Varun Enterprises, Zicolied India, B.D. Enterprises, Shree Chemo Plast, Shree Paper Products, Srishti Packaging Pvt Ltd, Siddhivinayak Rubber Products, Gelnova Laboratories, Clarion Cosmetics Ltd, Rubicon Formulation P. Ltd, Adore Multi Products Ltd, Medventure.

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.

XXIV. Sundry Creditors for Others include Rs.2,24,02,500 received from M/s.T.T.Krishnamachari & Co towards advance for sale of 14,93,500 Equity Shares of Rs 10/- each, in TTK Healthcare Services Pvt Ltd.

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

	2004-05 Rs.	2003-04 Rs.
Profit after Tax (Current/Deferred) & Extraordinary items as per the Profit & Loss Account (Rs. In Lakhs)	(207.03)	41.07
Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs Shares)	66.10	66.10
<b>Earnings per share of Rs.10/-each:</b>		
Before Extraordinary item(s) and Provisions	(3.21)	1.76
After Extraordinary item(s) and Provisions	(3.13)	0.62

XXVI. Fixed Assets taken on Finance Lease prior to 01.04.2001 amounted to Rs. 53,45,805/- The Outstanding lease payments against this lease is NIL as on 31.3.05. Future obligations towards lease rentals under the Lease Agreements as on 31.3.2005 amounted to Rs.8,84,897/- (previous year Rs. 23,27,041/-)

	2004-05 Rs.	2003-04 Rs.
Within one year	8,47,990	14,42,143
Later than one year and not later than 5 years	36,908	8,84,898
Later than 5 years	-	-

## TTK HEALTHCARE LIMITED

The Company has acquired vehicles on Finance Lease on or after April 1, 2001, amounting to Rs.81,23,212/- (previous year Rs.39,03,140/-). The minimum lease rental outstandings as of 31st March, 2005 in respect of these assets are as follows:

	Total Minimum Lease payments outstanding as on		Future Interest on Outstanding of Lease payments as on		Present value of Minimum Lease Payments as on	
	31.03.2005 Rs.	31.03.2004 Rs.	31.03.2005 Rs.	31.03.2004 Rs.	31.03.2005 Rs.	31.03.2004 Rs.
Within one year	22,16,462	10,70,292	8,29,585	4,39,083	13,86,877	6,31,209
Later than one year and not later than 5 years	67,68,632	37,30,946	12,59,539	7,74,369	55,09,093	29,56,577
Later than 5 years	-	-	-	-	-	-
Total	89,85,094	48,01,238	20,89,124	12,13,452	68,95,970	35,87,786

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

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

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

Related Parties / Firms	T.T.Krishnamachari & Co Pharma Research & Analytical Laboratories TTK Prestige Limited TTK LIG Limited Packwell Packaging Products Limited 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:

	31.3.2005	(Rs. in Lakhs)	31.3.2004
Purchase of Finished Goods	2562.81		2314.19
Purchase of Raw Materials	-		58.04
Sale of Goods	149.83		230.78
Receiving Services	201.47		174.88
Rendering Services	-		27.41
Interest Received on Deposits	10.81		9.25
Rental Charges Paid	38.32		31.08
Rental Charges Received	8.16		6.92
Logo Charges Paid	58.54		55.64
Rental Advance Paid	10.00		-
Sale of Investments	3.77		-
Inter-corporate Deposits	-		100.00
Inter-corporate Deposit Refund Received	100.00		-
Advance received for Sale of Investments	224.03		-
Outstanding Balance included in Current Assets	85.91		186.55
Outstanding Balance included in Current Liabilities	690.21		406.66

**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 the Capital expenditure incurred on Leasehold Assets, the same is amortized over the duration of the lease.

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

**Investments**

Investments are stated at cost of acquisition.

**Value 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 realizable value.
- c. Work-in-Progress is valued at Works cost.

**Sales**

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

**Treatment of Retirement Benefits**

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.  
*Chartered Accountants*

V NATARAJAN  
*Partner*

Membership No.454

For M/s. S VISWANATHAN  
*Chartered Accountants*

C N SRINIVASAN  
*Partner*

Membership No.18205

Chennai  
27th June, 2005

T T Jagannathan, *Chairman*  
T T Raghunathan, *Executive Vice Chairman*  
R K Tulshan, *Director*  
Dr K R Srimurthy, *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 &amp; Capital Employed:

<b>Segment-wise Revenue and Results :</b>							<b>(Rs. in Lakhs)</b>
For the year ended 31-03-2005			For the year ended 31-03-2004				
Managerial Remuneration	66.82		59.00				
	Segment Revenue	Excise Duty relating to Sales	Net Segment Revenue	Segment Revenue	Excise Duty relating to Sales	Net Segment Revenue	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Segment Revenue:</b>							
Pharmaceuticals	6,217.47	286.15	5,931.32	6,092.43	323.78	5,768.65	
Medical Devices	869.88	30.59	839.29	1,018.15	20.68	997.47	
Consumer Products Distribution	7,627.42	-	7,627.42	6,989.28	-	6,989.28	
Printing/ Maps	583.91	10.43	573.48	565.01	14.21	550.80	
Others	436.49	-	436.49	641.40	-	641.40	
<b>Total Segment Revenue</b>	<b>15,735.17</b>	<b>327.17</b>	<b>15,408.00</b>	<b>15,306.27</b>	<b>358.67</b>	<b>14,947.60</b>	
Less: Inter Segment Revenue	108.09	-	108.09	78.69	-	78.69	
<b>Net Sales</b>	<b>15,627.08</b>	<b>327.17</b>	<b>15,299.91</b>	<b>15,227.58</b>	<b>358.67</b>	<b>14,868.91</b>	
<b>Segment Results:</b>							
[Profit / (Loss) before Interest & Tax]							
Pharmaceuticals			586.26			1,077.41	
Medical Devices			(42.24)			(246.03)	
Consumer Products Distribution			(57.68)			39.43	
Printing/ Maps			(213.67)			(123.76)	
Others			(82.19)			19.19	
<b>Total Segment Results</b>			<b>190.48</b>			<b>766.24</b>	
Less: Interest Expenses			249.21			325.23	
Less: Unallocable Expenses (Net of Unallocable Income)			153.62			324.45	
<b>Total Profit/(Loss) before Tax</b>			<b>(212.35)</b>			<b>116.56</b>	
Less: Extraordinary Item - Voluntary Retirement Scheme Amortised			25.30			10.54	
<b>Total Profit/(Loss) before Tax</b>			<b>(237.65)</b>			<b>106.02</b>	

## Segment-wise Revenue, Results &amp; Capital Employed: (Contd.)

<b>Capital Employed</b>		(Rs. in Lakhs)
<b>Particulars</b>	<b>As on 31.03.2005</b>	<b>As on 31.03.2004</b>
<b>Segment Assets less Segment Liabilities</b>		
Pharmaceuticals	1954.22	2110.31
Medical Devices	2114.08	2298.57
Consumer Products Distribution	16.52	160.04
Printing/ Maps	145.34	355.71
Others	221.59	320.06
<b>Total Capital Employed in Segments</b>	<b>4451.75</b>	<b>5244.69</b>
<i>Add: Unallocable Corporate Assets less Corporate Liabilities</i>	<i>(108.95)</i>	<i>(139.09)</i>
<b>Total Capital Employed in Company</b>	<b>4342.80</b>	<b>5105.60</b>
<b>Total Assets Exclude:</b>		
Investments	163.22	211.01
Deferred Tax Asset	1621.47	1662.18
Miscellaneous Expenditure to the extent not written off	90.65	115.94
<b>Total Liabilities Exclude:</b>		
Secured Loans	1879.61	2235.98
Unsecured Loans	160.64	257.66
Deferred Tax Liability	571.14	642.45
<b>Notes:</b>		
1. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) considering the organisation structure and the differential risks and returns of these segments.		
2. Details of products included in each of the segments are as below:		
* Pharmaceuticals include products for both Human and Veterinary use . It also includes OTC Brands like Woodward's Gripewater distributed by the Consumer Products Division.		
* Medical Devices include Artificial Heart Valves, Hernia Repair Mesh, Surgical Sutures, Catheters, Incontinence Bags, Gloves and Blood Lancets.		
* Consumer Products Distribution consists of marketing and distribution of EVA range of Cosmetics (Own Brand) and also trading of Branded Condoms, Shoe Care, Hair Care and Toiletry Products.		
* Printing/ Maps comprise of Printing and Publishing of Maps and Atlases and Packaging Materials.		
* "Others" comprise of ready-to-fry Cereal Snack Food & Rice Sevai and Paper Products.		
3. 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.		
4. The previous year's figures have been regrouped and reclassified, wherever necessary, to conform to the current year's presentation.		

**TTK HEALTHCARE LIMITED**

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**

<b>I. REGISTRATION DETAILS</b>		
Registration Number		003647
State Code		18
Balance Sheet Date		31-03-2005
<b>II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)</b>		
Public Issue		Nil
Rights Issue		Nil
Private Placement		Nil
<b>III. POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)</b>		
Total Liabilities		9,86,747
Total Assets		9,86,747
<b>Sources of Funds</b>		
Paid-up Capital		66,104
Reserves & Surplus		2,94,572
Secured Loans		1,87,960
Unsecured Loans		16,064
<b>Applications of Funds</b>		
Net Fixed Assets		3,17,608
Investments		16,322
Net Current Assets		1,16,671
Deferred Tax Asset (Net)		1,05,034
Miscellaneous Expenditure to the extent not written off		9,065
<b>IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)</b>		
Turnover (Total Income)		15,67,308
Total Expenditure		15,88,542
Profit (+) / Loss (-) before Tax and Extraordinary Item(s)		(21,234)
Extra-ordinary items VRS Amortised		2,530
Profit (+) / Loss (-) before Tax		(23,764)
Provision for Tax		Nil
Deferred Tax		3,061
Profit (+) / Loss (-) after Tax		(20,703)
Earning per Share [after Extraordinary Item(s)] (in Rs.)		(3.13)
Dividend Rate		-
<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)</b>		
Item Code No. (ITC Code)		Product Description
300390.27		Gripewater
300450.03		Calcium Supplement
294200.29		Valethamate Bromide

Annexure to our Report of date

For M/s. AIYAR & CO.  
Chartered Accountants

For M/s. S VISWANATHAN  
Chartered Accountants

V NATARAJAN  
Partner  
Membership No.454

C N SRINIVASAN  
Partner  
Membership No.454

Chennai  
27th June, 2005

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

## Cash Flow Statement for the year ended 31st March, 2005

	(Rs. in Lakhs)			
	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax and Interest		<b>(237.64)</b>		106.01
Adjustments for:				
Depreciation	258.79		247.41	
Profit on sale of Assets	(7.08)		10.02	
Profit on sale of Investments (net of Rs. 2.07 lakhs being diminution in the value of Investments, written off)	(28.99)			
Dividend Received	(0.01)		(0.01)	
Interest Paid	<u>249.21</u>	<b>471.92</b>	<u>325.23</u>	582.65
Operating Profit before Working Capital Changes		<b>234.28</b>		688.66
Adjustments for:				
Trade and Other Receivables	1,060.38		39.62	
Inventories	(218.73)		486.89	
Trade Payables	<u>271.55</u>		<u>(79.88)</u>	
		<b>1,113.20</b>		446.63
Cash generated from Operations		<b>1,347.48</b>		1,135.29
Direct Taxes Paid (Refund Received)		<b>33.90</b>		23.10
Cash Flow before Extraordinary Items & Deferred Revenue Expenditure		<b>1,381.38</b>		1,158.39
Deferred Revenue Expenditure		<b>25.30</b>		(115.94)
Cash Flow after Extraordinary Items		<b>1,406.68</b>		1,042.45
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Fixed Assets	(303.25)		(139.22)	
Sale of Fixed Assets	37.19		7.54	
Impairment of Assets	138.67		-	
Interest / Dividend Received	0.01		0.01	
Sale of Investments	76.77		-	
Revenue Reserve Adjustment	<u>(138.67)</u>	<b>(189.28)</b>	<u>(130.45)</u>	(262.12)

## Cash Flow Statement for the year ended 31st March, 2005 (Contd.)

	(Rs. in Lakhs)			
	2004-2005		2003-2004	
	Rs.	Rs.	Rs.	Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Long Term Borrowings	(367.00)		108.67	
Bank Borrowings – Short Term	10.62		(386.48)	
Public Deposits / Other Loans	(97.02)		(141.54)	
Interest paid	(249.21)		(325.23)	
Net Cash used in Financing Activities		<u>(702.61)</u>		<u>(744.58)</u>
Net Increase in Cash and Cash Equivalents		<b>514.79</b>		35.75
Cash and Cash Equivalents as at the beginning of the year	<b>798.74</b>		762.99	
Cash and Cash Equivalents as at the end of the year	<u>1,313.53</u>	<b>(514.79)</b>	<u>798.74</u>	(35.75)

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

For M/s. S VISWANATHAN  
Chartered Accountants

V NATARAJAN  
Partner  
Membership No.454

C N SRINIVASAN  
Partner  
Membership No.18205

Chennai  
27th June, 2005

T T Jagannathan, *Chairman*  
T T Raghunathan, *Executive Vice Chairman*  
R K Tulshan, *Director*  
Dr K R Srimurthy, *Director*  
K Vaidyanathan, *Director*  
D Srinivasan, *Executive Director*  
K Shankaran, *Director*  
I Ravindran, *Wholetime Director*  
K Hariharasubramanian, *Vice President (Accounts)*

## Financial Highlights

(Rs. in lakhs)

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00 (10 Months)	1998-99	1997-98	1996-97	1995-96
Sales & Other Income*	16,000.26	15,403.93	14,811.96	13,984.71	15,027.18	11,610.11	13,675.32	12,882.12	12,624.12	13,109.60
Profit Before Tax	(237.64)	106.02	61.02	(883.52)	(456.88)	262.04	300.43	603.62	305.08	563.41
Deferred Tax	30.61	(56.75)	263.92	1,076.17	–	–	–	–	–	–
Profit After Tax	(207.03)	41.07	305.62	192.65	(447.40)	207.04	205.43	390.62	208.08	303.41
Dividend	–	–	–	–	–	125.75	125.75	125.75	125.75	125.75
Tax on Dividend	–	–	–	–	–	27.66	13.83	12.57	12.57	–
Retained Earnings	(207.03)	41.07	305.62	192.65	(447.40)	53.63	65.85	252.30	32.25	140.16
Net Block	3,176.08	3,306.58	3,438.50	3,386.06	1,927.78	1,676.41	1,913.90	1,965.48	1,879.01	1,926.58
Investments	163.22	211.01	211.01	263.88	2,036.60	579.33	668.87	586.77	501.41	339.08
Net Current Assets	1,166.71	1,799.02	2,241.21	3,297.42	5,974.08	6,337.76	5,006.74	4,408.45	4,122.19	4,338.76
Deferred Tax Asset	1,621.47	1,662.18	1,748.10	1,568.90	–	–	–	–	–	–
Deferred Tax Liability	(571.14)	(642.45)	(671.62)	(756.35)	–	–	–	–	–	–
Miscellaneous Expenditure	90.65	115.95	–	280.30	266.79	126.44	–	–	–	–
<b>Total Assets</b>	<b>5,646.99</b>	<b>6,452.28</b>	<b>6,967.20</b>	<b>8,040.21</b>	<b>10,205.25</b>	<b>8,719.94</b>	<b>7,589.51</b>	<b>6,960.70</b>	<b>6,502.61</b>	<b>6,604.42</b>
Share Capital	661.04	661.04	661.04	661.04**	637.52	502.99	502.99	502.99	502.99	502.99
Reserves	2,945.71	3,297.60	3,393.16	3,975.42	4,036.51	3,041.57	2,994.00	2,935.42	2,690.64	2,631.12
Net Worth	3,606.75	3,958.64	4,054.20	4,636.46	4,674.03	3,544.56	3,496.99	3,438.41	3,193.63	3,134.11
Borrowings	2,040.24	2,493.64	2,913.00	3,403.75	5,531.22	5,175.38	4,092.52	3,522.29	3,308.98	3,470.31
<b>Total Liabilities</b>	<b>5,646.99</b>	<b>6,452.28</b>	<b>6,967.20</b>	<b>8,040.21</b>	<b>10,205.25</b>	<b>8,719.94</b>	<b>7,589.51</b>	<b>6,960.70</b>	<b>6,502.61</b>	<b>6,604.42</b>
* Inclusive of Excise Duty.										
** Includes Rs. 23.52 lakhs, being the value of shares pending allotment as on 31-3-02; subsequently allotted during 2002-03.										

**44 Blank page**

**TTK HEALTHCARE LIMITED**

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

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

NAME &amp; ADDRESS OF THE SHAREHOLDER

.....

.....

.....

.....

FOLIO NO.

\*DP. ID

\*CLIENT ID

\* Applicable to investors holding shares in electronic form

I hereby record my presence at the 47th ANNUAL GENERAL MEETING OF THE COMPANY at THE MUSIC ACADEMY KASTURI SRINIVASAN HALL (Mini Hall), New No. 168 (Old No. 306), TTK Road, Chennai-600 014 on Friday, the 9th September, 2005 at 12.00 noon.

SIGNATURE OF THE MEMBER OR PROXY

NO. OF SHARES HELD

**TTK HEALTHCARE LIMITED**

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

**PROXY**

I / We ..... of .....

in the district of .....

being a member / members of TTK HEALTHCARE LIMITED, hereby appoint .....

of ..... in the

district of ..... or failing him, .....

of .....

in the district of .....

as my / our proxy to vote for me / us on my / our behalf at the Fortyseventh Annual General Meeting of the Company to be held on Friday, the 9th September, 2005 at 12.00 noon at The Music Academy Kasturi Srinivasan Hall (Mini Hall), New No. 168 (Old No. 306), TTK Road, Chennai-600 014, or at any adjournment thereof.

Signed this ..... day of .....2005.

FOLIO NO.:

NO. OF SHARES HELD:

\*DP.ID:

\*CLIENT ID:

\* Applicable to investors holding shares in electronic form

Please affix  
1.00 Rupee  
Revenue  
Stamp

**Notes:**

Proxy must be deposited at the Registered Office of the Company not less than 48 HOURS before the commencement of the Meeting.  
The Proxy should be signed according to the specimen signature/s of the member/s recorded with the Company.

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