

# TTK HEALTHCARE LIMITED

		<p><b>BOARD OF DIRECTORS</b></p> <p>Mr T T Jagannathan <i>Chairman</i>            Mr T T Raghunathan <i>Executive Vice Chairman</i>            Mr R K Tulshan <i>Director</i>            Dr K R Srimurthy <i>Director</i>            Mr B N Bhagwat <i>Director</i>            Mr J Srinivasan <i>Director</i>            Mr R Srinivasan <i>Director</i>            Mr K Vaidyanathan <i>Director</i>            Mr K Shankaran <i>Director</i>            Mr I Ravindran <i>Wholetime Director</i></p> <p><b>COMPANY SECRETARY</b></p> <p>Mr S Kalyanaraman</p> <p><b>REGISTERED &amp; ADMINISTRATIVE OFFICE</b>            6, Cathedral Road            Chennai-600 086.</p> <p><b>BANKERS</b>            Bank of Baroda            Corporation Bank</p> <p><b>STATUTORY AUDITORS</b></p> <p><b>M/s Aiyar &amp; Co.</b>            Chartered Accountants            New No. 2 (Old No. 184), Rangarajapuram Main Road (1st Floor)            Kodambakkam, Chennai 600 024.</p> <p><b>M/s S Viswanathan</b>            Chartered Accountants            New No. 17 (Old No. 8A), Bishop Wallers Avenue (West)            Mylapore, Chennai 600 004.</p> <p><b>REGISTRARS &amp; TRANSFER AGENTS</b></p> <p>M/s Data Software Research Co. Pvt. Ltd.            Shree Sovereign Complex            22, 4th Cross Street, Trustpuram            Kodambakkam, Chennai 600 024.</p> <p><b>FACTORIES</b></p> <p>i) 5, Old Trunk Road, Pallavaram, Chennai 600 043.            ii) 328, GST Road, Chromepet, Chennai 600 044.            iii) 3, Tiruneermalai Main Road, Chromepet, Chennai 600 044.            iv) 2-B, Hosakote Industrial Area, 8th Kilometre            Hosakote Chinthamani Road, Hosakote Taluk            Bangalore 562 114.            v) 1/B-2, MIDC Industrial Area, Chikalthana            Aurangabad 431 210.            vi) H-12/13, MIDC Area, Waluj, Aurangabad 431 136.</p> <p><b>DEPOTS</b></p> <p>Ahmedabad, Bangalore, Bhiwandi, Chandigarh, Chennai, Cuttack, Dehradun, Ernakulam, Ghaziabad, Guwahati, Hyderabad, Indore, Jaipur, Jammu, Kolkata, Lucknow, Madurai, Meerut, Mumbai, Nagpur, New Delhi, Panchkula, Patna, Pune, Raipur, Ranchi, Siliguri, Thane, Vijayawada and Zirakpur.</p>
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## Notice to Shareholders

**NOTICE** is hereby given that the 48th Annual General Meeting of the Company will be held at 12.00 noon on **Thursday, the 24th August, 2006** 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:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To elect a Director in the place of Mr T T Jagannathan, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in the place of Mr R K Tulshan, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in the place of Mr K Vaidyanathan, who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors and fix their remuneration.

### Special Business:

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

**“RESOLVED THAT** Mr J Srinivasan, who was appointed as Additional Director of the Company and who holds office until the date of the Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation”.

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

**“RESOLVED THAT** Mr R Srinivasan, who was appointed as Additional Director of the Company and who holds office until the date of the Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as Director of the Company, liable to retire by rotation”.

9. 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, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the remuneration package of Mr D Srinivasan, Executive Director, with effect from 1st October, 2005 to 5th April, 2006 and that of Mr I Ravindran, Wholetime Director, with effect from 1st October, 2005 and 1st January, 2006, as revised by the Board of Directors, after due endorsement by the Remuneration Committee 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 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 package 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”.

**The Register of Members of the Company will remain closed from 17th August, 2006 to 24th August, 2006 (Both days inclusive).**

BY ORDER OF THE BOARD

Place : Bangalore  
Date : 25th May, 2006

**S KALYANARAMAN**  
Company Secretary

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Item Nos.7, 8 & 9 is annexed.
3. The Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting, will be paid to those Shareholders whose names appear in the Register of Members on **24th August, 2006.**
4. Members are requested to kindly keep the Company immediately informed of any change in their respective mailing addresses.
5. Members are requested to bring their copy of the Annual Report to the Meeting.
6. Pursuant to Section 205A of the Companies Act, 1956, **all Unclaimed Dividends upto the financial year ended 31st March 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.
7. Pursuant to Section 205C of the Companies Act, 1956, **all Unclaimed Dividends in respect of financial years 1994-95, 1995-96, 1996-97 & 1997-98 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 there against. **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
31-05-1999	29-11-1999	29-11-2006
31-03-2000	21-09-2000	21-09-2007
(10 month period)		

8. The particulars to be provided in respect of Directors seeking appointment / re-appointment are furnished below:

#### a. Mr T T Jagannathan

Mr T T Jagannathan retires by rotation and is eligible for re-election.

Mr Jagannathan is the Chairman of the Company. He is a Gold Medallist from the Indian Institute of Technology, Madras and did his Masters in Operations Research in Cornell University, USA. He has been on the Board of the Company for the last 22 years.

He is also a Director and the Chairman of the following Companies:

- ◆ TTK Prestige Ltd.
- ◆ TTK LIG Ltd.
- ◆ TTK Tantex Ltd.
- ◆ Prestige Housewares India Ltd.
- ◆ SSL TTK Limited
- ◆ Mantra, Inc.
- ◆ TTK Services Pvt. Ltd.
- ◆ TTK Healthcare Services Pvt. Ltd.
- ◆ Prestige Health Administrator Pvt. Ltd.

He holds 7,30,048 shares in the Company.

**b. Mr R K Tulshan**

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

Mr Tulshan is a Commerce Graduate. He has an experience of nearly three decades in Business and has been a Director of the Company for the last 22 years.

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

- ◆ Kanishka Enterprises Ltd.
- ◆ Lotus Cine Private Ltd.
- ◆ Rajiv Investments (India) Pvt. Ltd.
- ◆ ISO Therm Cargo Products Pvt. Ltd.
- ◆ Microgenetic Systems Pvt. Ltd.
- ◆ Grand Slam Overseas Pvt. Ltd.

He is also actively involved in Rotary activities and is the Past President of the Rotary Club of New Delhi.

He was the Member of the Audit Committee and consequent to the re-constitution of the Audit Committee in line with the revised Clause 49 [Corporate Governance] of the Listing Agreement, he became the Chairman of the Audit Committee, with effect from 9th December, 2005.

He holds 99,628 shares in the Company.

**c. Mr K Vaidyanathan**

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

Mr Vaidyanathan is a post-graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management.

He has more than three decades of experience (out of which, nearly two decades at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc.

He worked for a number of reputed Companies like Liptons (Unilever), Telco, Modi Rubber, Birlas, Essar/Swiss Telecom & Samsons Group.

He is the Chairman of the Shareholders / Investors Grievance Committee of the Company.

He does not hold any shares in the Company.

**d. Mr J Srinivasan**

Mr J Srinivasan was co-opted as an Additional Director of the Company with effect from 9th September, 2005 and vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as a Director of the Company.

Mr Srinivasan is an Arts Graduate and a Fellow Member of the Institute of the Company Secretaries of India.

He brings with him vast industrial experience and has been with the TTK Group for more than two decades.

He is also a Director of the following Companies:

- ◆ M/s TTK-LIG Limited
- ◆ M/s SSL TTK Limited
- ◆ M/s T T Enterprises Pvt. Ltd.

He does not hold any shares in the Company.

**e. Mr R Srinivasan**

Mr R Srinivasan was co-opted as an Additional Director with effect from 29th December, 2005 and vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as a Director of the Company.

Mr Srinivasan is B.E. (Hons.) and is an independent professional having vast industrial experience and is also a Management Consultant.

He is also a Director of the following Companies:

- ◆ M/s ACE Designers Limited, Bangalore
- ◆ M/s Cholamandalam MS General Insurance Co. Ltd., Chennai
- ◆ M/s Kirloskar Oil Engines Ltd., Pune
- ◆ M/s Murugappa Morgan Thermal Ceramics Ltd., Chennai
- ◆ M/s Nettur Technical Training Foundation, Bangalore
- ◆ M/s NTTF Industries Limited, Bangalore
- ◆ M/s TTK Prestige Limited, Bangalore
- ◆ M/s Tube Investments of India Ltd., Chennai
- ◆ M/s Sundram Fasteners Ltd., Chennai
- ◆ M/s Yuken India Ltd., Bangalore
- ◆ M/s Dakshin Foundries Pvt. Ltd., Bangalore
- ◆ M/s RAS Transformation Technologies Pvt. Ltd., Bangalore
- ◆ M/s Taegu Tec India Pvt. Ltd., Bangalore

He does not hold any shares in the Company.

BY ORDER OF THE BOARD

**S KALYANARAMAN**

*Company Secretary*

Place : Bangalore

Date : 25th May, 2006

**Registered Office:**

No.6, Cathedral Road  
Chennai 600 086

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.7**

Mr J Srinivasan was co-opted as an Additional Director of the Company with effect from 9th September, 2005.

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

He is an Arts Graduate and a Fellow Member of the Institute of the Company Secretaries of India.

Mr Srinivasan brings with him vast industrial experience and has been with the TTK Group for more than two decades and his induction on the Board would immensely benefit the Company.

The resolution is commended for adoption.

None of the Directors except Mr J Srinivasan is deemed to be interested in this resolution.

**Item No.8**

Mr R Srinivasan was co-opted as an Additional Director of the Company with effect from 29th December, 2005.

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

Mr Srinivasan is B.E. (Hons.) and is an independent professional having vast industrial experience and is also a Management Consultant. His induction on the Board would immensely benefit the Company.

The resolution is commended for adoption.

None of the Directors except Mr R Srinivasan is deemed to be interested in this resolution.

**Item No.9**

Mr D Srinivasan was appointed as Executive Director of the Company for a period of 5 years with effect from 6th April, 2001 and ceased to be the Director with effect from 6th April, 2006 after the expiry of his said contractual term of 5 years. 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 October, 2005 in their meeting held on 19th October, 2005. In accordance with the recommendations of the Remuneration Committee, the Board of Directors in their meeting held on 19th October, 2005 revised the remuneration packages of Mr D Srinivasan, Executive Director and Mr I Ravindran, Wholetime Director, effective 1st October, 2005.

The Committee has also subsequently considered further revision in the remuneration package of Mr. I Ravindran, Wholetime Director, with effect from 1st January, 2006 in their meeting held on 25th May, 2006. In accordance with the recommendations of the Remuneration Committee, the Board of Directors in their meeting held on 25th May, 2006, further revised the remuneration package of Mr I Ravindran, Wholetime Director, with effect from 1st January, 2006.

The details of the above revisions approved by the Board are given below and these have already been notified to the members under Section 302(2) of the Companies Act, 1956:

**MR D SRINIVASAN, Executive Director**

*(Since Mr D. Srinivasan ceased to be the Director of the Company w.e.f. 6th April, 2006 after the expiry of his contractual term of 5 years, the revised package was valid upto 5th April, 2006)*

<b>Particulars</b>	<b>w.e.f. 1st October, 2005 to 5th April, 2006</b>
<b>A. Salary</b>	: Rs. 92,500/- (Rupees Ninetytwo Thousand and Five Hundred only) per month.

**B. Productivity Incentive** : Not exceeding 30% of the Salary, subject to the approval of the Management.

**C. PERQUISITES**

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

The expenditure incurred on Gas, Electricity, Water and Furnishing shall be valued as per Income Tax Rules 1962, subject to a ceiling of 10% of the Salary.

**(b) Medical Benefits** : One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents, as per the rules of the Company. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred 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.

**(d) Personal Accident Insurance** : As per Company's policy.

**(e) Club Fees** : Fees for two clubs not including Admission and Life Membership Fees.

**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 and will also be provided telephone at his residence, as per the rules of the Company.

(iii) Mr D Srinivasan will be allowed Leave and Encashment thereof as per the rules of the Company.

The above mentioned Salary & 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.

**MR I RAVINDRAN, Wholetime Director**

<b>Particulars</b>	<b>w.e.f. 1st October, 2005</b>	<b>w.e.f. 1st January, 2006</b>
<b>A. Salary</b>	Rs. 85,000/- (Rupees Eighty Five Thousand only) per month.	Rs.1,00,000/- (Rupees One Lakh only) per month.
<b>B. Productivity Incentive</b>	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>		
<b>1. (a) Housing</b>	House Rent Allowance or Company Leased Accommodation, the cost of which not to exceed 60% 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.	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>(b) Medical Benefits</b>	One month's salary in a year or three months' salary over a period of three years for self, wife, children and dependents, as per the rules of the Company. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred 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, as per the rules of the Company. In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred with the prior approval of the Management.	The above revisions are in line with the Industry practices and commensurate with the qualifications, experience and performance of the appointees. All other terms and conditions remain the same. 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 this resolution.
<b>(c) Leave Travel Allowance</b>	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.	<p style="text-align: right;">BY ORDER OF THE BOARD <b>S KALYANARAMAN</b> <i>Company Secretary</i></p> <p>Place : Bangalore Date : 25th May, 2006</p>
<b>(d) Personal Accident Insurance</b>	As per Company's policy.	As per Company's policy.	
<b>(e) Club Fees</b>	Fees of club, not including Admission and Life Membership Fee, for one Club.	Fees of club, not including Admission and Life Membership Fee, for one Club.	<p><b>Registered Office:</b> No.6, Cathedral Road Chennai 600 086</p>
<b>2. Other Perquisites:</b>	<p>i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.</p> <p>ii) Mr I Ravindran will be provided Car for use on Company's Business and will also be provided telephone at his residence, as per the rules of the Company.</p> <p>iii) Mr I Ravindran will be allowed Leave and Encashment thereof as per the rules of the Company.</p>	<p>i) Other Perquisites viz., Provident Fund, Superannuation and Gratuity will be allowed as per the rules of the Company.</p> <p>ii) Mr I Ravindran will be provided Car for use and will also be provided telephone at his residence, as per the rules of the Company.</p> <p>iii) Mr I Ravindran will be allowed Leave and Encashment thereof as per the rules of the Company.</p>	
	The above mentioned Salary & 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 above mentioned Salary & 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 month's notice or by payment of three months' salary in lieu thereof, by either party.	The appointment is terminable by three month's notice or by payment of three months' salary in lieu thereof, by either party.	

## Directors' Report

Your Directors have pleasure in presenting the 48th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2006.

### FINANCIAL RESULTS

	2005-06 (Rs. in lakhs)	2004-05 (Rs. in lakhs)
Profit before Depreciation, Extraordinary Item(s) & Taxation	805.92	46.45
<b>Less : Depreciation</b>	<b>273.09</b>	258.79
	<b>532.83</b>	(212.34)
<b>Less : VRS Amortised</b>	<b>34.52</b>	25.30
<b>Profit / (Loss) before tax</b>	<b>498.31</b>	(237.64)
<b>Less : Provision for tax</b>		
Current Tax	32.98	-
Deferred Tax	159.00	(30.61)
Fringe Benefit Tax	106.00	-
<b>Profit / (Loss) after tax</b>	<b>200.33</b>	(207.03)
<b>Appropriations :</b>		
Proposed Dividend	132.21	-
Provision for tax on Dividend	18.54	-
Amount transferred to General Reserve	49.58	(207.03)
	<b>200.33</b>	(207.03)

### DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2.00 (20%) per share.

### 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 Report.

During the year under review, there has been significant improvement in the overall performance of your Company and the performance of the individual businesses has also been in line with the expectations.

#### Consumer Products Division

The sale of Woodward's Gripe Water has been satisfactory. To fully exploit the potential of the "Woodward's" brand, your Company has recently launched a high quality soap for babies under the brand "Woodward's Baby Bath" in two variants in Tamil Nadu and Andhra Pradesh.

The sales of Eva Range of Ladies Cosmetics has been encouraging. To further strengthen the Eva Brand, your Company has recently launched Moisturizer under the Brand "Eva Nourish", in select markets. The distribution arrangement with Saralee Household & Bodycare (India) Private Limited for selling their Shoe care/ Body care products and with TTK-LIG Limited for selling their branded condoms are yielding desired results to the satisfaction of the Principals.

#### Ethical Products Division

The performance of the Ethical Pharmaceutical Business has been significantly better compared to the previous year. Your Company has launched a range of Pain Management Products under the brand name DOLOBEST and three new products viz., CALCITRIOL (a Calcium Supplement), RABULCER-D (an Anti-Ulcerant) and LEVOCOLD (an Anti-cold preparation). The response so far has been good.

#### Ventura Division

Encouraged by the initial success, Ventura Division has now been expanded to 13 Regions with complete focus on herbal products. Under this Division, your Company has launched 3 new products viz., PROTOGEN-G (Protein Supplement), DELIVERA (Moisturizing Cream) and CLIMACTER (for Menopausal Symptoms).

#### Animal Welfare Division

The Animal Welfare business achieved healthy growth during the year under review. Under this Division, your Company has launched 3 new products viz., BLOX (Toxin Binder), TEFROLI FORTE PET (Liver Tonic) and TT-CEF (Cephalosporin Injection).

#### Heart Valve Division

The performance of Heart Valve Division has also been encouraging. Your Company has already commenced the construction of the state-of-the-art Manufacturing Facility at Trivandrum for Heart Valves and other Medical Devices and the same is expected to be commissioned this year.

It is also proposed to set up an R&D facility in this factory in collaboration with Sree Chitra Tirunal Institute of Medical Sciences & Technology (SCTIMST), Trivandrum, thus embarking upon basic research in bio-medical technologies and devices.

#### Foods Division

During the year under review, there has been significant improvement in the performance of the Foods Division due to better price realisations and stricter credit control.

#### Biomed Division

In accordance with the approval provided by the shareholders, your Company is in the process of divesting the Gloves Manufacturing Undertaking at Chikalthana, Aurangabad.

#### Medical Devices Division

The rationalization exercise of the Medical Disposables Manufacturing Operations at Waluj (Medical Devices Division) has been completed.

#### Publications Division

As mentioned in the last Annual Report, your Company has exited the Printing and Packaging Businesses and started focusing on the value-added businesses like Self-Publications, Digital Cartography, etc., covered under the Publications Division and the performance has been satisfactory.

In view of the turnaround and the positive trends as above, the outlook for 2006-07 appears promising.

#### DISINVESTMENT

During the year under review, your Company has divested 14,93,500 Equity Shares of Rs.10/- each held in TTK Healthcare Services Private Limited, at a price of Rs.15/- per share to M/s T T Krishnamachari & Co., after obtaining necessary statutory approval(s).

#### FINANCE

During the year under review, your Company has repaid Secured Term Loans to the extent of Rs.533.33 lakhs availed from Corporation Bank and Rs.125 lakhs availed from UTI Bank Limited.

The overall borrowings have been reduced from Rs.20.40 crores to Rs.13.56 crores. Subsequent to the financial year ending, the Company has repaid borrowings to the extent of Rs.2 crores to Corporation Bank.

#### FIXED DEPOSITS

As on 31st March, 2006, your Company was holding an aggregate sum of Rs.6.60 lakhs on account of Fixed Deposits.

This entire sum of Rs.6.60 lakhs relating to 13 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**

Mr J Srinivasan was co-opted on the Board as an Additional Director on 9th September, 2005. Pursuant to Section 260 of the Companies Act, 1956, he vacates his office at the ensuing Annual General Meeting. Notice has been received from a member signifying his intention to propose the appointment of Mr J Srinivasan as a Director of the Company at the ensuing Annual General Meeting.

Mr R Srinivasan was co-opted on the Board as an Additional Director on 29th December, 2005. Pursuant to Section 260 of the Companies Act, 1956, he vacates his office at the ensuing Annual General Meeting. Notice has been received from a member signifying his intention to propose the appointment of Mr R Srinivasan as a Director of the Company at the ensuing Annual General Meeting.

Mr T T Jagannathan, Mr R K Tulshan and Mr K Vaidyanathan, Directors of the Company, retire by rotation and being eligible, offer themselves for re-election.

Mr D Srinivasan ceased to be the Director of the Company w.e.f. 6th April, 2006, consequent to the expiry of his contractual term of 5 years. The Board places on record its deep appreciation for the valuable services rendered by Mr D Srinivasan during his tenure as Executive Director of the Company.

#### **AUDITORS**

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

#### **LISTING**

Your Company's shares are listed with –

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

The Listing Fees have been paid for the financial year 2006-07.

#### **CORPORATE GOVERNANCE**

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

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

#### **CONSERVATION OF ENERGY**

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

#### **ACKNOWLEDGEMENT**

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

For and on behalf of the Board

**T T JAGANNATHAN**  
Chairman

Place : Bangalore  
Date : 25th May, 2006

#### **Registered Office:**

No.6, Cathedral Road  
Chennai 600 086

## Annexure to the Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 for the financial year ended 31st March, 2006

### A. Conservation of Energy:

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

	FORM A	
	2005-06	2004-05
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity:</b>		
(a) Purchased		
Units	19,53,819	28,19,339
Total Amount (Rs.)	1,05,89,262	1,37,76,385
Rate per Unit (Rs.)	5.42	4.89
(b) Own Generation		
Units	88,079	92,485
Unit per litre of Diesel Oil	2.30	2.15
Cost per Unit (Rs.)	12.35	11.42
<b>2. Furnace Oil/Light Diesel Oil:</b>		
Quantity (litres)	2,09,303	1,66,613
Total Amount (Rs.)	41,54,428	24,34,416
Average rate per litre (Rs.)	19.85	14.61

In view of the heterogenous 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 –

- A range of Pain Management formulations
- A Formulation for Menopausal Symptoms
- A Protein supplement for pregnant women
- An Anti-cold preparation
- A Herbal Moisturizer Cream
- Baby Bath Soap and Moisturizer
- An Anti-ulcerant

(b) Animal trials on the new design heart valves are underway at Sree Chitra Tirunal Institute of Medical Sciences and Technology, Trivandrum. Already three sheep have been successfully implanted with the new valve and are being monitored as per the applicable standards.

(c) Trials are underway to develop an appropriate bio-compatible coating for Vascular Grafts as this is a requirement of many vascular surgeons.

(d) An in-house technology for capacitor discharge welding of Sternotomy Sutures has been developed. Clinical Samples have been handed out for trials.

(e) A proposal is on the anvil to set up a Basic Research & Development Facility within the new factory premises in Trivandrum jointly supervised by Sree Chitra Tirunal Institute of Medical Sciences and Technology (SCTIMST) and your Company.

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

- ◆ The Company has launched the following products:
  - DOLOBEST (Anti-inflammatory and analgesic tablets)
  - RABULCER-D (Anti-Ulcerant)
  - CALCITRIOL (Calcium Supplement)
  - LEVOCOLD (Anti-cold preparation)
  - DELIVERA (Moisturizing Cream)
  - CLIMACTER (For Menopausal Symptoms)
  - PROTOGEN-G (Protein Supplement)
  - BLOX (Toxin Binder)

- TEFROLI FORTE PET (Liver Tonic)
- TT-CEF (Cephalosporin Injection)

- ◆ Sternotomy Sutures produced with the new technology are expected to be more competitive in the market.
- ◆ Coated Vascular Grafts will be ready shortly for clinical trials.

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

(a) Work is on for the development of the following products to be launched after the trials:

- Arthrid Oil (An Anti-Arthritis Formulation)
- Improved version of Flematic Oil for Veterinary use
- Sugar free Tefroli (Liver Corrective) and Utronorm Forte (Uterine Tonic) without compromising on taste and flavour
- Anti-oxidant medications (Lycopene based formulations)
- Lactation aid for Veterinary use.

(b) The following are planned in the Medical Devices business:

- Full scale commercialization of Sternotomy Sutures.
- Controlled clinical trials of the new valve after Ethics Committee clearance.
- Controlled clinical trials of the Coated Vascular Grafts.
- Development of Bifurcated Vascular Grafts.

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

	2005-06 Rs.	2004-05 Rs.
(a) Capital	–	–
(b) Recurring	37,79,033	24,64,285
(c) Total	37,79,033	24,64,285
(d) % of R&D expenses to sales	0.20%	0.16%

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

Equipments for low cost automation of some of the processes for the production of Heart Valves are being designed.

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

The automation of processes in the Heart Valve Division would improve productivity without increasing operator numbers thereby minimising bio-burden.

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

None

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

- (i) The Company has earned **Rs. 1,93,26,312/-** through exports of its products to various countries during the year under review, as against Rs. 1,21,87,721/- during the previous year.
- (ii) During the year under review, Foreign Exchange used was **Rs. 1,24,56,582/-** (Previous Year – Rs. 1,99,16,004/-) as detailed below:

	2005-06 Rs.	2004-05 Rs.
Imports	1,13,17,729	1,98,15,108
Travelling Expenses	11,38,853	1,00,896

For and on behalf of the Board

**T T JAGANNATHAN**  
Chairman

Place : Bangalore  
Date : 25th May, 2006

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

## Annexure to the Directors' Report

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended 31st March, 2006.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr T T Raghunathan	Executive Vice Chairman	24,56,875	34	54	.	01.11.2001	Managing Director TTK Tantex Limited
Mr D Srinivasan	Executive Director	24,64,402	33	57	B.Tech PGDM	01.04.1999	Chief Eexecutive Officer TTK Maersk Medical Limited
Prof A V Ramani	Senior Vice President (R&D)	29,05,280	44	67	B.Sc., (Hons.) Chem. Tech	01.05.1992	Vice President (R&D) TTK-LIG 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. Designation denotes nature of duties
3. Term of employment is contractual.
4. Mr T T Raghunathan is related to Mr T T Jagannathan, Chairman of the Company.

Place : Bangalore  
Date : 25th May, 2006

For and on behalf of the Board

**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 11 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 J Srinivasan	Non-Promoter / Non-Executive	Director
Mr R Srinivasan	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	Director
Mr I Ravindran	Non-Promoter / Executive	Wholetime Director

\* Ceased to be the Director w.e.f. 6th April, 2006

### BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS

The Board of your Company met seven times during the financial year ended 31st March, 2006, on the following dates:

- 19th May, 2005
- 27th June, 2005
- 30th July, 2005
- 9th September, 2005
- 19th October, 2005
- 9th December, 2005
- 27th January, 2006

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 (09.09.05)	Other Directorships	Committee Memberships	Committee Chairmanships
Mr T T Jagannathan	6	Yes	6 <sup>§</sup>	–	–
Mr T T Raghunathan	6	Yes	4	–	–
Mr R K Tulshan	7	Yes	1	–	–
Dr K R Srimurthy	5	Yes	–	–	–
Mr B N Bhagwat	4	Yes	–	–	–
Mr J Srinivasan <sup>+</sup>	4	N.A.	2	–	–
Mr R Srinivasan <sup>++</sup>	1	N.A.	10	5	3
Mr K Vaidyanathan	6	Yes	–	–	–
Mr D Srinivasan	7	Yes	–	–	–
Mr K Shankaran	7	Yes	3 <sup>§</sup>	1	–
Mr I Ravindran	7	Yes	–	–	–

Other Directorships do not include Private Companies.

§ Includes Directorship of one Overseas Entity.

+ Appointed w.e.f. 9th September, 2005.

++ Appointed w.e.f. 29th December, 2005.

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

In line with the revised Clause 49 [Corporate Governance] of the Listing Agreement, the Audit Committee has been re-constituted effective 9th December, 2005 with Mr R K Tulshan as Chairman and Mr B N Bhagwat and Mr K Shankaran as Members of the Committee. Mr S Kalyanaraman, Company Secretary, is the Secretary of the Audit Committee.

Terms of reference of the Audit Committee include the following:

- ❖ Review of Quarterly / Annual Financial Statements before submission to the Board;
- ❖ Overseeing all Financial Reporting Processes;
- ❖ Recommendation of appointment / removal of Auditors and their remuneration;
- ❖ Review of reports furnished by the Statutory Auditors and ensuring suitable follow-up thereon;
- ❖ Review of adequacy of Management Audit, Internal Audit and Internal Control Systems;
- ❖ Looking into reasons for substantial defaults in repayment of deposits or non-payment of declared dividends; and
- ❖ Review of periodical details of material individual transaction with related parties or others which are not in the ordinary course of business / which are not in an arm's length basis together with the Management's justification for the same.

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

- 19th May, 2005
- 27th June, 2005
- 30th July, 2005
- 8th September, 2005
- 19th October, 2005
- 27th January, 2006

All the above meetings were attended by all the Members of the Committee except Mr B N Bhagwat who did not attend three Audit Committee Meetings held on 19th May, 2005, 27th June, 2005 and 30th July, 2005.

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.

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 30th July, 2005 and 27th January, 2006 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 the Shareholders during the year:

Nature of Complaints	2005-06
Non-receipt of Dividends	1
Non-receipt of Shares sent for transfer/transmission	4
Non-receipt of Balance Sheet	4
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, 2006.

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 2005-06 are as follows:

Name & Designation	Salary Rs.	HRA & Other Allowances Rs.	Contribution to PF & Other Funds Rs.	Total Rs.	Tenure of Appointment
Mr T T Raghunathan Executive Vice Chairman	12,00,000	8,75,658	3,81,217	24,56,875	5 years with effect from 1st November, 2001
Mr D Srinivasan Executive Director	10,35,000	11,06,827	3,22,575	24,64,402	5 years with effect from 6th April, 2001
Mr I Ravindran Wholetime Director	9,00,000	10,46,329	3,72,798	23,19,127	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 currently does not have any Stock Options Scheme.

The Company paid Sitting Fees of Rs.5,000/- per meeting attended (Both Board Meetings & Committee Meetings) to each of the Non-Executive Directors during the year 2005-06. No other payment is made to the Non-Executive Directors.

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

(1) Mr T T Jagannathan	-	7,30,048 Equity Shares
(2) Mr R K Tulshan	-	99,628 Equity Shares
(3) Mr K Shankaran	-	247 Equity Shares

#### Particulars of Directors seeking appointment / re-appointment:

##### 1. Mr T T Jagannathan

Mr T T Jagannathan retires by rotation and is eligible for re-election.

Mr Jagannathan is the Chairman of the Company. He is a Gold Medallist from the Indian Institute of Technology, Madras and did his Masters in Operations Research in Cornell University, USA. He has been on the Board of the Company for the last 22 years. He is also a Director and the Chairman of the following Companies:

- ♦ TTK Prestige Ltd.
- ♦ TTK LIG Ltd.
- ♦ TTK Tantex Ltd.
- ♦ Prestige Housewares India Ltd.
- ♦ SSL TTK Limited
- ♦ Mantra, Inc.
- ♦ TTK Services Pvt. Ltd
- ♦ TTK Healthcare Services Pvt. Ltd.
- ♦ Prestige Health Administrator Pvt. Ltd.

He holds 7,30,048 shares in the Company.

##### 2. Mr R K Tulshan

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

Mr Tulshan is a Commerce Graduate. He has an experience of nearly three decades in Business and has been a Director of the Company for the last 22 years.

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

- ♦ Kanishka Enterprises Ltd.
- ♦ Lotus Cine Private Ltd.
- ♦ Rajiv Investments (India) Pvt. Ltd.
- ♦ ISO Therm Cargo Products Pvt. Ltd.
- ♦ Microgenetic Systems Pvt. Ltd.
- ♦ Grand Slam Overseas Pvt. Ltd.

He is also actively involved in Rotary activities and is the Past President of the Rotary Club of New Delhi.

He was the Member of the Audit Committee and consequent to the re-constitution of the Audit Committee in line with the revised Clause 49 (Corporate Governance) of the Listing Agreement, he became the Chairman of the Audit Committee, with effect from 9th December, 2005.

He holds 99,628 shares in the Company.

##### 3. Mr K Vaidyanathan

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

Mr Vaidyanathan is a post-graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management.

He has more than three decades of experience (out of which, nearly two decades at the Board level) in the areas of Corporate Finance, Corporate

Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc.

He worked for a number of reputed Companies like Liptons (Unilever), Telco, Modi Rubber, Birlas, Essar/Swiss Telecom & Samsons Group.

He is the Chairman of the Shareholders / Investors Grievance Committee of the Company.

He does not hold any shares in the Company.

**4. Mr J Srinivasan**

Mr J Srinivasan was co-opted as an Additional Director of the company with effect from 9th September, 2005 and vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as a Director of the Company.

Mr Srinivasan is an Arts Graduate and a Fellow Member of the Institute of the Company Secretaries of India.

He brings with him vast industrial experience and has been with the TTK Group for more than two decades.

He is also a Director of the following Companies:

- ◆ M/s TTK-LIG Limited
- ◆ M/s SSL TTK Limited
- ◆ M/s T T Enterprises Pvt. Ltd.

He does not hold any shares in the Company.

**5. Mr R Srinivasan**

Mr R Srinivasan was co-opted as an Additional Director with effect from 29th December, 2005 and vacates his office at the ensuing Annual General Meeting. Notice has been received from a member proposing his candidature for appointment as a Director of the Company.

Mr Srinivasan is B.E. (Hons.) and is an independent professional having vast industrial experience and is also a Management Consultant.

He is also a Director of the following Companies:

- ◆ M/s ACE Designers Limited, Bangalore
- ◆ M/s Cholamandalam MS General Insurance Co. Ltd., Chennai
- ◆ M/s Kirloskar Oil Engines Ltd., Pune
- ◆ M/s Murugappa Morgan Thermal Ceramics Ltd., Chennai
- ◆ M/s Nettur Technical Training Foundation, Bangalore
- ◆ M/s NTTF Industries Limited, Bangalore
- ◆ M/s TTK Prestige Limited, Bangalore
- ◆ M/s Tube Investments of India Ltd., Chennai
- ◆ M/s Sundaram Fasteners Ltd., Chennai
- ◆ M/s Yuken India Ltd., Bangalore
- ◆ M/s Dakshin Foundries Pvt. Ltd., Bangalore
- ◆ M/s RAS Transformation Technologies Pvt. Ltd., Bangalore
- ◆ M/s Taegu Tec India Pvt. Ltd., Bangalore

He does not hold any shares in the Company.

**Code of Conduct:**

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

The declaration on the compliance aspect of the Code of Conduct by the Executive Vice Chairman is given on Page No.15 of this Annual Report.

**General Body Meetings:**

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

Year	Date	Time	Venue	No. of Special Resolutions passed
2003	September 19, 2003	10.00 a.m.	Registered Office: No.6 Cathedral Road Chennai 600 086	1
2004	September 10, 2004	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road Chennai 600 014	–
2005	September 9, 2005	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road Chennai 600 014	1

**No Resolutions were put through Postal Ballot during the year 2005-06.**

**Subsidiary Company**

The Company does not have any Subsidiary Company.

**Disclosures:**

◆ **Related Party Disclosures:**

During the year under review, no transaction of material nature has been entered into by the Company with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly. The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out on Page No. 33 of this Annual Report.

◆ **Compliances by the Company**

There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years. Hence, the question of penalties or strictures being imposed by SEBI, the Stock Exchanges or any statutory authorities does not arise.

◆ **Accounting Treatment**

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

◆ **Board Disclosure – Risk Management**

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

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

◆ **Compliance of Mandatory / Non-Mandatory Requirements**

(i) **Mandatory Requirements**

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

(ii) **Non-Mandatory Requirements**

The details are furnished under the heading "Non-Mandatory Requirements" on Page No.15.

**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.sebiedifار.nic.in](http://www.sebiedifار.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	24th August, 2006
Day	Thursday
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	April - March
Unaudited First Quarter Results	End July
Unaudited Second Quarter Results	End October
Unaudited Third Quarter Results	End January
Audited Annual Results	End June

**c) Date of Book Closure :**

17th August, 2006  
To  
24th August, 2006  
(Both Days Inclusive)

**d) Dividend Payment Date :**

August / September '06

**e) Listing on Stock Exchanges:**

Your Company's shares are listed with –

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

**f) Stock Code :**

BSE – 507747

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

Demat ISIN - INE910C01018

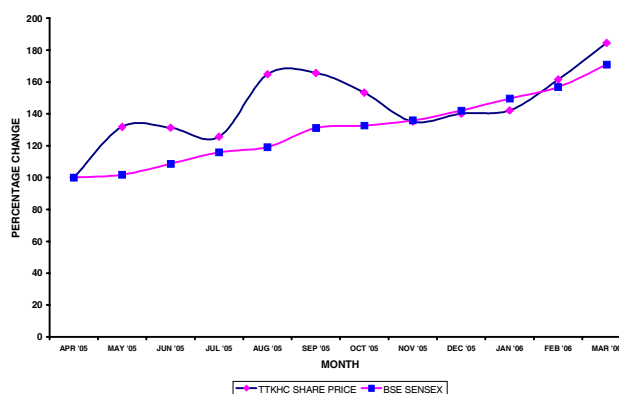
**h) Stock Price Data:**

Month	BSE (2005-06)			BSE (2004-05)		
	High	Low	Volume	High	Low	Volume
April	Rs. 47.60	Rs. 43.95	119524	Rs. 23.25	Rs. 19.65	110730
May	62.75	42.70	612935	23.40	16.35	83643
June	62.50	50.30	209842	19.75	16.10	40813
July	59.80	51.15	373846	19.00	16.75	42327
August	78.45	55.20	1118461	22.95	17.85	162493
September	78.85	70.10	599316	31.60	22.05	476233
October	72.95	54.20	178145	35.15	31.20	419607
November	64.30	56.90	109825	43.65	32.10	292468
December	66.70	57.75	132453	55.75	41.95	757756
January	67.65	61.95	162871	51.65	44.45	231990
February	76.85	64.05	275178	54.35	44.35	762754
March	87.80	65.30	323697	54.55	44.25	511227

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

Month	TTKHC Share Price (High)	% Change	BSE Sensex (High)	% Change
April '05	47.60	–	6649.42	–
May '05	62.75	32%	6772.74	2%
June '05	62.50	31%	7228.21	9%
July '05	59.80	26%	7708.59	16%
August '05	78.45	65%	7921.39	19%
September '05	78.85	66%	8722.17	31%
October '05	72.95	53%	8821.84	33%
November '05	64.30	35%	9033.99	36%
December '05	66.70	40%	9442.98	42%
January '06	67.65	42%	9945.19	50%
February '06	76.85	61%	10422.65	57%
March '06	87.80	84%	11356.95	71%

TTKHC SHARE PRICE VS BSE SENSEX



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

**k) Share Transfer System:**

- In Compliance of SEBI requirement, Share Transfers are entertained, both under Demat Form and Physical Form.
- Share Transfers in respect of physical shares are normally effected within a maximum period 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, 2006, no Equity Shares were pending for transfer.

## TTK HEALTHCARE LIMITED

### I) Distribution of Shareholding as on 31st March, 2006:

Shareholding of Nominal Value of	No. of Shareholders		% to Total No. of Shareholders		Share Amount		% to Total	
	Physical Form	Electronic Form	Physical Form	Electronic Form	Physical Form	Electronic Form	Physical Form	Electronic Form
1	2	3	4	5	6	7	8	9
<b>Rs.</b>				<b>Rs.</b>	<b>Rs.</b>			
Upto 5000	8537	4475	63.48	33.28	6362380	5916380	9.62	8.95
5001-10000	35	117	0.26	0.87	256480	1111870	0.39	1.68
10001-20000	28	81	0.21	0.60	370970	1198420	0.56	1.81
20001-30000	9	42	0.07	0.31	210400	1084260	0.32	1.64
30001-40000	2	23	0.01	0.17	72600	827340	0.11	1.25
40001-50000	2	13	0.01	0.10	92000	613850	0.14	0.93
50001-100000	8	28	0.06	0.21	645810	2006560	0.98	3.04
100001 & Above	16	32	0.12	0.24	32483280	12851540	49.14	19.44
<b>Total</b>	<b>8637</b>	<b>4811</b>	<b>64.23</b>	<b>35.77</b>	<b>40493920</b>	<b>25610220</b>	<b>61.26</b>	<b>38.74</b>
<b>Grand Total</b>	<b>13448</b>		<b>100.00</b>		<b>66104140</b>		<b>100.00</b>	

### m) Categories of Equity Shareholders as on 31st March, 2006:

Category	No. of Shares held	% of Shareholding
<b>A. Promoters Holding:</b>		
<b>1. Promoters</b>		
(a) Indian Promoters	3574972	54.08
(b) Foreign Promoters	0	0.00
<b>2. Persons acting in concert</b>	0	0
<b>Sub Total</b>	<b>3574972</b>	<b>54.08</b>
<b>B. Non-Promoters Holding:</b>		
<b>3. Institutional Investors</b>		
(a) Mutual Funds & UTI	6772	0.10
(b) Banks, Financial Institutions, Insurance Companies (Central /State Government Institutions / Non-Government Institutions)	4480	0.07
(c) Foreign Institutional Investors	2960	0.04
<b>Sub Total</b>	<b>14212</b>	<b>0.21</b>
<b>4. Others</b>		
(a) Private Corporate Bodies	196283	2.97
(b) Indian Public	2692364	40.73
(c) Non Resident Indians / Overseas Corporate Bodies	30340	0.46
(d) Any Other (Please specify)*	102243	1.55
<b>Sub Total</b>	<b>3021230</b>	<b>45.71</b>
<b>GRAND TOTAL</b>	<b>6610414</b>	<b>100.00</b>

\* "Any Other" represents the Shareholdings of the Independent / Professional Directors who are not in control of the Company.

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

### n) Dematerialisation of Shares and Liquidity as on 31st March, 2006:

	No. of Share-holders	No. of Shares	% of Shares
No. of Shareholders in Physical Form	8637	4049392	61.26
No. of Shareholders in Electronic Form	4811	2561022	38.74
<b>Total</b>	<b>13448</b>	<b>6610414</b>	<b>100.00</b>

Days taken for Dematerialization	No. of Requests	No. of Shares	% of Shares
15 days	1081	149103	2.26%

	National Securities Depository Limited (NSDL)	Central Depository Services (I) Limited (CDSL)
	2005-06	2004-05
Number of Shares Dematerialised	131395	158980
Number of Shares Rematerialised	-	50
	2005-06	2004-05
	17708	17949

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

**p) 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  
Chikalthana, Aurangabad 431 210  
  
H-12/13, MIDC Area  
Waluj, Aurangabad 431 136

**q) Registered Office** : No.6, Cathedral Road,  
Chennai 600 086  
Tel: 044 - 28116106 - 28116110

**r) Administrative Office and Investor Correspondence Address** : Secretarial Department  
No.6, Cathedral Road,  
Chennai 600 086  
Tel: 044 - 28114305  
Fax: 044 - 28114307

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

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

**CEO/CFO CERTIFICATION:**

As required under Clause 49 (Corporate Governance) of the Listing Agreement, the Executive Vice Chairman and Vice President - Finance have furnished necessary Certificate to the Board of Directors with respect to Financial Statements and Cash Flow Statement for the year ended 31st March, 2006.

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

The Remuneration Committee met twice during the year on 27th June, 2005 and 19th October, 2005 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 Mr B N Bhagwat who did not attend the Remuneration Committee Meeting held on 27th June, 2005.

**(c) Half-yearly Communication to Shareholders**

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

**(d) Audit Qualifications**

There were no audit qualifications in the Financial Statements of the Company for the year ended 31st March, 2006.

**(e) Whistle Blower Policy**

The Company does not have a formal Whistle Blower Policy. However, access to Audit Committee is made available to every employee.

The other non-mandatory requirements have not been adopted at present.

**DECLARATION BY EXECUTIVE VICE CHAIRMAN ON CODE OF CONDUCT**

I, T T Raghunathan, Executive Vice Chairman of TTK Healthcare Limited, do hereby declare that a formal Code of Conduct has been laid down by the Board of Directors of TTK Healthcare Limited, which has been made applicable to all the Directors and the Senior Management Personnel of the Company.

The Code of Conduct has been affirmed to by all the Directors and Senior Management Personnel of the Company. The said Code of Conduct has also been posted on the Website of the Company [www.ttkhealthcare.com](http://www.ttkhealthcare.com).

Place : Bangalore  
Date : 25th May, 2006

**T T Raghunathan**  
Executive Vice Chairman

## TTK HEALTHCARE LIMITED

### **Auditors' Certificate on Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement.**

#### **To the Members of TTK Healthcare Limited**

We have examined the compliance of conditions of Corporate Governance by TTK Healthcare Limited, for the year ended 31st March, 2006 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.

We state that in respect of investor grievances received during the year ended 31st March, 2006, no investor grievances are pending against the Company exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

Place : Chennai  
Date : 25th May, 2006

**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

## Management Discussion and Analysis Report

### ECONOMIC AND BUSINESS ENVIRONMENT:

The GDP growth during the year 2005-06 is estimated to be around 8.0% as compared to 6.9% in the previous year 2004-05. Though the rate of growth in the Agricultural Sector is estimated to be around 2.3%, the Industrial and Services Sectors continue to contribute significantly to the GDP growth. The Industrial and Services Sectors are expected to grow by 9.0% and 9.8% respectively.

The country's foreign exchange reserves stood at a healthy level of USD 133 billion at the end of January, 2006 and the inflation shows a stable trend hovering at around 4.5%. On the negative side, the continuous increase in the international prices of oil is a matter of concern.

The Pharmaceutical formulations market witnessed a value growth of around 8% during the year with a total market size of Rs.22,000 crores and the new products continue to drive the growth.

### OPPORTUNITIES AND THREATS:

#### Opportunities:

- Since Pharmaceutical Industry is growing reasonably well, 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. Herbal products also offer export opportunities.
- 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. There is a possibility of exploiting the market through launch of value added ready to eat products. There is also a possibility of further increase in exports.
- Since GIS / GPS related services are gaining momentum, the capabilities available at the Publications 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 1st 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 front, the business is to a large extent tender driven as most of the requirements emanate from institutions. This has its impact on the price realizations due to 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 private hospitals / trade segments 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 Devices Business.

In addition, the company is also engaged in Foods and 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 Ethical Pharma 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, Physicians, Cardiologists and General Practitioners and the field force spread across the country meets around 60,000 Doctors every month.

As already mentioned in the last report, the growth strategy for Pharma Business 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, under the Ethical Products Division, your Company has launched a range of Pain Management Products under the brand name "DOLOBEST". In addition, your Company has also launched "CALCITRIOL" (a Calcium Supplement), "RABULCER-D" (an Anti-Ulcerant) and "LEVOCOLD" (an Anti-cold preparation).

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

The performance of the Ethical Products business was to some extent affected during the last quarter due to the reduced purchases from trade as a prelude to the implementation of the VAT regime in Rajasthan, Gujarat, Jharkhand, Madhya Pradesh and Chattisgarh.

As you know, your Company launched a New Marketing Division **VENTURA** to enhance its focus on the Herbal Products Segment. Encouraged by the initial success, this Division has now been expanded to 13 Regions across the country, with a doctor coverage of around 30,000.

Under the Ventura Division, your Company has launched 3 new products viz., **PROTOGEN-G** (Protein Supplement), **DELIVERA** (Moisturising Cream) and **CLIMACTER** (for Menopausal Symptoms).

The Pharmaceutical Business also has a Veterinary Formulations Division which essentially caters to the requirements of Veterinarians, Hatcheries, Poultry Farms and Dairy Farms. Around 9,000 Veterinarians are met every month by the Field Staff and this Division reaches the customers through a network of 700 stockists across the country and in Nepal.

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 &

## Management Discussion and Analysis Report (Contd.)

Vitamin-A supplements, Antibiotics, Ectoparasiticide, Cocktail Enzymes, Toxin Binder, etc.

Under the Animal Welfare Division, your Company has launched 3 new products viz., **BLOX** (Toxin Binder), **TEFROLI FORTE PET** (Liver Tonic) and **TT-CEF** (Cephalosporin Injection).

Further, the operations of AWD have been extended to Gujarat.

During the year under review, the Pharmaceutical business, as a whole, recorded a healthy growth which was mainly driven by the contribution from the newly-launched products. The newly-launched Ventura Division has also contributed to the growth in sales volume. Despite the uncertainties and confusion caused by the Avian Flu during the last quarter of the year under review, the performance of the Animal Welfare Division has been significantly better than that of the previous year.

With the various initiatives taken including expansion of the field force and launch of new products, the outlook for the Pharmaceutical business for the year 2006-07 appears good.

### **Consumer Products Business:**

The Consumer Products Division (CPD) of the Company deals with the distribution of products marketed under Company's own brands 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 (India) Private Limited.

During the year under review, the performance of the Consumer Products Division has been good and all the product groups it handles – its own as well as third party products – registered healthy growth. The year under review also saw introduction of new products which are doing reasonably well.

The sales performance of Woodward's Gripe Water has been satisfactory and grew by 9% in volume, after several years of stagnancy.

Woodward's is a trusted name in the Baby Care Products category. It is, therefore, only logical to exploit this advantage by extending the Woodward's name to other products in this category. The year 2005-06 saw the test marketing of Woodward's Baby Bath, a high quality soap for babies, in two Southern Regions, viz., Tamil Nadu and Andhra Pradesh, in two variants. Within a period of 3 – 4 months, Woodward's Baby Bath has garnered a market share of 4.9% and 3.9% in Andhra Pradesh and Tamil Nadu, respectively.

The EVA Range of Ladies Cosmetics recorded a very healthy growth during the year under review, thus becoming one of the leading Deo brands in the country. The performance of EVA gave the impetus to expand the range and as a consequence, EVA Nourish Moisturizer was test marketed in the Northern States in December 2005 and the performance has been reasonably good. Your Company is now planning to launch this product nationally.

The performance of Kohinoor Pink, Variants and Durex has also been satisfactory. The Xtra Time variant of Kohinoor has done well, resulting in better realisations. Though the Shoe Care Range has recorded only a nominal growth, the overall sales performance of Sara Lee Group has been healthy due to better performance of Hair Care Segment.

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

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

The performance of the Heart Valve Division has been quite encouraging, with a sale of around 3700 valves during the year under review. TTK Chitra Valves are being regularly used in more than 190 centres across the country and the number of valves already implanted would exceed 17,000. TTK Chitra Valves are also exported to South Africa, Sri Lanka and Nepal.

The Joint Project (PATSER PROJECT) for the development of Improved Heart Valves with better flow dynamics in collaboration with Sri Chitra Tirunal Institute for Medical Sciences & Technology, Trivandrum and National Research Development Corporation, New Delhi, has been progressing as per schedule.

The Animal trials have commenced and would be completed within the next 3 months. The details required for the Ethics Committee for clearing the valves for human trial are expected to be ready during the second half of 2007 and thereafter, the human trials would begin.

The new valve is expected to get the Ethics Committee's clearance for commercial production in the year 2008.

The developmental work relating to large diameter Vascular Graft Prosthesis being developed as Joint Project with Sree Chitra Tirunal Institute for Medical Sciences & Technology, Trivandrum and South India Textile Research Association (SITRA), Coimbatore is almost complete. Since the Surgeons prefer coated grafts, trials are underway to develop an appropriate bio-compatible coating for the Grafts. After this process, the trials would start.

The Company has entered into an agreement with the Council of Scientific and Industrial Research (CSIR) and Sree Chitra Tirunal Institute for Medical Sciences & Technology, Trivandrum, for the development of Cardio Vascular Stents, under the New Millennium Indian Technology Leadership Initiative (NMITLI) Scheme. Under this project, Sree Chitra Tirunal Institute for Medical Sciences & Technology has already completed the first design of bare metal Stent in Stainless Steel as well as Chrome-Cobalt Alloy. The fatigue testing and the drug coating systems are under validation.

Your Company has already commenced the construction of the state-of-the-art Manufacturing Facility at Trivandrum for Heart Valves and other Medical Devices.

It is also proposed to set up an R&D facility in this factory in collaboration with Sree Chitra Tirunal Institute for Medical Sciences & Technology (SCTIMST), Trivandrum, thus embarking upon basic research in bio-medical technologies and devices.

#### **Medical Devices Division:**

The rationalization exercise of the Medical Disposables manufacturing operations at Waluj (Medical Devices Division) has been completed.

#### **Biomed Division:**

In accordance with the approval provided by the shareholders, your Company is in the process of divesting the Gloves Manufacturing Undertaking at Chikalthana, Aurangabad.

#### **Foods Business:**

The Foods Division is engaged in the manufacturing and marketing of Ready-to-fry Snack Pellets. During the year under review, there has been significant improvement in the performance of the Foods Division due to better price realisations and stricter credit control. The performance on the export front is also satisfactory.

#### **Printing and Publications Business:**

Your Company has exited the Printing and Packaging businesses. As mentioned in the last report, your Company has started focusing on the value-added businesses like Self-Publications, Digital Cartography, etc., covered under the Publications Division of your Company and the performance of this Division has also been satisfactory. Efforts are also directed towards identifying a suitable technology partner for taking the GIS / GPS businesses forward. Steps are also initiated for suitably dealing with the assets of the Printing Division.

#### **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)	
	2005-06	2004-05
Sales	19,028.90	15,627.08
<b>Less</b> : Excise Duty relating to Sales	371.62	327.18
	18,657.28	15,299.90
Other Income	205.05	373.18
Total Income	18,862.33	15,673.08
Goods Consumption	11,489.35	9,785.75
Expenses	6,404.92	5,591.67
Profit before Interest, Depreciation and Extraordinary Item(s)	968.06	295.66
Interest	162.14	249.21
Depreciation	273.09	258.79
Operating profit for the year	532.83	(212.34)
<b>Less</b> : VRS Amortised	34.52	25.30
Profit / (Loss) before Tax	498.31	(237.64)
<b>Less</b> : Provision for taxation		
Current Tax	32.98	-
Deferred Tax	159.00	(30.61)
Fringe Benefit Tax	106.00	-
Profit / (Loss) after Tax	200.33	(207.03)

**Income:**

During the year under review, the Company registered a sales turnover of Rs.190.29 crores as against the previous year's turnover of Rs.156.27 crores, resulting in a growth of around 22%. Almost all the businesses have shown growth during the year under review.

**Other Income:**

The other income includes a sum of Rs.74.68 lakhs relating to the profit on sale of shares held in TTK Healthcare Services Private Limited. It also includes a sum of Rs.27.27 lakhs being the credit balances no longer payable, written back.

**Expenditure:****Goods Consumption:**

The goods consumption as a percentage of sales for the year works out to 61.58% as against the previous year figure of 63.95%. The reduction in goods consumption is mainly because of the higher proportion of own manufactured products in the sales mix where the material cost as a percentage of sales is lower as compared to the traded lines.

**Expenses:**

There has been a reduction in the Interest costs from Rs.249.21 lakhs to Rs.162.14 lakhs.

There has been an increase in the Advertisement and Sales Promotion expenses to the extent of Rs. 399.51 lakhs which mainly represents the higher advertisement & promotional expenses incurred on Woodward's Gripewater and EVA range and also for the newly-launched products like Woodward's Baby Bath and EVA Moisturizer and also on pharmaceutical formulations.

The expenses also include a sum of Rs.216.34 lakhs representing bad debts and non-recoverable advances / deposits written off.

**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.20.41 crores to Rs.13.56 crores during the year under review.

Subsequent to the financial year ending, the Company has repaid borrowings to the extent of Rs.2 crores to Corporation Bank.

**Fixed Assets:**

There has been an addition of Rs.234.11 lakhs to Fixed Assets (including leasehold assets) which mainly represents the amounts incurred for acquisition of plant & machinery, computers, vehicles, etc. It also includes the capital work-in-progress of Rs.27.27 lakhs relating to the Manufacturing Facility under construction for Heart Valves at Trivandrum.

**Investments:**

During the year under review, your Company has divested 14,93,500 Equity Shares of Rs.10/- each held in TTK Healthcare Services Private Limited, at a price of Rs.15/- per share aggregating to Rs.224.03 lakhs to M/s T T Krishnamachari & Co., after obtaining necessary statutory approval(s) and made a profit of Rs.74.68 lakhs.

**Loans and Advances:**

During the year under review, there has been an increase in the Loans and Advances from Rs.391.66 lakhs to Rs.416.53 lakhs. The increase mainly represents the payment of advance fringe benefit tax of Rs.36 lakhs.

**Cash and Bank Balances:**

During the year under review, there has been an increase in the cash and bank balances from Rs. 1313.53 lakhs to Rs.1464.16 lakhs. The increase represents the monies kept with banks.

**Current Liabilities and Provisions:**

There has been an increase in the provisions from Rs.153.95 lakhs to Rs.292.94 lakhs which represents the provision made for Fringe Benefit Tax and Income Tax amounting to Rs.106.00 lakhs and Rs.32.98 lakhs, respectively.

**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 taken.

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

**INFORMATION TECHNOLOGY:**

After successful implementation of the Phase I of the Oracle ERP initiative, your Company has taken up Phase II implementation covering the Southern Regional Depots and this stands fully completed. Under Phase III, implementation at the rest of the Regions is being taken up. It is expected that the national implementation of the Oracle ERP would be completed by 31st December, 2006.

**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 have been organized for employees at all levels through both internal and external faculties during the year under review.

As on 31st March, 2006, the employee strength was 1093. 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, 2006 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, (the 'Act') and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors of the Company as on 31st March, 2006 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
  - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**V Natarajan**  
Partner  
Membership No. 454

Place : Chennai  
Date : 25th May, 2006

**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, 2006)

- (i) (a) The Company is maintaining 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) In our opinion, substantial part of fixed assets has not 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 orders 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, 2006 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 Sales Tax and Excise Duty as on 31st March, 2006.

Name of the Statute	Nature of the Dues	Amount under Dispute not yet Deposited (Rs. in Lakhs)	Periods to which the amounts relate	Forum where the Dispute is pending
Central Sales Tax Act and Local Sales	Sales Tax with Interest	113.69	1986-87, 1991-92, 1993-94, 1995-96	Before various authorities – Upto the Commissioner's level
Tax Acts	and Penalty, as applicable		1997-98 to 2002-03 and 2004-05	
The Central Excise Act, 1944	Excise Duty with Interest and Penalty, as applicable	794.38	1994-95 to 2001-02 to 2005-06	The Customs, Excise and Service Tax Appellate Tribunals at Bangalore, Chennai & Mumbai
		0.07	2004-05	The Commissioner of Central Excise (Appeals), Chennai
		0.74	1994-95 & 1995-96	The Dy. Commissioner of Central Excise, Aurangabad

- (x) The Company does not have any accumulated losses as at 31st March, 2006 and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders as at the Balance Sheet date.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) 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) During the year, no term loans have been availed by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- (xviii) According to the information and explanations given to us, 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

Place : Chennai  
Date : 25th May, 2006

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

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

**Balance Sheet**

as at 31st March, 2006

Particulars	Schedule No.	As at 31.3.2006		As at 31.3.2005	
		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>29,89,26,047</b>		29,45,71,511
2. Loan Funds					
a) Secured Loans	3A & 3B	<b>12,48,99,682</b>		18,79,60,227	
b) Unsecured Loans	3C	<b>1,06,60,000</b>	<b>13,55,59,682</b>	1,60,64,000	20,40,24,227
Total			<b>50,05,89,869</b>		56,46,99,878
<b>II. APPLICATION OF FUNDS:</b>					
1. Fixed Assets					
Gross Block	4	<b>58,98,89,183</b>		57,08,95,697	
Less: Depreciation		<b>28,02,94,165</b>		25,32,87,219	
Add: Capital - Work-in-Progress		<b>30,95,95,018</b>		31,76,08,478	
Net Block			<b>31,23,22,113</b>		31,76,08,478
2. Investments	5		<b>13,87,000</b>		1,63,22,000
3. Deferred Tax					
Deferred Tax Asset		<b>13,97,29,471</b>		16,21,47,326	
Deferred Tax Liability		<b>(5,05,95,894)</b>		(5,71,13,749)	
			<b>8,91,33,577</b>		10,50,33,577
4. Current Assets, Loans & Advances:					
a) Inventories	6	<b>12,28,29,929</b>		12,13,62,091	
b) Sundry Debtors	7	<b>18,75,53,323</b>		18,97,23,855	
c) Cash and Bank Balances	8	<b>14,64,15,980</b>		13,13,52,779	
d) Loans and Advances	9	<b>4,16,53,365</b>		3,91,65,545	
		<b>49,84,52,597</b>		48,16,04,270	
Less: Current Liabilities & Provisions:					
a) Current Liabilities	10	<b>37,11,70,906</b>		34,95,38,076	
b) Provisions	10A	<b>4,43,68,847</b>		1,53,95,137	
Net Current Assets			<b>8,29,12,844</b>		11,66,71,057
5. Miscellaneous Expenditure (To the extent not written off or adjusted)					
Voluntary Retirement Scheme			<b>1,48,34,335</b>		90,64,766
Total			<b>50,05,89,869</b>		56,46,99,878

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 AccountantsFor M/s. S VISWANATHAN  
Chartered AccountantsV NATARAJAN  
PartnerC N SRINIVASAN  
Partner

Membership No. 454

Membership No. 18205

Bangalore  
25th May, 2006T T Jagannathan, *Chairman*  
T T Raghunathan, *Executive Vice Chairman*  
R K Tulshan, *Director*  
Dr K R Srimurthy, *Director*  
B N Bhagwat, *Director*  
J Srinivasan, *Director*  
K Vaidyanathan, *Director*  
K Shankaran, *Director*  
I Ravindran, *Wholetime Director*  
S Kalyanaraman, *Company Secretary*  
B V K Durga Prasad, *Vice President - Finance*

## Profit and Loss Account

for the year ended 31st March, 2006

Particulars	Schedule No.	2005-06			2004-05		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>INCOME:</b>							
Sales	11	1,90,28,89,696			156,27,08,024		
Less: Excise Duty relating to Sales		<u>3,71,62,018</u>			<u>3,27,17,521</u>		
			1,86,57,27,678			1,52,99,90,503	
Other Income	12		<u>2,05,04,926</u>			<u>3,73,17,766</u>	
				1,88,62,32,604			156,73,08,269
<b>EXPENDITURE:</b>							
Goods Consumption & Excise Duty	13		1,14,89,34,463			97,85,74,901	
Expenses	14		65,67,05,882			58,40,88,557	
Depreciation		2,79,12,169			2,64,95,943		
Less: Transfer from							
Revaluation Reserve		<u>6,03,131</u>	<u>2,73,09,038</u>		<u>6,16,778</u>	<u>2,58,79,165</u>	
				1,83,29,49,383			158,85,42,623
<b>Profit / (Loss) before Tax &amp; Extraordinary Item(s)</b>				<u>5,32,83,221</u>			<u>(2,12,34,354)</u>
Less: VRS Amortised				34,51,844			25,29,702
<b>Profit / (Loss) Before Tax</b>				<u>4,98,31,377</u>			<u>(2,37,64,056)</u>
Less: Provision for Taxation							
Current Tax				32,98,661			-
Deferred Tax				1,59,00,000			(30,60,775)
Fringe Benefit Tax				1,06,00,000			-
<b>Profit / (Loss) After Tax</b>				<u>2,00,32,716</u>			<u>(2,07,03,281)</u>
<b>Appropriations :</b>							
Proposed Dividend				1,32,20,828			-
Provision for Tax on Dividend				18,54,221			-
Profit / (Loss) carried to Balance Sheet				<u>49,57,667</u>			<u>(2,07,03,281)</u>
				<u>2,00,32,716</u>			<u>(2,07,03,281)</u>
<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						
V NATARAJAN Partner Membership No. 454	C N SRINIVASAN Partner Membership No. 18205						
				Bangalore 25th May, 2006			
						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> B N Bhagwat, <i>Director</i> J Srinivasan, <i>Director</i> K Vaidyanathan, <i>Director</i> K Shankaran, <i>Director</i> I Ravindran, <i>Wholetime Director</i> S Kalyanaraman, <i>Company Secretary</i> B V K Durga Prasad, <i>Vice President - Finance</i>	

**Schedules**

Sch. No.		As at 31.3.2006	As at 31.3.2005
	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 T T 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		<u>9,99,500</u>	<u>9,99,500</u>
Andhra Pradesh State Financial Corporation		<u>2,53,910</u>	<u>2,53,910</u>
Central Subsidy		<u>15,00,000</u>	<u>15,00,000</u>
Maharashtra Energy Development Agency		<u>4,52,760</u>	<u>4,52,760</u>
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	<u>4,97,68,596</u>		<u>5,03,85,374</u>
Less: Transfer to Profit & Loss Account	<u>6,03,131</u>		<u>6,16,778</u>
		<u>4,91,65,465</u>	<u>4,97,68,596</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	<u>14,00,73,922</u>		<u>17,46,45,813</u>
Less: Loss on Impairment of Assets adjusted against the Opening Reserves, in line with AS - 28			<u>1,38,68,610</u>
Add: Transferred from P & L Account	<u>49,57,667</u>		<u>(2,07,03,281)</u>
		<u>14,50,31,589</u>	<u>14,00,73,922</u>
Total (a to d)		<u>29,89,26,047</u>	<u>29,45,71,511</u>

## Schedules (Contd.)

Sch. No.	As at 31.3.2006	As at 31.3.2005	Sch. No.	As at 31.3.2006	As at 31.3.2005							
	Rs.	Rs.		Rs.	Rs.							
<b>3. LOANS:</b>			<b>C. UNSECURED LOANS:</b>									
<b>A. SECURED TERM LOANS:</b>			Fixed Deposits									
i) Corporation Bank*	–	5,33,33,000		<b>6,60,000</b>	60,64,000							
ii) UTI Bank Limited**	<b>2,50,00,000</b>	3,75,00,000	ECB from M/s Maersk	<b>1,00,00,000</b>	1,00,00,000							
Total – A	<b>2,50,00,000</b>	9,08,33,000	Medical A/S, Denmark - Interest									
			Free Loan									
<b>B. OTHER SECURED BORROWINGS:</b>			Total – C	<b>1,06,60,000</b>	1,60,64,000							
Working Capital Loans from Banks:												
(Against Hypothecation of Stocks and Book Debts)			Total – (A + B + C)	<b>13,55,59,682</b>	20,40,24,227							
i) Cash Credit @	<b>33,33,981</b>	21,27,244										
ii) Demand Loan @	<b>9,20,00,000</b>	30,00,000										
iii) FCNR Loan @	–	9,19,99,983										
iv) Bills of Exchange @	<b>45,65,701</b>	–										
Total – B	<b>9,98,99,682</b>	9,71,27,227										
Total – (A + B)	<b>12,48,99,682</b>	18,79,60,227										
<b>4. FIXED ASSETS</b>												
GROSS BLOCK (AT COST)												
Description of Assets	As on 1-4-2005	Additions	Deletions	Deletions on account of impairment	As on 31-3-2006	Upto 31-3-2005	Deletions	Deletions on account of impairment	For the Year	Upto 31-3-2006	As on 31-3-2006	As on 31-3-2005
	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	2,79,68,524	–	–	–	2,79,68,524	60,697	–	–	1,35,089	1,95,786	2,77,72,738	2,79,07,827
Buildings	13,47,33,851	–	–	–	13,47,33,851	4,78,91,185	–	–	41,63,331	5,20,54,516	8,26,79,335	8,68,42,666
Leasehold Buildings	96,03,482	–	–	–	96,03,482	48,97,943	–	–	14,99,623	63,97,566	32,05,916	47,05,539
Plant & Machinery	31,01,43,264	1,33,58,948	2,63,514	–	32,32,38,698	17,36,26,643	52,505	–	1,69,23,111	19,04,97,249	13,27,41,449	13,65,16,621
Furniture & Fittings	1,23,18,151	1,38,909	–	–	1,24,57,060	72,86,994	–	–	7,00,737	79,87,731	44,69,329	50,31,157
Patterns, Dies & Templates	85,11,062	24,25,713	–	–	1,09,36,775	58,23,015	–	–	9,48,778	67,71,793	41,64,982	26,88,047
Trade Marks	1,12,49,800	–	–	–	1,12,49,800	91,09,880	–	–	10,69,960	1,01,79,840	10,69,960	21,39,920
Vehicles	51,24,703	20,74,420	14,27,102	–	57,72,021	29,90,563	8,52,718	–	5,17,030	26,54,875	31,17,146	21,34,140
Total	56,27,72,485	1,79,97,990	16,90,616	–	57,90,79,859	25,16,86,920	9,05,223	–	2,59,57,659	27,67,39,356	30,23,40,503	31,10,85,565
<b>LEASED ASSETS :</b>												
Vehicles	81,23,212	26,86,112	–	–	1,08,09,324	16,00,299	–	–	19,54,510	35,54,809	72,54,515	65,22,913
Total	57,08,95,697	2,06,84,102	16,90,616	–	58,98,89,183	25,32,87,219	9,05,223	–	2,79,12,169	28,02,94,165	30,95,95,018	31,76,08,478
Add: Capital Work-in-progress	–	27,27,095	–	–	27,27,095	–	–	–	–	–	27,27,095	–
<b>GRAND TOTAL</b>	57,08,95,697	2,34,11,197	16,90,616	–	59,26,16,278	25,32,87,219	9,05,223	–	2,79,12,169	28,02,94,165	31,23,22,113	31,76,08,478
Previous Year	60,57,64,029	3,03,25,842	58,79,924	5,93,14,250	57,08,95,697	27,51,05,790	28,68,874	4,54,45,640	2,64,95,943	25,32,87,219	31,76,08,478	33,06,58,239
<b>Note :</b>	<b>Depreciation for the Year amounting to Rs. 6,03,131/- (Previous Year - Rs. 6,16,778/-) 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. 2,79,12,169/- for the Year (Previous Year Rs. 2,64,95,943/-).</b>											

Schedules (Contd.)

Sch. No.	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.	Sch. No.	As at 31.3.2006 Rs.	As at 31.3.2005 Rs.
5. INVESTMENTS:			9. LOANS & ADVANCES:		
I. AT COST – TRADE			(Considered Good)		
a) Unquoted (Fully paid)			Lease & Rent Advances	47,41,787	54,61,787
5,000 Equity shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd.	50,000	1,49,85,000	Electricity & Other Deposits	1,47,07,360	1,73,81,033
			Advance Income Tax	48,45,473	44,99,933
b) Quoted (Fully paid)			Advance Fringe Benefit Tax	36,00,000	–
14,800 Equity Shares of Rs. 10/- each of TTK Prestige Ltd. – Market Value Rs. 150.75 each	13,32,000	13,32,000	Advance for Others	1,37,58,745	1,18,22,792
500 Equity Shares of Rs. 10/- each of Apollo Hospitals Enterprise Limited – Market Value Rs. 506.70 each	5,000	5,000		<u>4,16,53,365</u>	<u>3,91,65,545</u>
	<u>13,87,000</u>	<u>1,63,22,000</u>	10. LIABILITIES:		
Aggregate Book Value – Quoted	13,37,000	13,37,000	Sundry Creditors for:		
Unquoted	50,000	1,49,85,000	a. Acceptance for Goods <sup>§</sup>	22,44,162	1,68,50,813
Aggregate Market Value – Quoted	24,84,450	8,40,200	b. Goods <sup>§</sup>	17,56,80,939	15,35,28,774
6. INVENTORIES:			c. Expenses	13,51,93,280	10,90,18,329
(Value as certified by the Management)			d. Others	5,74,94,976	6,92,81,412
Raw & Packing Materials	2,27,79,424	2,25,70,397	e. Unclaimed Dividend*	5,57,549	8,58,748
Work-in-Progress	65,56,304	48,75,736		<u>37,11,70,906</u>	<u>34,95,38,076</u>
Finished Goods	9,15,11,502	9,06,31,994	Notes: <sup>§</sup> Refer Point No. XX under Notes on Accounts regarding dues to SSI Units.		
Stores & Spares	19,82,699	32,83,964	* No amount is due to be credited to the Investor Education and Protection Fund.		
	<u>12,28,29,929</u>	<u>12,13,62,091</u>	10 A. PROVISIONS:		
7. SUNDRY DEBTORS:			Provision for Taxation:		
(Considered good for which the Company holds no security other than Debtors' Personal Security)			Balance as per last Balance Sheet	1,53,95,137	1,53,95,137
Debts Outstanding for a period exceeding six months	2,53,13,696	3,95,62,214	Add : Provision for the year		
Other Debts	16,22,39,627	15,01,61,641	Income Tax	32,98,661	–
	<u>18,75,53,323</u>	<u>18,97,23,855</u>	Fringe Benefit Tax	1,06,00,000	–
8. CASH & BANK BALANCES:			Proposed Dividend	1,32,20,828	–
Cash on hand	10,92,555	7,14,239	Provision for Tax on Dividend	18,54,221	–
In Current Account with Scheduled Banks	7,91,66,141	6,73,74,419		<u>4,43,68,847</u>	<u>1,53,95,137</u>
In Deposit Account with Scheduled Banks	6,55,80,977	6,23,69,926			
In Interest Warrant Account	18,758	35,447			
In Dividend Warrant Account	5,57,549	8,58,748			
	<u>14,64,15,980</u>	<u>13,13,52,779</u>			

## Schedules (Contd.)

Sch No.	Units	2005-06		2004-05	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES:					
a. Orals	Lakhs	157.455	36,78,22,061	138.236	30,51,87,325
b. Tablets	Lakhs	859.791	18,45,99,523	677.380	13,99,39,856
c. Injectables	Lakhs	143.578	13,06,44,486	104.303	9,54,01,441
d. Capsules	Lakhs	335.823	8,39,92,267	229.731	4,98,50,349
e. Food Products	M.T.	2556.554	7,51,74,173	1524.236	4,26,52,452
f. Granules	M.T.	201.188	3,23,02,856	147.523	2,32,26,685
g. Hospital Care Products	–	–	9,34,62,550	–	8,61,41,935
h. Ointment	M.T.	2.362	20,69,659	–	–
i. Shoe Care Products	M.T.	289.910	9,52,50,495	282.630	9,28,21,505
	K.Ltrs.	180.940	7,45,42,428	205.010	8,44,46,999
j. Hair Creams & Cosmetics	M.T.	631.180	29,18,99,355	498.070	21,76,84,967
	K.Ltrs.	184.950	8,51,40,706	115.850	5,30,02,489
k. Condoms	Millions	106.470	30,58,66,737	99.730	28,39,22,692
l. Maps & Atlases	Nos.	6,00,374	1,74,86,344	6,95,946	1,62,30,505
m. Baby Soap	M.T.	43.490	74,78,399	–	–
n. Others	–	–	5,51,57,657	–	7,21,98,824
			<u>1,90,28,89,696</u>		<u>1,56,27,08,024</u>
Less: Excise Duty			3,71,62,018		3,27,17,521
			<u>1,86,57,27,678</u>		<u>1,52,99,90,503</u>
12. OTHER INCOME :					
a. Profit on Sale of Investments			74,67,500		31,06,250
b. Profit on Sale of Assets			–		18,01,831
c. Interest Receipts			67,79,453		36,57,825
d. Gain on prepayment of Deferred Sales Tax Liability			–		60,27,154
e. Excise Duty Refund			9,75,873		1,79,03,069
f. Dividend Income			31,600		1,750
g. Others			52,50,500		48,19,887
			<u>2,05,04,926</u>		<u>3,73,17,766</u>

Schedules (Contd.)

Sch. No.	2005-06		2004-05	
	Rs.	Rs.	Rs.	Rs.
13. GOODS CONSUMPTION :				
Opening Stock of-				
Raw & Packing Materials	2,25,70,397		2,30,14,842	
Work-in-Progress	48,75,736		1,79,44,967	
Finished Goods	<u>9,06,31,994</u>		<u>5,38,86,588</u>	
		11,80,78,127		9,48,46,397
Add: Purchase of-				
Raw & Packing Materials	13,54,58,343		13,73,93,185	
Finished Goods	1,01,41,34,719		85,90,49,738	
Excise Duty relating to Samples & Others	<u>21,10,504</u>		<u>53,63,708</u>	
		115,17,03,566		100,18,06,631
		<u>126,97,81,693</u>		<u>109,66,53,028</u>
Less: Closing Stock of-				
Raw & Packing Materials	2,27,79,424		2,25,70,397	
Work-in-Progress	65,56,304		48,75,736	
Finished Goods	<u>9,15,11,502</u>		<u>9,06,31,994</u>	
		12,08,47,230		11,80,78,127
Total Consumption of Goods		<u>114,89,34,463</u>		<u>97,85,74,901</u>
14. EXPENSES :				
Salaries, Wages & Bonus		13,57,05,378		12,80,59,757
Contribution to PF & Other Funds		1,11,68,685		1,04,48,097
Gratuity & Superannuation		1,16,57,281		95,05,155
Contribution to E.S.I.		19,36,765		23,27,593
Welfare Expenses		1,09,55,866		1,02,60,434
Power & Fuel		1,60,68,075		1,75,16,691
Repairs & Maintenance				
Repairs to Building		5,39,967		8,57,966
Repairs to Plant & Machinery		65,96,129		72,98,897
Factory / Office Upkeep		52,93,912		45,87,434
Consumable Stores		36,73,497		42,63,760
General Insurance		20,83,579		25,80,542
Rates & Taxes		12,59,461		13,22,451
Rent		86,58,583		92,89,430
Electricity		36,44,456		33,92,582
Printing & Stationery		1,07,59,145		1,06,95,064
Postage, Telephone & Telegrams		1,57,96,142		1,48,93,342
Interest		1,62,14,126		2,49,20,993
Carriage Outwards		4,42,12,578		4,08,02,874
Transit Insurance		9,60,066		7,83,325
Advertisement & Sales Promotion		15,75,51,346		11,76,00,456
Travelling & Conveyance		9,13,77,283		7,93,26,383
Audit & Other Fees				
Audit Fees		2,58,970		2,58,970
Tax Audit Fees		60,610		60,610
Cost Audit Fees		33,060		33,060
Other matters		1,12,065		62,091
Donation		5,22,001		46,003
Depot Service Charges		4,08,91,213		3,41,32,857
Directors' Sitting Fees		3,20,000		2,70,000
Loss on Sale of Assets		2,72,356		10,93,633
Conversion Charges		65,08,721		47,92,289
Bad debts written off		1,61,50,954		1,95,29,737
Investments written off		-		2,07,000
Non recoverable advance/deposits written off		54,83,462		-
Loss on account of fire – Motor Car		1,05,862		-
Miscellaneous Expenses		2,98,74,288		2,28,69,081
		<u>65,67,05,882</u>		<u>58,40,88,557</u>

## Notes on Accounts

Sl. No.	Units	2005-06		2004-05		
		Quantity	Value Rs.	Quantity	Value Rs.	
I.	MATERIALS CONSUMED:					
a.	Industrial Alcohol	K.L.	8.102	5,22,105	8.334	5,20,424
b.	Sweetening Agents & Base	M.T.	258.134	50,62,918	233.336	44,85,193
c.	Fats & Oils	M.T.	2.718	3,18,365	2.321	3,00,071
d.	Vitamins & Nutrients	M.T.	1.578	26,03,376	1.400	25,11,975
e.	Drugs	M.T.	24.020	49,06,485	3.787	36,47,049
f.	Anti-Bacterial Preservatives	M.T.	5.486	10,57,615	4.425	8,14,371
g.	Flavouring & Colouring Agents	M.T.	5.279	16,87,927	5.084	15,65,746
h.	Enzymes & Biological Products	M.T.	66.718	98,95,033	55.712	86,44,957
i.	Vegetable & Crude Drugs	M.T.	142.515	93,30,577	100.497	68,09,767
j.	Cereals, Spices & Salts	M.T.	2610.683	3,08,35,444	1,867.772	2,06,77,901
k.	Antibiotics	M.T.	1.977	10,26,673	1.411	6,83,685
l.	Other Chemicals	-	-	67,85,488	-	41,60,320
m.	Containers & Closures	1000's	24,763.050	1,83,19,681	18,125.345	1,30,67,497
n.	Paper & Boards	M.T.	11.630	5,03,128	581.514	2,44,23,607
o.	Inks	M.T.	0.036	15,929	5.420	16,20,891
p.	Films	-	-	-	-	86,891
q.	Latex	M.T.	15.000	10,78,246	36.800	27,26,358
r.	Packing & Other Materials	-	-	4,13,00,326	-	4,10,90,927
				<u>13,52,49,316</u>		<u>13,78,37,630</u>
II.	VALUE OF MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR:					
a.	MATERIALS :		%		%	
i)	Imported		3.21	43,42,309	6.37	87,80,295
ii)	Indigenous		96.79	13,09,07,007	93.63	12,90,57,335
			<u>100.00</u>	<u>13,52,49,316</u>	<u>100.00</u>	<u>13,78,37,630</u>
b.	SPARE PARTS & COMPONENTS :					
i)	Imported		2.26	83,099	4.39	1,87,170
ii)	Indigenous		97.74	35,90,398	95.61	40,76,590
			<u>100.00</u>	<u>36,73,497</u>	<u>100.00</u>	<u>42,63,760</u>
III.	VALUE OF IMPORTS : (C.I.F. Value)					
i)	Raw Materials			1,10,73,259		1,27,58,782
ii)	Finished Goods			-		68,67,671
iii)	Capital Goods			1,00,841		-
iv)	Spares			1,43,629		1,88,655
				<u>1,13,17,729</u>		<u>1,98,15,108</u>
IV.	EARNINGS IN FOREIGN EXCHANGE:					
	Export of Goods (FOB Value)			1,93,26,312		1,21,87,721

Notes on Accounts (Contd.)

V. PARTICULARS OF GOODS MANUFACTURED:								
PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS	
					2005-06	2004-05	Opening	Closing
1. Liquid Products	A	Lakhs	1.110	1.200	-	-	-	-
	B	Lakhs	-	375.000	<b>36.366</b>	26.563	7.226	7.434
2. Dry Syrup	A	Lakhs	24.000	-	-	-	-	-
	B	Lakhs	-	-	-	-	-	-
3. Tablets	A	Lakhs	337.750	600.000	<b>75.789</b>	66.247	13.136	10.680
	B	Lakhs	-	3,400.000	<b>620.233</b>	603.112	101.447	77.423
4. Injectables	A	Lakhs	19.860	50.000	<b>4.910</b>	7.445	-	-
	B	Lakhs	-	100.000	<b>133.388</b>	95.108	17.426	19.647
5. Capsules	A	Lakhs	605.900	25.000	-	-	-	-
	B	Lakhs	-	600.000	<b>95.069</b>	70.777	14.220	18.035
6. Food Products	A	M.T.	10,000.000	5,800.000 <sup>+</sup>	<b>2,560.020</b>	1666.264	22.413	18.805
7. Granules	A	M.T.	-	135.000	-	-	-	-
	B	M.T.	-	-	<b>118.578</b>	103.773	18.273	22.965
8. Ointments	A	M.T.	-	15.000	-	-	-	-
9. Basic Chemicals / Drugs	A	M.T.	330.788	3.800	<b>0.016<sup>++</sup></b>	0.078 <sup>++</sup>	0.022	-
	B	M.T.	-	47.244	-	-	-	-
10. Maps & Atlases	A	Million Impressions	245.000	245.000	-	0.732 <sup>@</sup>	0.230 <sup>@</sup>	0.189 <sup>@</sup>
11. Heart Valves		Nos.	3,600	3,600 <sup>+</sup>	<b>3,953</b>	3,429	1,180	1,270
12. Latex Gloves								
Examination Gloves		Millions	30.000	30.000	-	-	-	-
Surgical Gloves		Millions	30.000	30.000	-	0.220	0.010	-
13. Blood Lancets		Millions	-	9.000	<b>0.094</b>	17.713	1.812	0.086
14. Sutures		Lakh Dozen	-	1.650	-	-	0.029	0.029
15. Foley Catheters		Millions	-	0.900	<b>0.246</b>	1.116	0.393	0.048
16. Hernia Repair Mesh		Lakh Sq. Inch.	5.000	5.000	<b>1.423</b>	1.554	0.917	0.441
17. Urinary Bags		Millions	-	0.600	<b>0.058</b>	0.130	0.028	0.006

\* 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

	2005-06 Rs.	2004-05 Rs.
VI. EXPENDITURE IN FOREIGN CURRENCY:		
i. Travelling	<b>11,38,853</b>	1,00,896
VII. A. DIRECTORS' REMUNERATION:		
1. Salary and Perquisites	<b>61,51,667</b>	56,94,177
2. Contribution to P.F., Gratuity & Superannuation Funds	<b>10,88,737</b>	9,87,501
	<b>72,40,404</b>	66,81,678

## Notes on Accounts (Contd.)

	2005-06 Rs.	2004-05 Rs.
<b>B. COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 198 OF THE COMPANIES ACT, 1956</b>		
Profit as per Profit & Loss Account	3,59,32,716	(2,37,64,056)
Add: Taxation	32,98,661	-
Fringe Benefit Tax	1,06,00,000	-
Depreciation	2,73,09,038	2,58,79,165
Directors' Remuneration	72,40,404	66,81,678
Sitting Fees	3,20,000	2,70,000
	<u>8,47,00,819</u>	<u>90,66,787</u>
Less: Depreciation allowable under Section 350 of the Companies Act, 1956	2,73,09,038	2,58,79,165
Net Profit as per Section 198 of the Companies Act, 1956	<u>5,73,91,781</u>	<u>(1,68,12,378)</u>
<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	78,03,224	1,30,72,100
Interest – Others	84,10,902	1,18,48,893
	<u>1,62,14,126</u>	<u>2,49,20,993</u>
<b>Note:</b> There is no interest accrued and due as on 31st March, 2006.		
	<b>2005-06 (Rs. in Lakhs)</b>	<b>2004-05 (Rs. in Lakhs)</b>
<b>IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:</b>		
Guarantees against letters of credit opened	-	-
Other Guarantees	40.47	42.23
Disputed Taxes / Claims, not acknowledged as debts	1342.80*	1597.68
* Includes Central Excise demand of Rs. 640.47 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. 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. 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. 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 less by Rs. 159.00 Lakhs for the year 2005-06 as detailed below:		
	2005-06 (Rs. in Lakhs)	2004-05 (Rs. in Lakhs)
<b>Deferred Tax Asset:</b>		
Unabsorbed Losses/ Tax Credit/ Depreciation	1342.13	1513.04
Current Year Losses/ Depreciation	-	59.77
Others	55.16	48.66
Total	<u>1397.29</u>	<u>1621.47</u>
<b>Deferred Tax Liability:</b>		
Depreciation Difference & Others	505.95	571.13
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>891.34</b>	<b>1050.34</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.		

## Notes on Accounts (Contd.)

- XIV Your Company availed Carry Forward benefits u/s.72A of the Income-Tax Act, 1961 relating to TTK Biomed Ltd., consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under the Income-Tax Act, 1961 and the Rules made thereunder. Your Company could not fulfil one of the conditions and hence an application has been made to CBDT for relaxation of this condition. If the relaxation is not granted, there may be an income tax liability of approx. Rs.2.25 crores.
- XV Your Company availed certain Carry Forward benefits u/s.72A of the Income-Tax Act, 1961 relating to TTK Medical Devices Ltd., consequent to its merger with your Company. For availing these benefits, certain conditions have to be under the Income-Tax Act, 1961 and the Rules made thereunder. Your Company could not fulfil some of these conditions and hence an application is being made to CBDT for relaxation of these conditions. In case the relaxation is not permitted, then the matter will be suitably dealt with in accordance with the Accounting Standards as prescribed by The Institute of Chartered Accountants of India.
- XVI The Company 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.
- XVII A sum of Rs.126.48 lakhs incurred towards Voluntary Retirement Scheme 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 the year under review.
- During the year, a sum of Rs.92.21 lakhs has been incurred towards Voluntary Retirement Scheme in respect of the employees of Waluj Factory and has been treated as Deferred Revenue Expenditure and has to be written off equally over a period of five years. Accordingly, proportionate amount of Rs.9.22 lakhs has been debited to Profit & Loss Account during the year under review.
- XVIII During the year, the Company has written off non-recoverable debts to the extent of Rs.161.51 lakhs.
- XIX The Public Works Department increased the Water Charges for the water drawn by the Paper Division from the river Bhavani from Rs.60/- per 1000 Cu. Mtr. to Rs.500/- per 1000 Cu. Mtr. on the contracted quantity of water, with effect from 9th May, 1991. 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 water charges @ 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 at Rs. 500 per 1000 Cu. Mtr. Aggrieved by this, the Company again 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.
- The Court has recently decided the case in favour of Public Works Department by passing an order for payment of Water Charges @ Rs.500/- per 1000 Cu. Mtr. on the contracted quantity. The Company has already preferred an appeal against the said Order.
- Since the Paper Division has been disposed off, the liability, if any, on this account upto the date of sale (i.e.14.11.1999), will have to be borne by the Company. As a matter of prudence, the Company has made a provision of Rs. 12 lakhs during the year (Rs. 33.51 lakhs upto March, 2006) 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.
- XX Sundry Creditors for goods shown under "Current Liabilities" (Schedule No.10) include Rs.692.96 Lakhs due to SSI Units. Listed below are the SSI Units to whom the Company owes amounts as at the Balance Sheet date.
- Ajantha Steels, AST Packaging, Dodal Sales Corporation, Krishna Plastics, Neelkamal Printing Press, Omkar Traders, Paras Plastics, Prachi Industries, Raj Chemicals, Sai Om Industries, United Packaging, Sanfran Inc, Saras Plastics, Parijatha Roller Flour Mills, Premier Plastics, Vinit Carbonic, Thangam Offsets Pvt Ltd., The Srimagal Co., Sakthi Pack, Arun Starch, Aditya Solvents and Chemicals, Goodwill Plastics, Karnataka Packing Industries, Marudhar Polysacks, Oceanic Foods Pvt. Ltd., Raghavendra Spices, Simple Packages Pvt. Ltd., Universal Food Flavours, Em-Shivmani Engineering, Padmavathi Art, Clarion Cosmetics, Hridaya, Pamban Packaging, Quality Needles, Northern Laboratories, Brahad Elastomers, Cheminova Remedies Pvt. Ltd., Promed Laboratories Pvt. Ltd., Srikals Graphics, Rubicon Formulations Pvt. Ltd., Ador Multiproducts Ltd., Sel Jegat Printers, Akshya Bowls, Avalon Cosmetics Pvt. Ltd, Padmam Herbalcare Pvt. Ltd, Super Press, Asian Aerosol, Nice Cosmetics, Premier Soaps, Alpha Containers, Alutop, D.J.Industries, Essaar Glass Works, Sree Krishna Straping & Labels, Fredna Enterprises, Fredun Pharmaceuticals, Ganga Enterprises, Herbocure, Immukimia Laboratories, Indras Agencies, Marvel Graphics, Pharma Research & Analytical Laboratories, Pearl Polymers, Polynova Packers, B.Pillai Plastics, Rasula Pharmaceuticals, Radiant Rubbers, Shree Packs, Sri Anitha Plastics, Swathi Chemicals, Sanat Products Ltd., Sterile Specialities (I) Pvt. Ltd., Star Drugs & Research Labs, Thirumala Enterprises, A to Z Pharmaceuticals Pvt. Ltd., Exon Enterprises, Manjushree Extrusions Ltd, The Orient Processors, All Season Herbs Pvt. Ltd, Medventures, Clarion Pharmaceuticals, Sri Ramana Healthcare Pvt. Ltd., Caplin Point Laboratories Ltd., N.P. Screen, Gelnova Laboratories (I) Pvt. Ltd., Maral Labs, Ansa Printpack Pvt Ltd, Axion, Baader Schulz Laboratories, Essen Herbs, Cassal Research Lab Pvt. Ltd., Makkam Pharmachem, Thallam Pharma International, Bharat Rubber Works, The New Premier Printers, Em-Arr Agencies, Arun Plast Pvt. Ltd., Sornam Graphics, Agbros Glass Works, Malind Laboratories, Ancor Taps Industries, Anupam Seals Pvt. Ltd., Janani Pharmaceuticals Pvt. Ltd., Sulphur Mills, R.P.Traders, Zincolide India, B.D.Enterprises, Bhakti Plastics, Pravin Industries, Sai Om Industries, Shree Chemo Plast, Shree Paper Products, Srishti Packaging Pvt. Ltd.,
- 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.
- XXI During the year, 14,93,500 shares of Rs.10/- each of M/s.TTK Healthcare Services Pvt. Ltd., have been sold to M/s.T T Krishnamachari & Co @ Rs.15/- each after obtaining necessary statutory approval(s).

## Notes on Accounts (Contd.)

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

	<b>2005-06</b>	2004-05
	<b>Rs.</b>	Rs.
Profit / (Loss) after Tax (Rs. In Lakhs)	<b>200.33</b>	(207.03)
Weighted Average number of Equity Shares used as denominator for calculating EPS (In Lakhs Shares)	<b>66.10</b>	66.10
Earnings per share of Rs. 10/- each	<b>3.03</b>	(3.13)

XXIII Fixed Assets taken on Finance Lease prior to 01.04.2001 amounted to Rs.53,45,805/-. The outstanding lease payments against this lease are NIL as on 31.3.2006. Future obligations towards lease rentals under the Lease Agreements as on 31.3.2006 amounted to Rs.36,908/- (previous year Rs.8,84,898/-)

	<b>2005-06</b>	2004-05
	<b>Rs.</b>	Rs.
Within one year	<b>36,908</b>	8,47,990
Later than one year and not later than 5 years	-	36,908
Later than 5 years	-	-

The Company has acquired vehicles on Finance Lease on or after April 1, 2001, amounting to Rs.1,08,09,324/- (previous year Rs.81,23,212/-)  
The minimum Lease rental outstandings as of 31st March, 2006 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	
	<b>31.03.2006</b>	31.03.2005	<b>31.03.2006</b>	31.03.2005	<b>31.03.2006</b>	31.03.2005
	<b>Rs.</b>	Rs.	<b>Rs.</b>	Rs.	<b>Rs.</b>	Rs.
Within one year	<b>29,44,044</b>	22,16,462	<b>9,24,874</b>	8,29,585	<b>20,19,170</b>	13,86,877
Later than one year and not later than 5 years	<b>70,07,880</b>	67,68,632	<b>11,05,730</b>	12,59,539	<b>59,02,150</b>	55,09,093
Later than 5 years	-	-	-	-	-	-
<b>Total</b>	<b>99,51,924</b>	89,85,094	<b>20,30,604</b>	20,89,124	79,21,320	68,95,970

XXIV. 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.

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

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

Related Parties / Firms	T T Krishnamachari & Co Pharma Research & Analytical Laboratories TTK Prestige Limited TTK LIG Limited Packwell Packaging Products Limited TTK Healthcare Services Pvt 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

## Notes on Accounts (Contd.)

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

	<b>2005-06</b> (Rs. in Lakhs)	2004-05 (Rs. in Lakhs)
Purchase of Finished Goods	<b>2752.63</b>	2562.81
Sale of Goods	<b>2.03</b>	149.83
Receiving Services	<b>253.21</b>	201.47
Interest Received on Deposits	<b>3.00</b>	10.81
Rental Charges Paid	<b>44.52</b>	38.32
Rental Charges Received	<b>8.02</b>	8.16
Logo Charges Paid	<b>72.08</b>	58.54
Rental Advance Paid	-	10.00
Sale of Investments	<b>224.03</b>	3.77
Inter-corporate Deposit Refund Received	-	100.00
Advance received for Sale of Investments	-	224.03
Outstanding Balance included in Current Assets	<b>59.29</b>	85.91
Outstanding Balance included in Current Liabilities	<b>481.52</b>	690.21
Managerial Remuneration	<b>72.40</b>	66.82

## Notes on Accounts (Contd.)

### 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

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

#### Sales

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

#### Treatment of Retirement Benefits

The contributions to Gratuity and Superannuation funds, as well as the 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

Bangalore  
25th May, 2006

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

## Segment-wise Revenue, Results &amp; Capital Employed:

<b>Segment-wise Revenue and Results :</b>						
(Rs. in Lakhs)						
Particulars	For the year ended 31-3-2006			For the year ended 31-3-2005		
	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	8,162.20	358.93	7,803.27	6,217.47	286.15	5,931.32
Medical Devices	786.75	12.69	774.06	869.88	30.59	839.29
Consumer Products Distribution	9,144.89	–	9,144.89	7,627.42	–	7,627.42
Printing/ Maps	192.46	–	192.46	583.91	10.43	573.48
Others	757.53	–	757.53	436.49	–	436.49
<b>Total Segment Revenue</b>	<b>19,043.83</b>	<b>371.62</b>	<b>18,672.21</b>	<b>15,735.17</b>	<b>327.17</b>	<b>15,408.00</b>
Less: Inter Segment Revenue	14.93	–	14.93	108.09	–	108.09
<b>Net Sales</b>	<b>19,028.90</b>	<b>371.62</b>	<b>18,657.28</b>	<b>15,627.08</b>	<b>327.17</b>	<b>15,299.91</b>
<b>Segment Results:</b>						
[Profit / (Loss) before Interest & Tax]						
Pharmaceuticals			1240.28			586.26
Medical Devices			(11.52)			(42.24)
Consumer Products Distribution			(164.76)			(57.68)
Printing / Maps			(245.97)			(213.67)
Others			82.32			(82.19)
<b>Total Segment Results</b>			<b>900.35</b>			<b>190.48</b>
Less: Interest Expenses			162.14			249.21
Less: Unallocable Expenses			205.38			153.62
(Net of Unallocable Income)						
<b>Total Profit/(Loss) before Tax &amp; Extraordinary Item(s)</b>			<b>532.83</b>			<b>(212.35)</b>
Less: Extraordinary Item - Voluntary Retirement Scheme – Amortised			34.52			25.30
<b>Total Profit/(Loss) before Tax &amp; after Extraordinary Item(s)</b>			<b>498.31</b>			<b>(237.65)</b>

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

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

(Rs. in Lakhs)

Particulars	As on	As on
	31.03.2006	31.03.2005
	Rs.	Rs.
Pharmaceuticals	2144.52	1954.22
Medical Devices	1963.29	2114.08
Consumer Products Distribution	(164.57)	16.52
Printing/Maps	200.48	145.34
Others	170.58	221.59
<b>Total Capital Employed in Segments</b>	<b>4314.30</b>	<b>4451.75</b>
Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	(211.19)	(108.95)
<b>Total Capital Employed in Company</b>	<b>4103.11</b>	<b>4342.80</b>
<b>Total Assets Exclude:</b>		
Investments	13.87	163.22
Deferred Tax Asset	1397.29	1621.47
Miscellaneous Expenditure to the extent not written off	148.34	90.65
<b>Total Liabilities Exclude:</b>		
Secured Loans	1249.00	1879.60
Unsecured Loans	106.60	160.64
Deferred Tax Liability	505.96	571.14
Proposed Dividend including Dividend Tax	150.75	-

#### Notes:

- 1 Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17) considering the organisation structure and the differential risks and returns of these segments.
- 2 Details of products included in each of the segments are as below:
  - \* Pharmaceuticals include products for both Human and Veterinary use. It also includes OTC Brands like Woodward's Gripewater distributed by Consumer Products Division.
  - \* Medical Devices include Artificial Heart Valves, Hernia Repair Mesh, Surgical Sutures, Catheters, Incontinence Bags, Gloves and Blood Lancets.
  - \* Consumer Products Distribution consists of marketing and distribution of EVA range of Cosmetics and Woodward's Baby Bath Soap (Own Brands) 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 Foods & 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.

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

I. REGISTRATION DETAILS		
Registration Number		003647
State Code		18
Balance Sheet Date		31-03-2006
II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)		
Public Issue		Nil
Rights Issue		Nil
Private Placement		Nil
III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)		
Total Liabilities		9,66,726
Total Assets		9,66,726
<b>Sources of Funds</b>		
Paid-up Capital		66,104
Reserves & Surplus		2,98,926
Secured Loans		1,24,900
Unsecured Loans		10,660
<b>Application of Funds</b>		
Net Fixed Assets		3,12,322
Investments		1,387
Net Current Assets		82,913
Deferred Tax Asset (Net)		89,134
Miscellaneous Expenditure to the extent not written off		14,834
IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)		
Turnover (Total Income)		18,86,232
Total Expenditure		18,32,949
Profit / (Loss) before Tax and Extraordinary Item(s)		53,283
VRS Amortised		3,452
Profit / (Loss) before Tax		49,831
Provision for Tax		3,298
Deferred Tax		15,900
Fringe Benefit Tax		10,600
Profit / (Loss) after Tax		20,033
Earning Per Share [after Extraordinary Item(s)] (in Rs.)		3.03
Dividend Rate		20%
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)		
Item Code No. (ITC Code)		Product Description
300390.27		Gripewater
300450.03		Calcium Supplement
330720.00		Deodorants

Annexure to our Report of date

For M/s. AIYAR & CO.  
Chartered Accountants

For M/s. S VISWANATHAN  
Chartered Accountants

V NATARAJAN  
Partner

C N SRINIVASAN  
Partner

Membership No. 454

Membership No.18205

Bangalore  
25th May, 2006

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

## Cash Flow Statement for the year ended 31st March, 2006

(Rs. in Lakhs)				
	2005-06		2004-05	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax		498.31		(237.64)
Adjustments for:				
Depreciation	273.09		258.79	
Profit / Loss on Sale of Assets	3.78		(7.08)	
Profit on sale of Investments	(74.67)		(28.99)	
Interest Paid	162.14		249.21	
Dividend Received	(0.32)	364.02	(0.01)	471.92
Operating Profit before working Capital Changes:		862.33		234.28
Adjustments for:				
Trade and Other Receivables	36.28		1060.38	
Inventories	(14.68)		(218.73)	
Trade Payables	216.33	237.93	271.55	1113.20
Cash generated from operations		1100.26		1347.48
Direct Taxes Paid		(39.46)		33.90
Cash Flow before Extraordinary Item(s) & Deferred Revenue Expenditure		1060.80		1381.38
Deferred Revenue Expenditure		(57.70)		25.30
Cash Flow after Extraordinary Item(s)		1003.10		1406.68
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>				
Purchase of Fixed Assets	(234.11)		(303.25)	
Sale of Fixed Assets	4.08		37.19	
Impairment of Assets	-		138.67	
Interest/ Dividend Received	0.32		0.01	
Sale of Investments	224.03		76.77	
Revenue Reserve Adjustment	-		(138.67)	
		(5.68)		(189.28)

## Cash Flow Statement for the year ended 31st March, 2006 (Contd.)

	(Rs. in Lakhs)			
	2005-06		2004-05	
	Rs.	Rs.	Rs.	Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Long Term Borrowings	<b>(658.33)</b>		(367.00)	
Bank Borrowings - Short Term	<b>27.72</b>		10.62	
Public Deposits / Other Loans	<b>(54.04)</b>		(97.02)	
Interest Paid	<b>(162.14)</b>		(249.21)	
Net Cash used in Financing Activities		<b><u>(846.79)</u></b>		<u>(702.61)</u>
Net Increase in Cash and Cash Equivalents		<b>150.63</b>		514.79
Cash and Cash Equivalents as at the beginning of the year	<b>1313.53</b>		798.74	
Cash and Cash Equivalents as at the end of the year	<b><u>1464.16</u></b>	<b><u>(150.63)</u></b>	<u>1313.53</u>	<u>(514.79)</u>

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

Bangalore  
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I Ravindran, *Wholetime Director*  
S Kalyanaraman, *Company Secretary*  
B V K Durga Prasad, *Vice President - Finance*

## Financial Highlights

(Rs. in lakhs)

	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00 (10 Months)	1998-99	1997-98	1996-97
Sales & Other Income*	19,233.95	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
Profit Before Tax	498.31	(237.64)	106.02	61.02	(883.52)	(456.88)	262.04	300.43	603.62	305.08
Deferred Tax	159.00	30.61	(56.75)	263.92	1,076.17	-	-	-	-	-
Fringe Benefit Tax	106.00	-	-	-	-	-	-	-	-	-
Profit After Tax	200.33	(207.03)	41.07	305.62	192.65	(447.40)	207.04	205.43	390.62	208.08
Dividend	132.21	-	-	-	-	-	125.75	125.75	125.75	125.75
Tax on Dividend	18.54	-	-	-	-	-	27.66	13.83	12.57	12.57
Retained Earnings	49.58	(207.03)	41.07	305.62	192.65	(447.40)	53.63	65.85	252.30	32.25
Net Block	3,123.22	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
Investments	13.87	163.22	211.01	211.01	263.88	2,036.60	579.33	668.87	586.77	501.41
Net Current Assets	829.13	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
Deferred Tax Asset	1,397.29	1,621.47	1,662.18	1,748.10	1,568.90	-	-	-	-	-
Deferred Tax Liability	(505.95)	(571.13)	(642.45)	(671.62)	(756.35)	-	-	-	-	-
Miscellaneous Expenditure	148.34	90.65	115.95	-	280.30	266.79	126.44	-	-	-
<b>Total Assets</b>	<b>5,005.90</b>	<b>5,647.00</b>	<b>6,452.28</b>	<b>6,967.20</b>	<b>8,040.21</b>	<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>
Share Capital	661.04	661.04	661.04	661.04	661.04 **	637.52	502.99	502.99	502.99	502.99
Reserves	2,989.26	2,945.72	3,297.60	3,393.16	3,975.42	4,036.51	3,041.57	2,994.00	2,935.42	2,690.64
Net Worth	3,650.30	3,606.76	3,958.64	4,054.20	4,636.46	4,674.03	3,544.56	3,496.99	3,438.41	3,193.63
Borrowings	1,355.60	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
<b>Total Liabilities</b>	<b>5005.90</b>	<b>5,647.00</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>
* 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.										



**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 48th 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 Thursday, the 24th August, 2006 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 Fortyeighth Annual General Meeting of the Company to be held on Thursday, the 24th August, 2006 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 .....2006.

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.

