

TTK HEALTHCARE LIMITED

Contents	Page
Board of Directors	1
Notice to Shareholders	2
Directors' Report (including Management Discussion and Analysis Report)	3
Report on Corporate Governance	10
Auditors' Report	16
Balance Sheet	18
Profit and Loss Account	19
Schedules	20
Notes on Accounts	25
Segmentwise Revenue, Results and Capital Employed	32
Balance Sheet Abstract and Company's General Business Profile	34
Cash Flow Statement	35
Financial Highlights	37

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr S Kalyanaraman

REGISTERED & ADMINISTRATIVE OFFICE

6, Cathedral Road
Chennai-600 086.

BANKERS

Bank of Baroda
Corporation Bank

STATUTORY AUDITORS

M/s Aiyar & Co.

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

M/s S Viswanathan

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

REGISTRARS & TRANSFER AGENTS

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

FACTORIES

- 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) H-12/13, MIDC Area, Waluj, Aurangabad 431 136.

DEPOTS

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

Notice to Shareholders

NOTICE is hereby given that the 49th Annual General Meeting of the Company will be held at **11.00 a.m. on Thursday, the 23rd August, 2007 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai - 600 014** to transact the following:

Ordinary Business:

- To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
- To declare Dividend.
- To elect a Director in the place of Dr K R Srimurthy, who retires by rotation and being eligible, offers himself for re-election.
- To elect a Director in the place of Mr B N Bhagwat, who retires by rotation and being eligible, offers himself for re-election.
- To elect a Director in the place of Mr K Shankaran, who retires by rotation and being eligible, offers himself for re-election.
- To elect a Director in the place of Mr J. Srinivasan, who retires by rotation and being eligible, offers himself for re-election.
- To appoint Auditors and fix their remuneration.

The Register of Members of the Company will remain closed from 17th August, 2007 to 23rd August, 2007 (Both days inclusive).

BY ORDER OF THE BOARD

Place : Chennai
Date : 28th June, 2007

S KALYANARAMAN
Company Secretary

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 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 **23rd August, 2007.**
- Members are requested to kindly keep the Company informed of any change in their respective mailing addresses immediately.
- Members are requested to bring their copy of the Annual Report to the Meeting.
- 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.
- Pursuant to Section 205C of the Companies Act, 1956, **all Unclaimed Dividends in respect of the financial years 1994-95, 1995-96, 1996-97, 1997-98 & 1998-99 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 year(s) 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 date(s) 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
31-03-2000 (10 month period)	21-09-2000	21-09-2007
31-03-2006	24-08-2006	24-08-2013

- Information required under Clause 49 VI A of the Listing Agreement with the Stock Exchanges with respect to the Directors retiring by rotation and being eligible seeking reappointment is as under:

1. Dr K R Srimurthy

Dr K R Srimurthy retires by rotation and is eligible for re-election. Dr Srimurthy is an M.B.B.S. and F.R.C.S., (Lond.). He has vast experience in the field of Medicine and is a renowned Paediatric Surgeon. He was inducted into the Board of your Company in the year 1989. He does not hold any other Directorship. He is a member of the Remuneration Committee. He does not hold any shares in the Company. The Resolution is commended for adoption. None of the Directors except Dr K R Srimurthy is deemed to be interested in this Resolution.

2. Mr B N Bhagwat

Mr B N Bhagwat retires by rotation and is eligible for re-election. Mr Bhagwat held various positions in Government and has vast experience both in Government and Industry. Mr Bhagwat was earlier on the Board of the erstwhile TTK Biomed Limited, which merged with your Company. He was inducted into the Board of your Company in the year 2000. He does not hold any other Directorship. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He does not hold any shares in the Company. The Resolution is commended for adoption. None of the Directors except Mr B N Bhagwat is deemed to be interested in this Resolution.

3. Mr K Shankaran

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

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

He is a member of the Audit Committee, Remuneration Committee and the Shareholders/ Investors Grievance Committee. He holds 247 Equity Shares in the Company. The Resolution is commended for adoption. None of the Directors except Mr K Shankaran is deemed to be interested in this Resolution.

4. Mr J Srinivasan

Mr J Srinivasan retires by rotation and is eligible for re-election. 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 was inducted into the Board of your Company in the year 2005. He is also a Director on Board of the following Companies:

- ♦ SSL TTK Limited
- ♦ T T Enterprises Pvt. Ltd.

He does not hold any shares in the Company. The Resolution is commended for adoption. None of the Directors except Mr J Srinivasan is deemed to be interested in this Resolution.

BY ORDER OF THE BOARD

Place : Chennai
Date : 28th June, 2007

S KALYANARAMAN
Company Secretary

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

Directors' Report

(Including Management Discussion and Analysis Report)

Your Directors have pleasure in presenting the 49th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

	2006-07 (Rs. in lakhs)	2005-06 (Rs. in lakhs)
Profit before Depreciation, Extraordinary Item(s) & Tax	916.25	805.92
Less : Depreciation	288.12	273.09
	628.13	532.83
Less : VRS Amortised	43.74	34.52
Profit before tax	584.39	498.31
Less : Provision for tax		
Current Tax	54.30	32.98
Deferred Tax	130.00	159.00
Fringe Benefit Tax	100.00	106.00
Profit after tax	300.09	200.33
Appropriations :		
Proposed Dividend	202.76	132.21
Provision for tax on Dividend	34.46	18.54
Amount transferred to General Reserve	62.87	49.58
	300.09	200.33

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.50 (25%) per Equity Share of Rs.10/- each.

REVIEW OF PERFORMANCE

During the year under review, your Company achieved a sales turnover of Rs.214.30 crores as against the previous year's figure of Rs.190.29 crores, resulting in a growth of around 13% and earned a pre-tax profit of Rs.5.84 crores as against the previous year's figure of Rs.4.98 crores.

A detailed analysis is provided under the section "Management Discussion and Analysis" below.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) ECONOMIC AND BUSINESS ENVIRONMENT

The GDP growth for the year 2006-07 was 9.4% as compared to 8% in the previous year 2005-06. The Industrial sector has grown impressively propelled by robust growth in the manufacturing sector to attain a growth rate of 11% and the services sector also grew by around 11%. The investment scenario looks optimistic, particularly with rising domestic savings rates and FDI inflows. The Forex reserves (excluding Gold and SDRs) stood at \$191.92 billion at the end of March, 2007 and the inflation rate hovers at around 5%. On the negative side, Agriculture and allied activities' growth, however, slowed down to 2.7% in 2006-07. Another concern is the significant increase in the rate of interest which would push the cost of funds for the corporates and have an impact on their profitability. The Pharmaceutical formulations market witnessed a value growth of around 14% during the year and the new products continue to drive the growth.

(B) 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. Further, opening up of the Health Insurance Sector and the expected growth in the per capita income would be the key drivers for the expansion of the Healthcare Industry of which Pharma Industry is an integral part.

- With the increasing awareness and wider acceptance of herbal therapy, herbal formulations also provide an opportunity for growth, particularly for life style related ailments like stress, diabetes, etc., as your Company is already present in this segment.
- The unique advantage of having an exclusive network for distribution of OTC products available to your Company can be leveraged for launch of new products under its own brands which 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 quality 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 has restricted the access for Indian Pharma Companies to the latest molecules which were hitherto available for exploitation by them. However, there will be opportunities for these Companies to launch products that are out of patents.
- There have been rapidly changing new drug discovery technologies and processes at the global level and the Indian Pharmaceutical industry being fiercely competitive requires huge capital investment in upgrading the facilities to match international standards. MNCs and Foreign companies have an advantage over the domestic companies in this regard.

(C) SEGMENTWISE PERFORMANCE

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

In addition, your Company is also engaged in Foods and Publishing Businesses.

We shall now have a look at the performance of 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.

Directors' Report (Contd.)

Ethical Products Division

The Ethical Products Division of your Company covers Gynaecologists, Physicians, Orthopaedists, Cardiologists and General Practitioners and the field force spread across the country meets around 60,000 doctors every month.

The Ethical Products Division's product range encompasses Calcium Supplements, Haematinics, Cervical Dilator, Thrombolytic Agents, Rejuvenators, Multimineral Supplements, Galactagogues, Liver Correctives, Pain Management Products, Anti-Ulcerants, etc.

During the year under review, the performance of the Ethical Products Division has not been upto expectation. Though the newly launched products like Dolobest Range, Nurobest OD and Rabulcer-D have done reasonably well, the performance of the old products like Epidosin, Mezica, Nimulase, Streptokinase, etc., was not very satisfactory and this has affected the overall profitability of the Division. Further, the performance was also impacted due to increased attrition rate, particularly in regions like Vijayawada, Hyderabad, Mumbai, Ahmedabad, Delhi, Guwahati, etc. and static per man productivity. However, steps have already been initiated for reversing the situation and the performance is expected to be better during the current year.

Ventura Division

Ventura Division which was established for enhancing the focus on herbal products portfolio of your Company is now present in 13 Regions across the country, with a coverage of around 30,000 doctors every month. Though the performance was good, the same could have been better but for the huge attrition rate. Your Company is taking necessary steps for retaining the people to grow the business further.

Under the Ventura Division, your Company has launched three new products viz., **LYCO-Q** (Male Infertility Formulation), **ARTHRID OIL** (Anti-Arthritis Formulation) and **UTRONORM FORTE** (Fortified Version of Poly Herbal Uterine Tonic).

Animal Welfare Division

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 750 stockists across the country and in Nepal.

The Animal Welfare Division of your Company deals with Liver Correctives, Calcium and Phosphorus Supplements, Anthelmintics, Antibiotics, Ectoparasiticides, etc.

The performance of Animal Welfare Division was marginally impacted due to the Avian Flu in the first quarter of the year under review. However, in view of the good performance in the subsequent quarters, the overall performance has been on the expected lines. During the year under review, your Company has launched a new product viz., **IMMULAR** (Herbal Immuno Modulator) under this Division.

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 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 was good. The year under review also saw your Company's entry into Skin Care Segment, with the launch of a Moisturizer and a

Lip Balm under the EVA brand. Woodward's Gripe Water, the flagship brand of the Company, grew in excess of 7% in a market which is almost stagnant and it is expected that the growth process would continue during the current year too.

Last year, your Company launched a Baby Soap under the Woodward's brand name. Though it is a good product with an attractive packaging, it did not do as well as anticipated. It sells in pockets now. It is expected that it would gather momentum gradually.

The entire EVA range maintained its fast growth rate during 2006-07 also. Two new variants viz., EVA Blush and EVA Snow were added to the Deodorant category and they are doing well.

The Kohinoor Pink recorded a growth of around 7% and its performance was affected due to competition from imported brands. However, the value added products like Kohinoor variants viz., Xtra Time and Triple Xtra and Durex have recorded good growth. Durex also helped your Company to get shelf-space in modern format outlets.

The Shoe care range did fairly well by improving its market share. However, in the hair care category, the growth of Brylcreem Gel was not as expected due to entry of new brands both in the organized and unorganized sectors coupled with huge ad-spend by the organized players.

MEDICAL DEVICES / DISPOSABLES BUSINESS

Heart Valve Division

The performance of the Heart Valve Division during the year under review has been quite encouraging with a sale of 4695 valves.

The efforts put in by your Company during the last few years for developing the export market have started yielding results. Trial orders have been received from Thailand, Bangladesh, Kenya, etc.

The state-of-the-art Manufacturing Facility with R&D Infrastructure for Heart Valves and other Medical Devices at Trivandrum is nearing completion and the same would be commissioned shortly. Action is also being taken for obtaining CE marking for Heart Valves and other Bio-medical Devices.

The animal trials relating to the Improved Heart Valve have been completed and the initial observation is that the new valve is superior in performance. Your Company is now planning to take up the batch production of the new model valve for controlled clinical trial which is expected to be cleared by the Ethics Committee by the end of this calendar year. The new valve is expected to get the Ethics Committee clearance for commercial production / sale by the end of 2008.

The training for the fabric weaving for the Graft fabrication relating to the large diameter Vascular Graft Prosthesis has been completed at South India Textile Research Association (SITRA) and enough material for clinical trial has been fabricated. A few batches of the graft have been produced and the same have been sent to few centers for trials and the initial results are encouraging. The clinical trial is expected to be completed by the end of this calendar year.

The project for the development of the Coronary Stent under the New Millennium Indian Technology Leadership Initiative (NMITLI) is in progress. The design and Finite Element Analysis (FEA) studies of the Stent have been completed and vendors are also identified. The final prototypes would be ready by the end of this year.

Medical Devices Division

Steps are being taken for disposing of the Medical Devices / Disposables Undertaking at Waluj (Medical Devices Division) and this exercise is likely to be completed by end July, 2007.

Directors' Report (Contd.)

Biomed Division

In accordance with the approval provided by the Board of Directors and the Shareholders of your Company, the transfer process relating to the Gloves Manufacturing Undertaking (Biomed Division) at Chikalthana, Aurangabad, stands fully completed.

PUBLICATIONS BUSINESS

As mentioned in the last Annual Report, your Company started focusing on the Publications Business with specific reference to Maps Publications, Digital Cartography, Tourist Information Books, etc. The Digital Cartography Section has been further strengthened by adding qualified manpower for updating the existing titles and also for carrying out customized projects in the area of map related products / services for Government as well as Corporate Customers.

Further, considering the potential available for GIS / GPS business, your Company is in the process of setting up a GIS Infrastructure and this will focus on the entire gamut of GIS / GPS services. Further, your Company is also looking for a suitable Technology Partner for taking the GIS / GPS businesses forward.

FOODS BUSINESS

The performance during the year under review has been good. The profitability was marginally affected due to escalation in the input costs. However, subsequently steps were initiated for revising the selling prices upwards.

In view of the positive trends as above, the outlook for 2007-08 appears promising.

(D) RISKS AND CONCERNS

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

(E) FINANCIAL PERFORMANCE:

	(Rs. in lakhs)	
	2006-07	2005-06
Sales	21,429.53	19,028.90
Less : Excise Duty relating to Sales	315.64	371.62
	21,113.89	18,657.28
Other Income	291.67	205.05
Total Income	21,405.56	18,862.33
Goods Consumption	13,083.60	11,489.35
Expenses	7,251.76	6,404.92
Profit before Interest, Depreciation and Extraordinary Items	1,070.20	968.06
Interest	153.95	162.14
Depreciation	288.12	273.09
Operating profit for the year	628.13	532.83
Less : VRS Amortised	43.74	34.52
Profit before Tax	584.39	498.31
Less: Provision for Tax		
Current Tax	54.30	32.98
Deferred Tax	130.00	159.00
Fringe Benefit Tax	100.00	106.00
Profit after Tax	300.09	200.33

Income

Sales Turnover

During the year under review, the Company registered a sales turnover of Rs.214.30 crores as against the previous year's turnover of Rs.190.29 crores, resulting in a growth of around 13%. Almost all the businesses have shown growth during the year under review.

Other Income

The "Other Income" stands at Rs.291.68 lakhs as against the previous year's figure of Rs.205.05 lakhs. This mainly represents the profit made on the transfer of Biomed Division (Rs.50.54 lakhs) and sale of machinery at Printing Division (Rs.95.48 lakhs). The "Other Income" also includes interest on Fixed Deposits amounting to Rs.72.76 lakhs earned during the year under review, as against the previous year's figure of Rs.39.05 lakhs.

Expenditure

Goods Consumption

The goods consumption as a percentage of sales for the year works out to 61.96% as against the previous year's figure of 61.58% and there is no major variation in the product mix.

Expenses

There has been an increase in the Advertisement and Sales Promotion expenses to the extent of Rs.331.83 lakhs which mainly represents the higher advertisement & promotional expenses incurred on Woodward's Griewater & Baby Bath and EVA range of products.

The expenses also include a sum of Rs.88.16 lakhs representing bad debts written off.

The increase in various expenses is more or less in line with the increase in sales turnover and the general inflationary trend.

Paid-up Share Capital

During the year under review, 15,00,000 Equity Shares of Rs.10/- each have been allotted to the Promoters of the Company at a price of Rs.73/- per share (including a premium of Rs.63/- per share) on preferential basis and consequently, the Paid-up Share Capital stands increased from Rs.661.04 lakhs to Rs.811.04 lakhs.

Reserves & Surplus

There is an increase of Rs.945.00 lakhs in the Share Premium Account which represents the premium of Rs.63/- per share collected from the Promoters of the Company in respect of the preferential allotment of 15,00,000 Equity Shares made to them.

Fixed Assets

There has been an addition of Rs.123.80 lakhs to Fixed Assets (including leasehold assets) which mainly represents the amounts incurred for acquisition of plant & machinery, computers, vehicles, laboratory equipments, furniture and fixtures, dies, etc.

A sum of Rs.314.31 lakhs has been deleted from the net block consequent to the sale of the Gloves Manufacturing Undertaking (Biomed Division) at Chikalthana and Rs.21.76 lakhs being the book value of the machineries at Printing Division disposed of. The Capital Work-in-Progress of Rs.270.21 lakhs represents the money spent on the Manufacturing Facility under construction for Heart Valves and other Bio-medical Devices at Trivandrum.

Sundry Debtors

There has been an increase in Sundry Debtors from Rs.18.75 crores to Rs.21.65 crores which is proportional to the increase in sales turnover.

Loans and Advances

During the year under review, there has been an increase in the Loans and Advances from Rs.416.53 lakhs to Rs.647.35 lakhs. The increase

Directors' Report (Contd.)

mainly represents the payment of advance Fringe Benefit Tax amounting to Rs.167.33 lakhs and advance Income Tax of Rs.64.69 lakhs.

Cash and Bank Balances

During the year under review, there has been an increase in the cash and bank balances from Rs.14.64 crores to Rs.26.02 crores. This represents the proceeds of the preferential allotment made to the Promoters of the Company and the sale proceeds of Biomed Division, kept in deposits with banks.

(F) 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.

(G) INFORMATION TECHNOLOGY

The national implementation of the Oracle ERP stands completed and is working satisfactorily. Your Company is now in the process of expanding the ERP to the Foods and Publications Divisions. Your Company is also working on migrating to an upgraded version of the Oracle Software.

(H) HUMAN RESOURCES

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

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

Your Company entered into a long term wage settlement with the Field Staff of Ethical Products Division and this will be valid for a period of 3 years upto 31st December, 2008. Your Company also entered into a long term wage settlement with the Workers' Union of Pallavaram Factory and this will be valid for a period of 4 years upto 30th September, 2010.

As on 31st March, 2007 the employee strength was 1160. Your Company is also continuously focusing on rightsizing the employee strength, wherever necessary.

(I) FUTURISTIC STATEMENTS

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

PREFERENTIAL ALLOTMENT

During the year under review, your Company allotted 15,00,000 Equity Shares of Rs.10/- each at a price of Rs.73/- per share (including a premium of Rs.63/- per share) to the Promoters, M/s T T Krishnamachari & Co., on preferential basis and the proceeds thereof are kept in bank as fixed deposits.

DISINVESTMENT

During the year under review, your Company has divested 5000 Equity Shares of Rs.10/- each held in TTK Healthcare Services Private Limited, at a price of Rs.45/- per share aggregating to Rs.2.25 lakhs to M/s T T Krishnamachari & Co. and made a profit of Rs.1.75 lakhs.

FINANCE

The total Secured and Unsecured borrowings stood at Rs.13.75 crores as against the previous year's figure of Rs.13.56 crores.

During the year under review, your Company has repaid Secured borrowings to the extent of Rs.125 lakhs to UTI Bank Limited and also repaid Interest Free External Commercial Borrowing (ECB) of Rs.100 lakhs provided by M/s Maersk Medical A/S Denmark.

The working capital borrowings from banks also include a sum of Rs.182.40 lakhs (previous year Rs.45.66 lakhs) representing the Vendor bills discounted with Corporation Bank and to this extent, there has been a reduction in the Creditors for goods.

FIXED DEPOSITS

As on 31st March, 2007, your Company was holding an aggregate sum of Rs.6.45 lakhs on account of Fixed Deposits.

This entire sum of Rs.6.45 lakhs relating to 12 accounts was unclaimed as on that date. Subsequently, one deposit amounting to Rs.10,000/- has been refunded in May 2007 and the balance 11 deposits 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 T T Raghunathan has been re-appointed as Executive Vice Chairman of the Company, for a further period of five years, effective 1st November, 2006.

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

AUDITORS

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

LISTING

Your Company's shares are listed with –

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

During the year under review, listing approvals have been obtained from the Madras Stock Exchange Limited, Chennai and Bombay Stock Exchange Limited, Mumbai, for the 15,00,000 Equity Shares of Rs.10/- each allotted at a price of Rs.73/- per share to the Promoters of your Company, M/s T T Krishnamachari & Co., on preferential basis.

The Listing Fees have been paid for the financial year 2007-08.

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' Report (Contd.)

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.

Place : Chennai
Date : 28th June, 2007

Registered Office:

No.6, Cathedral Road
Chennai 600 086

For and on behalf of the Board

T T JAGANNATHAN
Chairman

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, 2007

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	
	2006-07	2005-06
A. Power and Fuel Consumption		
1. Electricity:		
(a) Purchased		
Units	18,15,362	19,53,819
Total Amount (Rs.)	1,00,14,575	1,05,89,262
Rate per Unit (Rs.)	5.52	5.42
(b) Own Generation		
Units	92,877	88,079
Unit per litre of Diesel Oil	2.22	2.30
Cost per Unit (Rs.)	14.17	12.35
2. Furnace Oil/Light Diesel Oil:		
Quantity (litres)	1,97,504	2,09,303
Total Amount (Rs.)	45,58,064	41,54,428
Average rate per litre (Rs.)	23.08	19.85

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

B. Technology Absorption :

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

- (a) Development of –
- Herbal Immunomodulator;
 - Anti-Arthritis Oil;
 - Anti-oxidant;
 - Fortified Version of Poly Herbal Uterine Tonic;
 - Enzyme powder with Enzyme activity enhancers;
- (b) Animal trials on the new design heart valves are over. Initial results show that the new model valve with Titanium Nitride coating has superior biocompatibility.
- (c) The technology for producing coated grafts has been developed.
- (d) The technology for capacitor discharge welding of Sternotomy Sutures has been fully stabilized.
- (e) The R&D facility at Trivandrum has been built and is being commissioned shortly.

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

- The Company has launched the following products:
 - Immular Liquid (Herbal Immuno Modulator)
 - Arthrid Oil (Anti-Arthritis Formulation)
 - Lyco-Q Capsules (Male Infertility Formulation)
 - Utronorm Forte (Fortified Version of Poly Herbal Uterine Tonic)
- Improved productivity with better control over the environment inside the Devices Production facility will be realized.

(iii) Future Plan of Action

- (a) At present, work is being carried out on the following products which will be commercialized after the trials:
- Poly Herbal digestive tonic
 - Poly Herbal child growth and memory booster

- Pregnancy anaemia tablet

- Poly Herbal anti-diarrhoeal

(b) Commercial / Regular production of Sternotomy Sutures using the new technology will be taken up in the new manufacturing facility at Trivandrum

(c) Production of coated straight Vascular Grafts for clinical trials will be taken up in the new manufacturing facility at Trivandrum

(d) Batch production of the new model valve for controlled clinical trials will be taken up

(e) Ethylene Oxide Sterilization of heart valves will be set up in the new facility at Trivandrum

(iv) Expenditure on R&D:

	2006-07	2005-06
	Rs.	Rs.
(a) Capital	6,88,060	–
(b) Recurring	28,39,238	37,79,033
(c) Total	35,27,298	37,79,033
(d) % of R&D expenses to sales	0.16%	0.20%

(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 Medical Devices have been designed and are being fabricated.

(3) Benefits derived from the above efforts:

This would improve productivity without increasing operator numbers thereby minimizing bio burden.

(4) Details of Imported Technology:

None

(5) Foreign Exchange Earnings & Outgo:

	2006-07	2005-06
Foreign Exchange Earnings		
Exports	1,80,05,235	1,93,26,312
Foreign Exchange Outgo		
Imports	1,34,65,626	1,13,17,729
Travel, Consultancy & Analytical Charges	12,07,202	11,38,853
Total	1,46,72,828	1,24,56,582

For and on behalf of the Board

Place : Chennai
Date : 28th June, 2007

T T JAGANNATHAN
Chairman

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

Annexure to the Directors' Report (Contd.)

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, 2007.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr T T Raghunathan	Executive Vice Chairman	35,27,821	35	55	B.Com	01.11.2001	Managing Director TTK Tantex Limited
Mr I Ravindran	Wholetime Director	34,26,341	32	58	M.Sc., M.M.S.	10.01.1988	Regional Sales Manager TTK Prestige Limited

- Notes: 1. Gross Remuneration includes Salary, Dearness Allowance, House Rent Allowance, 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 : Chennai
Date : 28th June, 2007

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 10 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 K Shankaran	Non-Promoter / Non-Executive	Director
Mr I Ravindran	Non-Promoter / Executive	Wholtime Director

BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS

The Board of the Company met six times during the financial year ended 31st March, 2007, on the following dates:

- 25th May, 2006
- 19th July, 2006
- 21st July, 2006
- 24th August, 2006
- 18th October, 2006
- 30th January, 2007

There was also a Meeting of the Committee of Directors on 25th August, 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 (24.08.06)	Other Directorships	Committee member-ship	Committee Chairmanships
Mr T T Jagannathan	4	Yes	6 ^s	–	–
Mr T T Raghunathan	6	Yes	4	–	–
Mr R K Tulshan	5	No	1	–	–
Dr K R Srimurthy	4	Yes	–	–	–
Mr B N Bhagwat	5	Yes	–	–	–
Mr J Srinivasan	6	Yes	1	–	–
Mr R Srinivasan	3	Yes	11	7	3
Mr K Vaidyanathan	6	Yes	–	–	–
Mr K Shankaran	6	Yes	3 ^s	1	–
Mr I Ravindran	5	Yes	–	–	–

Other Directorships do not include Private Companies.

§ Includes Directorship of one Overseas Entity.

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

Audit Committee

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

In line with the revised Clause 49 [Corporate Governance] of the Listing Agreement, the Audit Committee was reconstituted 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 five times during the year under review, on the following dates:

- 25th May, 2006
- 19th July, 2006
- 24th August, 2006
- 18th October, 2006
- 30th January, 2007

Report on Corporate Governance (Contd.)

All the above meetings were attended by all the Members of the Committee except Mr R K Tulshan who did not attend the Audit Committee Meeting held on 24th August, 2006.

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.

Consequent to the cessation of the directorship of Mr D Srinivasan, the said Committee was reconstituted on 25th May, 2006 by inducting Mr I Ravindran as Member.

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 19th July, 2006 and 30th January, 2007 and reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

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

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

Nature of Complaints	2006-07
Non-receipt of Dividends	3
Non-receipt of Shares sent for transfer/transmission	–
Non-receipt of Balance Sheet	2
Others	–
Total	5

All the complaints were resolved satisfactorily and there has been no pending complaint as on 31st March, 2007.

Directors' Remuneration:

The details of remuneration paid to the Wholtime Directors for the year 2006-07 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	14,50,000	16,17,717	4,60,104	35,27,821	5 years with effect from 1st November, 2006
Mr I Ravindran Wholtime Director	12,45,000	13,78,191	8,03,150	34,26,341	5 years with effect from 24th October, 2002
Mr D Srinivasan [®] Executive Director	15,417	13,447	4,419	33,283	5 years with effect from 6th April, 2001

[§] The Board of Directors, in accordance with the recommendations of the Remuneration Committee, re-appointed Mr T T Raghunathan as Executive Vice Chairman of the Company for a further period of 5 years with effect from 1st November, 2006 and

also revised his remuneration package. This proposal was subsequently approved by the Shareholders of the Company. The Company has also obtained necessary approval from the Central Government for the said re-appointment and the revised remuneration package in accordance with the provisions of and Schedule XIII to the Companies Act, 1956.

[®] Ceased to be the Director of the Company with effect from 6th April, 2006.

The managerial remuneration paid to the Wholtime Directors is in accordance with the provisions of and Schedule XIII to the Companies Act, 1956.

The Company currently does not have Stock Options Scheme.

The Company paid Sitting Fees of Rs.5,000/- per meeting attended (Both Board Meetings & Committee Meetings) to each of the Non-Executive Directors during the year 2006-07. No other payment is made to the Non-Executive Directors.

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

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

Particulars of Directors seeking appointment / re-appointment

1. Dr K R Srimurthy

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

Dr Srimurthy is an M.B.B.S. and F.R.C.S., (Lond.). He has vast experience in the field of Medicine and is a renowned Paediatric Surgeon.

He was inducted into the Board of your Company in the year 1989.

He does not hold any other Directorship.

He is a member of the Remuneration Committee.

He does not hold any shares in the Company.

2. Mr B N Bhagwat

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

Mr Bhagwat held various positions in Government and has vast experience both in Government and Industry.

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

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

He does not hold any other Directorship.

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

He does not hold any shares in the Company.

3. Mr K Shankaran

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

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

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

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

- ♦ TTK Prestige Ltd.
- ♦ Prestige Housewares India Ltd.
- ♦ Mantra, Inc.
- ♦ TTK Services Pvt. Ltd.
- ♦ TTK Healthcare Services (P) Ltd.

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

He holds 247 Equity Shares in the Company.

4. Mr J Srinivasan

Mr J Srinivasan retires by rotation and is eligible for re-election.

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 was inducted into the Board of your Company in the year 2005.

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

- ♦ SSL TTK Limited
- ♦ T T Enterprises Pvt. Ltd.

He does not hold any shares in the Company.

Report on Corporate Governance (Contd.)

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.

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
2004	10th September, 2004	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	–
2005	9th September, 2005	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	1
2006	24th August, 2006	12.00 noon	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	–

An Ordinary Resolution was passed through Postal Ballot process on 23rd December, 2006 as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, for obtaining the consent of the Shareholders of the Company under Section 293(1)(a) of the Companies Act, 1956, to sell, lease or otherwise dispose of the whole or substantially the whole of the Undertaking (Medical Devices Division) of the Company at Waluj, Aurangabad, engaged in the manufacturing and marketing of Medical Devices / Disposables.

Extraordinary General Meetings

During the year, two Extraordinary General Meetings were held as detailed below:

- On 18th August, 2006 for obtaining the approval of the Shareholders for the allotment of 15,00,000 Equity Shares of Rs.10/- each at a price of Rs.73/- per share (including a premium of Rs.63/- per share), on preferential basis, to the Promoters of the Company, M/s T T Krishnamachari & Co., by means of a Special Resolution; and
- On 5th December, 2006 for obtaining the approval of the Shareholders for the re-appointment of Mr T T Raghunathan as Executive Vice Chairman of the Company, for a further period of five years, with effect from 1st November, 2006 and the revision in the remuneration payable to him, by means of a Special Resolution.

Preferential Issue

The Company allotted 15,00,000 Equity Shares of Rs.10/- each at a price of Rs.73/- per share (including a premium of Rs.63/- per share), on Preferential Basis to the Promoters of the Company, M/s T T Krishnamachari & Co., on 25th August, 2006, after obtaining necessary approval(s).

Open Offer

Subsequent to the aforesaid Preferential Allotment of 15,00,000 Equity Shares, the Promoters of the Company, M/s T T Krishnamachari & Co., made an Open

Offer to the Shareholders of the Company for acquiring 16,22,083 Equity Shares of Rs.10/- each representing 20% of the fully expanded voting equity capital of the Company, at a price of Rs.73/- per share and acquired 6,028 Equity Shares, through the said Open Offer.

Subsidiary Company

The Company does not have any Subsidiary Company.

Disclosures

● Related Party Disclosure:

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

The particulars of transactions between the Company and its related parties as per Accounting Standard 18 (AS-18) are set out on Page No.29 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 minimization procedures have been laid down by the Company and presented to the Board.

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

● 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.14 of this Annual Report.

Means of Communication

- The Unaudited Financial Results (Provisional) for every Quarter and the Annual Audited Financial Results of the Company, in the prescribed proforma, are taken on record by the Board and are submitted to the Stock Exchanges. The same are published, within 48 hours, in "News Today" and "Makkal Kural".
- The Quarterly / Annual Results are also put on the Company's website at www.ttkhealthcare.com and Electronic Data Information Filing and Retrieval (EDIFAR) site of SEBI www.sebidifar.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	–	23rd August 2007
Day	–	Thursday
Time	–	11.00 am

Report on Corporate Governance (Contd.)

Venue – The Music Academy
Kasturi Srinivasan Hall (Mini Hall)
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, 2007 to
23rd August, 2007
(Both Days Inclusive)

d) **Dividend Payment Date** – September, 2007

e) Listing on Stock Exchanges

Your Company's shares are listed with –

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

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

g) Demat Arrangement with NSDL and CDSL

Demat ISIN INE910C01018

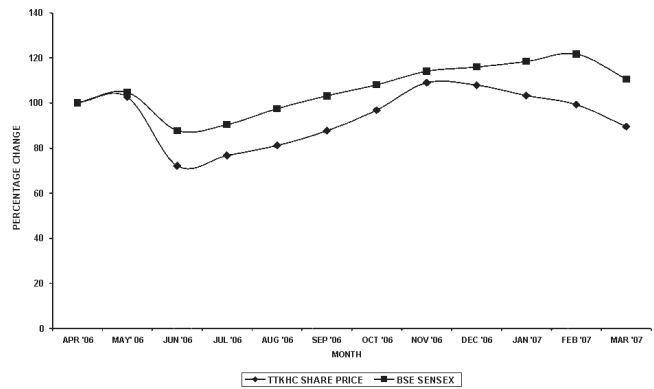
h) Stock Price Data

Month	BSE 2006-07			BSE 2005-06		
	High Rs.	Low Rs.	Volume	High Rs.	Low Rs.	Volume
April	93.45	84.70	197958	47.60	43.95	119524
May	95.90	70.10	120302	62.75	42.70	612935
June	67.40	49.90	60283	62.50	50.30	209842
July	71.70	55.00	121541	59.80	51.15	373846
August	75.85	70.30	59448	78.45	55.20	1118461
September	81.95	71.05	284735	78.85	70.10	599316
October	90.50	78.00	160548	72.95	54.20	178145
November	101.85	79.00	468083	64.30	56.90	109825
December	100.80	89.70	668585	66.70	57.75	132453
January	96.50	90.25	96414	67.65	61.95	162871
February	92.75	75.15	70362	76.85	64.05	275178
March	83.65	69.00	123042	87.80	65.30	323697

i) Stock Performance Vs BSE Sensex

Month	TTKHC Share Price (High)		BSE Sensex (High)	
	Price (High)	% Change	Price (High)	% Change
April '06	93.45	–	12102.00	–
May '06	95.90	3%	12671.11	5%
June '06	67.40	–28%	10626.84	–12%
July '06	71.70	–23%	10940.45	–10%
August '06	75.85	–19%	11794.43	–3%
September '06	81.95	–12%	12485.17	3%
October '06	90.50	–3%	13075.85	8%
November '06	101.85	9%	13799.08	14%
December '06	100.80	8%	14035.30	16%
January '07	96.50	3%	14325.92	18%
February '07	92.75	–1%	14723.88	22%
March '07	83.65	–10%	13386.95	11%

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 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, 2007, no Equity Shares were pending for transfer.

l) Distribution of Shareholding as on 31st March, 2007

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	
Rs.	1	2	3	4	5	6	7	8	9
Upto 5000		7890	4180	63.24	33.51	5722630	5063450	7.05	6.24
5001 - 10000		29	154	0.23	1.23	211870	1279590	0.26	1.58
10001 - 20000		24	69	0.19	0.55	313840	989590	0.39	1.22
20001 - 30000		8	32	0.06	0.26	188400	823310	0.23	1.02
30001 - 40000		2	13	0.02	0.10	72600	469820	0.09	0.58
40001 - 50000		1	14	0.01	0.11	48000	653370	0.06	0.81
50001 - 100000		5	17	0.04	0.14	432400	1219550	0.53	1.50
100001 & Above		6	32	0.05	0.26	1368000	62247720	1.69	76.75
Total		7965	4511	63.84	36.16	8357740	72746400	10.30	89.70
Grand Total		12476		100.00		81104140		100.00	

Report on Corporate Governance (Contd.)

<p>m) Categories of Equity Shareholders as on 31st March, 2007</p> <table border="1"> <thead> <tr> <th>Category</th> <th>No. of Shares held</th> <th colspan="2">% of Shareholding</th> </tr> </thead> <tbody> <tr> <td colspan="4">(A) Promoters Holding:</td> </tr> <tr> <td colspan="4">(1) Promoters</td> </tr> <tr> <td>(a) Indian Promoters</td> <td>50,81,000</td> <td colspan="2">62.65</td> </tr> <tr> <td>(b) Foreign Promoters</td> <td>–</td> <td colspan="2">–</td> </tr> <tr> <td colspan="4">(2) Persons acting in concert</td> </tr> <tr> <td>Sub Total</td> <td>50,81,000</td> <td colspan="2">62.65</td> </tr> <tr> <td colspan="4">(B) Non-Promoters Holding:</td> </tr> <tr> <td colspan="4">(3) Institutional Investors</td> </tr> <tr> <td>(a) Mutual Funds & UTI</td> <td>6,772</td> <td colspan="2">0.08</td> </tr> <tr> <td>(b) Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)</td> <td>4,480</td> <td colspan="2">0.06</td> </tr> <tr> <td>(c) Foreign Institutional Investors</td> <td>960</td> <td colspan="2">0.01</td> </tr> <tr> <td>Sub Total</td> <td>12,212</td> <td colspan="2">0.15</td> </tr> <tr> <td colspan="4">4) Others:</td> </tr> <tr> <td>a. Private Corporate Bodies</td> <td>2,35,244</td> <td colspan="2">2.90</td> </tr> <tr> <td>b. Indian Public</td> <td>27,10,194</td> <td colspan="2">33.41</td> </tr> <tr> <td>c. NRIs / OCBs</td> <td>71,297</td> <td colspan="2">0.88</td> </tr> <tr> <td>d. Any Other* (Please Specify)</td> <td>467</td> <td colspan="2">0.01</td> </tr> <tr> <td>Sub Total</td> <td>30,17,202</td> <td colspan="2">37.20</td> </tr> <tr> <td>GRAND TOTAL</td> <td>81,10,414</td> <td colspan="2">100.00</td> </tr> </tbody> </table>				Category	No. of Shares held	% of Shareholding		(A) Promoters Holding:				(1) Promoters				(a) Indian Promoters	50,81,000	62.65		(b) Foreign Promoters	–	–		(2) Persons acting in concert				Sub Total	50,81,000	62.65		(B) Non-Promoters Holding:				(3) Institutional Investors				(a) Mutual Funds & UTI	6,772	0.08		(b) Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	4,480	0.06		(c) Foreign Institutional Investors	960	0.01		Sub Total	12,212	0.15		4) Others:				a. Private Corporate Bodies	2,35,244	2.90		b. Indian Public	27,10,194	33.41		c. NRIs / OCBs	71,297	0.88		d. Any Other* (Please Specify)	467	0.01		Sub Total	30,17,202	37.20		GRAND TOTAL	81,10,414	100.00		<p>p) Plant Locations</p> <p>: 5, Old Trunk Road Pallavaram Chennai 600 043</p> <p>328, GST Road Chromepet Chennai 600 044</p> <p>3, Tiruneermalai Main Road Chromepet Chennai 600 044</p> <p>2-B, Hosakote Industrial Area 8th Kilometre Hosakote Chinthamani Road Hosakote Taluk Bangalore 562 114</p> <p>H-12/13, MIDC Area, Waluj Aurangabad 431 136</p>			
Category	No. of Shares held	% of Shareholding																																																																																					
(A) Promoters Holding:																																																																																							
(1) Promoters																																																																																							
(a) Indian Promoters	50,81,000	62.65																																																																																					
(b) Foreign Promoters	–	–																																																																																					
(2) Persons acting in concert																																																																																							
Sub Total	50,81,000	62.65																																																																																					
(B) Non-Promoters Holding:																																																																																							
(3) Institutional Investors																																																																																							
(a) Mutual Funds & UTI	6,772	0.08																																																																																					
(b) Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	4,480	0.06																																																																																					
(c) Foreign Institutional Investors	960	0.01																																																																																					
Sub Total	12,212	0.15																																																																																					
4) Others:																																																																																							
a. Private Corporate Bodies	2,35,244	2.90																																																																																					
b. Indian Public	27,10,194	33.41																																																																																					
c. NRIs / OCBs	71,297	0.88																																																																																					
d. Any Other* (Please Specify)	467	0.01																																																																																					
Sub Total	30,17,202	37.20																																																																																					
GRAND TOTAL	81,10,414	100.00																																																																																					
<p>*"Any Other" represents the Shareholdings of the Independent / Professional Directors who are not in control of the Company.</p> <p><u>Note</u> : Indian Promoters include M/s T T Krishnamachari & Co., represented by its Partners and constituents of TTK Group. The constituents of TTK Group include T T Krishnamachari & Co., TTK Prestige Limited, TTK Tantex Limited and Partners & Relatives of the Partners of T T Krishnamachari & Co.</p>				<p>q) Registered Office</p> <p>: 6, Cathedral Road Chennai 600 086 Tel: 044-28116106 to 28116110 Fax: 044-28114307</p>																																																																																			
<p>n) Dematerialisation of Shares and Liquidity as on 31st March, 2007</p> <table border="1"> <thead> <tr> <th></th> <th>No. of Shareholders</th> <th>No. of Shares</th> <th colspan="2">% of Shares</th> </tr> </thead> <tbody> <tr> <td>No. of Shareholders in Physical Mode</td> <td>7,965</td> <td>8,35,774</td> <td colspan="2">10.30</td> </tr> <tr> <td>No. of Shareholders in Electronic Mode</td> <td>4,511</td> <td>72,74,640</td> <td colspan="2">89.70</td> </tr> <tr> <td>Total</td> <td>12,476</td> <td>81,10,414</td> <td colspan="2">100.00</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Days taken for Dematerialisation</th> <th>No. of Requests</th> <th>No. of Shares</th> <th colspan="2">% of Shares</th> </tr> </thead> <tbody> <tr> <td>15 days</td> <td>563</td> <td>47,13,395</td> <td colspan="2">58.12</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">National Securities Depository Limited (NSDL)</th> <th colspan="2">Central Depository Services (I) Limited (CDSL)</th> </tr> <tr> <th>2006-07</th> <th>2005-06</th> <th>2006-07</th> <th>2005-06</th> </tr> </thead> <tbody> <tr> <td>Number of Shares Dematerialised</td> <td>47,01,988</td> <td>1,31,395</td> <td>11,407</td> <td>17,708</td> </tr> <tr> <td>Number of Shares Rematerialised</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> </tbody> </table>					No. of Shareholders	No. of Shares	% of Shares		No. of Shareholders in Physical Mode	7,965	8,35,774	10.30		No. of Shareholders in Electronic Mode	4,511	72,74,640	89.70		Total	12,476	81,10,414	100.00		Days taken for Dematerialisation	No. of Requests	No. of Shares	% of Shares		15 days	563	47,13,395	58.12		Particulars	National Securities Depository Limited (NSDL)		Central Depository Services (I) Limited (CDSL)		2006-07	2005-06	2006-07	2005-06	Number of Shares Dematerialised	47,01,988	1,31,395	11,407	17,708	Number of Shares Rematerialised	–	–	–	–	<p>r) Administrative Office & Investor Correspondence Address</p> <p>: Secretarial Department No.6, Cathedral Road Chennai 600 086 Tel: 044-28116106 to 28116110 Fax: 044-28114307</p>																																		
	No. of Shareholders	No. of Shares	% of Shares																																																																																				
No. of Shareholders in Physical Mode	7,965	8,35,774	10.30																																																																																				
No. of Shareholders in Electronic Mode	4,511	72,74,640	89.70																																																																																				
Total	12,476	81,10,414	100.00																																																																																				
Days taken for Dematerialisation	No. of Requests	No. of Shares	% of Shares																																																																																				
15 days	563	47,13,395	58.12																																																																																				
Particulars	National Securities Depository Limited (NSDL)		Central Depository Services (I) Limited (CDSL)																																																																																				
	2006-07	2005-06	2006-07	2005-06																																																																																			
Number of Shares Dematerialised	47,01,988	1,31,395	11,407	17,708																																																																																			
Number of Shares Rematerialised	–	–	–	–																																																																																			
<p>o) Outstanding GDRs / ADRs/ Warrants or any convertible Instruments</p> <p>: The Company has not issued any GDRs/ADRs/ Warrants & Convertible Instruments.</p>				<p>s) Other constituents of the TTK Group within the meaning of "Group" under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include:</p> <ul style="list-style-type: none"> ● 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 ● Pharma Research & Analytical Laboratories ● Peenya Packaging Products 																																																																																			
<p>CEO / CFO CERTIFICATION</p> <p>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, 2007.</p>				<p>NON-MANDATORY REQUIREMENTS</p> <p>(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.</p> <p>(b) Remuneration Committee: The Remuneration Committee was originally constituted on 30th January, 2002, comprising of three Non-Executive Independent Directors – Mr B N Bhagwat as Chairman and Dr K R Srimurthy and Mr K Shankaran as Members. Mr S Kalyanaraman, Company Secretary, is the Secretary of the Committee. The Remuneration Committee was subsequently reconstituted on 21st July, 2006 with Mr B N Bhagwat as Chairman and Mr R K Tulshan,</p>																																																																																			

Report on Corporate Governance (Contd.)

Dr K R Srimurthy and Mr K Shankaran as Members. Mr S Kalyanaram, Company Secretary is the Secretary of this Committee.

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

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

The Remuneration Committee met twice during the year on :

- (a) 25th May, 2006 for considering the revision in the remuneration package of Mr I Ravindran, Wholetime Director; and
- (b) 18th October, 2006 for considering the re-appointment Mr T T Raghunathan, Executive Vice Chairman for a further period of five years effective 1st November, 2006 and fixation of his remuneration.

The above meetings were attended by all the members of the Committee.

(c) Postal Ballot:

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

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

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

The results of the Postal Ballot, which were announced on 23rd December, 2006, are given below:

Particulars	No. of Postal Ballot Forms	No. of Shares	% of Total Paid-up Equity Capital
Number of valid Postal Ballot Forms Received	769	57,68,164	71.12
Votes in favour of the Resolution	735	57,06,663	70.36
Votes against the Resolution	34	61,501	0.76
Number of Invalid Postal Ballot Forms Received	8	2,926	0.04

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

(d) 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

(e) Audit Qualifications:

There were no audit qualifications in the Financial Statements of the Company for the year ended 31st March, 2007.

(f) 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

Place : Chennai

Date : 28th June, 2007

T T RAGHUNATHAN
Executive Vice Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of TTK Healthcare Limited

We have examined the compliance of conditions of Corporate Governance by TTK Healthcare Limited for the year ended 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s) in India.

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

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

We state that in respect of investor grievances received during the year ended 31st March, 2007, 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 Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Chennai
28th June, 2007

For **M/s Aiyar & Co.**
Chartered Accountants
N Sridharan
Proprietor
Membership No.20503

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

Auditors' Report

AUDITORS' REPORT TO THE MEMBERS OF TTK HEALTHCARE LIMITED

1. We have audited the attached Balance Sheet of TTK Healthcare Limited as at 31st March, 2007 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 2007 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2007 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 2007;
 - 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

N Sridharan
Proprietor
Membership No.20503

Place : Chennai
Date : 28th June, 2007

M/s.S.Viswanathan
Chartered Accountants

C N Srinivasan
Partner
Membership No.18205

Annexure to Auditors' Report (Referred to in Paragraph 3 of the Auditors' Report of even date to the Members of TTK Healthcare Limited on the Financial Statements for the year ended 31st March, 2007)

- (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) During the year, the Gloves Manufacturing Undertaking (Biomed Division) at Chikalhana and the Machineries of Printing Division at Chennai have been disposed of by the Company .
- (ii)
 - (a) As explained to us, the Inventories (excluding stocks with third parties and materials in-transit) have been physically verified during the year by the Management. In respect of inventories lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book stocks have been properly dealt with in the books of accounts and were not material.
- (iii) The Company has neither granted nor taken any loans to / from any party covered in the Register maintained under Sec.301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v)
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies

Auditors' Report (Contd.)

- 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, Fringe Benefit Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Fringe Benefit Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2007 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, 2007

Name of the Statute	Nature of the Dues	Amount under Dispute not yet deposited (Rs in Lakhs)	Periods to which the amounts relate	Forum where the dispute is pending
Central Sales Tax Act and Local Sales Tax Acts	Sales Tax with Interest and Penalty as applicable	40.37	1986-87, 1991-92, 1993-94, 1995-96 to 2004-05	Before various Authorities - Upto the Commissioner's Level
The Central Excise Act, 1944	Excise Duty with Interest and Penalty, as applicable	150.91	1988-89 to 2002-03	The Customs, Excise and Service Tax Appellate Tribunal
		0.74	1994-95 & 1995-96	The Dy. Commissioner of Central Excise, Aurangabad
		0.64	2004-05	The Commissioner of Central Excise (Appeals), Chennai

- (x) The Company does not have any accumulated losses as at 31st March, 2007 and has not incurred cash losses during the financial year covered by our Audit and the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders as at the Balance Sheet date.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) During the year, no term loans have been availed by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- (xviii) During the year, the Company has allotted 15,00,000 Equity Shares of Rs.10/- each to M/s T.T.Krishnamachari & Co., Promoters of the Company, at a price of Rs.73/- per share (including a premium of Rs.63/- per share) on preferential basis.
- (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

N Sridharan
Proprietor
Membership No.20503

Place : Chennai
Date : 28th June, 2007

M/s.S.Viswanathan
Chartered Accountants

C N Srinivasan
Partner
Membership No.18205

Balance Sheet
as at 31st March, 2007

Particulars	Schedule No.	As at 31.3.2007		As at 31.3.2006	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS:					
1. Shareholders' Funds:					
a) Share Capital	1		8,11,04,140		6,61,04,140
b) Reserves & Surplus	2		39,92,10,834		29,89,26,047
2. Loan Funds					
a) Secured Loans	3A & 3B	13,68,63,890		12,48,99,682	
b) Unsecured Loans	3C	6,45,000	13,75,08,890	1,06,60,000	13,55,59,682
Total			61,78,23,864		50,05,89,869
II. APPLICATION OF FUNDS:					
1. Fixed Assets					
Gross Block	4	52,01,67,271		58,98,89,183	
Less: Depreciation		26,17,51,809		28,02,94,165	
		25,84,15,462		30,95,95,018	
Add: Capital Work-in-Progress		2,70,20,979		27,27,095	
Net Block			28,54,36,441		31,23,22,113
2. Investments	5		13,37,000		13,87,000
3. Deferred Tax					
Deferred Tax Asset		12,34,08,783		13,97,29,471	
Deferred Tax Liability		(4,72,75,206)		(5,05,95,894)	
			7,61,33,577		8,91,33,577
4. Current Assets, Loans & Advances:					
a) Inventories	6	11,75,99,598		12,28,29,929	
b) Sundry Debtors	7	21,64,62,150		18,75,53,323	
c) Cash and Bank Balances	8	26,01,79,280		14,64,15,980	
d) Loans and Advances	9	6,47,34,580		4,16,53,365	
		65,89,75,608		49,84,52,597	
Less: Current Liabilities & Provisions:					
a) Current Liabilities	10	34,60,73,030		37,11,70,906	
b) Provisions	10A	6,84,46,083		4,43,68,847	
Net Current Assets		41,45,19,113	24,44,56,495	41,55,39,753	8,29,12,844
5. Miscellaneous Expenditure (To the extent not written off or adjusted)					
Voluntary Retirement Scheme			1,04,60,351		1,48,34,335
Total			61,78,23,864		50,05,89,869

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

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered Accountants

For M/s. S VISWANATHAN
Chartered Accountants

N. SRIDHARAN
Proprietor
Membership No. 20503

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
28th June, 2007

T T Jagannathan, *Chairman*
T T Raghunathan, *Executive Vice Chairman*
R K Tulshan, *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, 2007

Particulars	Schedule No.	2006-07			2005-06		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME:							
Sales	11	214,29,53,367			190,28,89,696		
Less: Excise Duty relating to Sales		<u>3,15,64,339</u>			<u>3,71,62,018</u>		
			211,13,89,028			186,57,27,678	
Other Income	12		<u>2,91,67,524</u>			<u>2,05,04,926</u>	
				214,05,56,552			188,62,32,604
EXPENDITURE:							
Goods Consumption & Excise Duty	13		130,83,60,335			114,89,34,463	
Expenses	14		74,05,70,690			65,67,05,882	
Depreciation		2,93,14,470			2,79,12,169		
Less: Transfer from							
Revaluation Reserve		<u>5,02,410</u>	<u>2,88,12,060</u>		<u>6,03,131</u>	<u>2,73,09,038</u>	
				207,77,43,085			183,29,49,383
Profit before Tax & Extraordinary Item(s)				6,28,13,467			5,32,83,221
Less: VRS Amortised				43,73,985			34,51,844
Profit Before Tax				5,84,39,482			4,98,31,377
Less: Provision for Tax							
Current Tax				54,30,338			32,98,661
Deferred Tax				1,30,00,000			1,59,00,000
Fringe Benefit Tax				1,00,00,000			1,06,00,000
Profit After Tax				3,00,09,144			2,00,32,716
Appropriations :							
Proposed Dividend				2,02,76,035			1,32,20,828
Provision for Tax on Dividend				34,45,912			18,54,221
Profit carried to Balance Sheet				<u>62,87,197</u>			<u>49,57,667</u>
				3,00,09,144			2,00,32,716

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

For M/s. AIYAR & CO.
Chartered Accountants

N. SRIDHARAN
Proprietor
Membership No. 20503

For M/s. S VISWANATHAN
Chartered Accountants

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
28th June, 2007

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

Schedules

Sch. No.		As at 31.3.2007	As at 31.3.2006
	Rs.	Rs.	Rs.
1. CAPITAL:			
Authorised Capital:			
1,00,00,000 Equity Shares of Rs. 10/- each		10,00,00,000	<u>10,00,00,000</u>
Issued, Subscribed and Paid-up Capital:			
81,10,414 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, 2,35,207 Equity Shares of Rs. 10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Medical Devices Limited with this Company and 15,00,000 Equity Shares of Rs. 10/- each allotted as fully paid-up to T T Krishnamachari & Co., the Promoters of the Company on Preferential basis)		8,11,04,140	<u>6,61,04,140</u>
2. RESERVES AND SURPLUS:			
a) Capital Reserve:			
i) Subsidy received from:			
Karnataka State Government		9,99,500	9,99,500
Andhra Pradesh State Financial Corporation		2,53,910	2,53,910
Central Subsidy		15,00,000	15,00,000
Maharashtra Energy Development Agency		4,52,760	4,52,760
ii) Capital Reserve		6,49,26,337	<u>6,49,26,337</u>
		6,81,32,507	<u>6,81,32,507</u>
b) Revaluation Reserve:			
Balance as per last Balance Sheet	4,91,65,465		4,97,68,596
Less: Transfer to Profit & Loss Account	5,02,410		<u>6,03,131</u>
		4,86,63,055	4,91,65,465
c) Share Premium Account			
Balance as per last Balance Sheet	3,65,96,486		3,65,96,486
Add: Received during the year	9,45,00,000		<u>-</u>
		13,10,96,486	3,65,96,486
d) General Reserve:			
Balance as per last Balance Sheet	14,50,31,589		14,00,73,922
Add: Transfer from P & L Account	62,87,197		<u>49,57,667</u>
		15,13,18,786	14,50,31,589
Total (a to d)		39,92,10,834	<u>29,89,26,047</u>

Schedules (Contd.)

Sch. No.	As at 31.3.2007	As at 31.3.2006	Sch. No.	As at 31.3.2007	As at 31.3.2006					
	Rs.	Rs.		Rs.	Rs.					
3. LOANS:			C. UNSECURED LOANS:							
A. SECURED TERM LOANS:			Fixed Deposits							
UTI Bank Limited*	1,25,00,000	2,50,00,000		6,45,000	6,60,000					
Total – A	1,25,00,000	2,50,00,000	ECB from M/s Maersk Medical A/S, Denmark - Interest Free Loan	–	1,00,00,000					
B. OTHER SECURED BORROWINGS:			Total – C	6,45,000	1,06,60,000					
Working Capital Loans from Banks: (Against Hypothecation of Stocks and Book Debts)			Total – (A + B + C)	13,75,08,890	13,55,59,682					
i) Cash Credit @	1,41,23,960	33,33,981	* Secured by hypothecation of movable assets and mortgage of immovable properties of the Company situated at Pallavaram on <i>pari-passu</i> first charge basis.							
ii) Demand Loan @	9,20,00,000	9,20,00,000	@ Further secured by a <i>pari-passu</i> second charge on the fixed assets of the Company.							
iii) Bills of Exchange@	1,82,39,930	45,65,701								
Total – B	12,43,63,890	9,98,99,682								
Total – (A + B)	13,68,63,890	12,48,99,682								
4. FIXED ASSETS										
Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	As on 1-4-2006	Additions	Deletions	As on 31-3-2007	Up to 31-3-2006	Deletions	For the Year	Up to 31-3-2007	As on 31-3-2007	As on 31-3-2006
	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	–	3,99,675	2,75,68,849	1,95,786	–	1,35,089	3,30,875	2,72,37,974	2,77,72,738
Buildings	13,47,33,851	30,350	2,18,08,348	11,29,55,853	5,20,54,516	91,40,754	39,44,072	4,68,57,834	6,60,98,019	8,26,79,335
Leasehold Buildings	96,03,482	–	–	96,03,482	63,97,566	–	14,99,623	78,97,189	17,06,293	32,05,916
Plant & Machinery	32,32,38,698	86,10,405	5,86,35,634	27,32,13,469	19,04,97,249	3,76,01,237	1,78,70,232	17,07,66,244	10,24,47,225	13,27,41,449
Furniture & Fittings	1,24,57,060	3,28,238	7,02,386	1,20,82,912	79,87,731	6,19,003	7,16,631	80,85,359	39,97,553	44,69,329
Patterns, Dies & Templates	1,09,36,775	8,15,916	–	1,17,52,691	67,71,793	–	12,38,531	80,10,324	37,42,367	41,64,982
Trade Marks	1,12,49,800	–	–	1,12,49,800	1,01,79,840	–	10,69,960	1,12,49,800	–	10,69,960
Vehicles	57,72,021	3,69,963	3,20,866	58,21,118	26,54,875	3,20,867	4,90,413	28,24,421	29,96,697	31,17,146
Total	57,90,79,859	1,01,54,872	8,18,66,909	50,73,67,822	27,67,39,356	4,76,81,861	2,69,64,551	25,60,22,046	25,13,45,776	30,23,40,503
LEASED ASSETS :										
Vehicles	1,08,09,324	22,24,698	2,34,573	1,27,99,449	35,54,809	1,74,965	23,49,919	57,29,763	70,69,686	72,54,515
Total	58,98,89,183	1,23,79,570	8,21,01,482	52,01,67,271	28,02,94,165	4,78,56,826	2,93,14,470	26,17,51,809	25,84,15,462	30,95,95,018
Add: Capital Work-in-Progress	27,27,095	2,42,93,884	–	2,70,20,979	–	–	–	–	2,70,20,979	27,27,095
GRAND TOTAL	59,26,16,278	3,66,73,454	8,21,01,482	54,71,88,250	28,02,94,165	4,78,56,826	2,93,14,470	26,17,51,809	28,54,36,441	31,23,22,113
Previous Year	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
Note : Depreciation for the Year amounting to Rs. 5,02,410/- (Previous Year Rs. 6,03,131/-) 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. 2,93,14,470/- for the Year (Previous Year Rs. 2,79,12,169/-).										

Schedules (Contd.)

Sch. No.	As at 31.3.2007	As at 31.3.2006	Sch. No.	As at 31.3.2007	As at 31.3.2006
	Rs.	Rs.		Rs.	Rs.
5. INVESTMENTS:			9. LOANS & ADVANCES:		
I. AT COST – TRADE			(Considered Good)		
a) Unquoted (Fully paid)			Lease & Rent Advances	49,67,774	47,41,787
5,000 Equity shares of Rs. 10/- each of TTK Healthcare Services Pvt. Ltd.	-	50,000	Electricity & Other Deposits	1,11,72,256	1,47,07,360
b) Quoted (Fully paid)			Advance Income Tax	1,13,13,817	48,45,473
14,800 Equity Shares of Rs. 10/- each of TTK Prestige Ltd. – Market Value Rs. 119/- each	13,32,000	13,32,000	Advance Fringe Benefit Tax	2,03,32,947	36,00,000
500 Equity Shares of Rs. 10/- each of Apollo Hospitals Enterprise Limited – Market Value Rs. 492.10 each	5,000	5,000	Advance for Others	1,69,47,786	1,37,58,745
	13,37,000	13,87,000		6,47,34,580	4,16,53,365
Aggregate Book Value – Quoted	13,37,000	13,37,000	10. LIABILITIES:		
Unquoted	-	50,000	Sundry Creditors for:		
Aggregate Market Value – Quoted	20,07,250	24,84,450	a. Acceptance for Goods ^s	20,32,856	22,44,162
			b. Goods ^s	16,13,17,487	17,56,80,939
			c. Expenses	11,53,33,323	13,51,93,280
			d. Others	6,65,71,002	5,74,94,976
			e. Unclaimed Dividend*	8,18,362	5,57,549
				34,60,73,030	37,11,70,906
			Notes :		
			(i) Amount due to any SSI Undertaking outstanding for more than 30 days	(Refer Note XX under Notes on Accounts)	
			(ii) Disclosure of amount under Section 22 of Micro, Small & Medium Enterprises Development Act, 2006	Nil	-
			* No amount is due to be credited to the Investor Education and Protection Fund.		
6. INVENTORIES:			10 A. PROVISIONS:		
(Value as certified by the Management)			Provision for Tax:		
Raw & Packing Materials	1,99,78,650	2,27,79,424	Balance as per last Balance Sheet	4,43,68,847	1,53,95,137
Work-in-Progress	55,79,437	65,56,304	Add : Provision for the year		
Finished Goods	9,01,60,933	9,15,11,502	Income Tax	54,30,338	32,98,661
Stores & Spares	18,80,578	19,82,699	Fringe Benefit Tax	1,00,00,000	1,06,00,000
	11,75,99,598	12,28,29,929	Proposed Dividend	2,02,76,035	1,32,20,828
			Provision for Tax on Dividend	34,45,912	18,54,221
				8,35,21,132	4,43,68,847
			Less : Paid during the year		
7. SUNDRY DEBTORS:			Dividend	1,32,20,828	-
(Considered good for which the Company holds no security other than Debtors' Personal Security)			Tax on Dividend	18,54,221	-
Debts Outstanding for a period exceeding six months	1,51,08,207	2,53,13,696		6,84,46,083	4,43,68,847
Other Debts	20,13,53,943	16,22,39,627			
	21,64,62,150	18,75,53,323			
8. CASH & BANK BALANCES:					
Cash on hand	14,54,508	10,92,555			
In Current Account with Scheduled Banks	9,70,25,634	7,91,66,141			
In Deposit Account with Scheduled Banks	16,08,62,018	6,55,80,977			
In Interest Warrant Account	18,758	18,758			
In Dividend Warrant Account	8,18,362	5,57,549			
	26,01,79,280	14,64,15,980			

Schedules (Contd.)

Sch No.	Units	2006-07		2005-06	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES:					
a. Orals	Lakhs	181.284	40,40,19,040	157.455	36,78,22,061
b. Tablets	Lakhs	844.406	19,39,62,656	859.791	18,45,99,523
c. Injectables	Lakhs	137.388	12,60,25,456	143.578	13,06,44,486
d. Capsules	Lakhs	305.821	9,41,86,696	335.823	8,39,92,267
e. Food Products	M.T.	2,784.545	8,87,11,280	2,556.554	7,51,74,173
f. Granules	M.T.	293.921	4,19,29,055	201.188	3,23,02,856
g. Hospital Care Products	–	–	11,03,64,888	–	9,34,62,550
h. Ointment	M.T.	7.080	45,90,835	2.362	20,69,659
i. Shoe Care Products	M.T.	312.890	10,29,50,835	289.910	9,52,50,495
	K.Ltrs.	178.650	7,29,57,868	180.940	7,45,42,428
j. Hair Creams & Cosmetics	M.T.	846.140	33,67,13,561	631.180	29,18,99,355
	K.Ltrs.	266.170	11,58,14,331	184.950	8,51,40,706
k. Condoms	Millions	119.420	36,52,79,556	106.470	30,58,66,737
l. Maps & Atlases	Nos.	5,72,157	2,47,02,118	6,00,374	1,74,86,344
m. Baby Soap	M.T.	8.750	15,30,886	43.490	74,78,399
n. Others	–	–	5,92,14,306	–	5,51,57,657
			<u>214,29,53,367</u>		<u>190,28,89,696</u>
Less: Excise Duty			3,15,64,339		3,71,62,018
			<u>211,13,89,028</u>		<u>186,57,27,678</u>
12. OTHER INCOME :					
a. Dividend Income			40,750		31,600
b. Profit on Sale of Assets			1,51,72,007		–
c. Profit on Sale of Investments			1,75,000		74,67,500
d. Interest Receipts			76,62,281		67,79,453
e. Excise Duty Refund			–		9,75,873
f. Others			61,17,486		52,50,500
			<u>2,91,67,524</u>		<u>2,05,04,926</u>

Schedules (Contd.)

Sch. No.	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
13.	GOODS CONSUMPTION :			
	Opening Stock of-			
	Raw & Packing Materials	2,27,79,424		2,25,70,397
	Work-in-Progress	65,56,304		48,75,736
	Finished Goods	9,15,11,502		9,06,31,994
		<u>12,08,47,230</u>		<u>11,80,78,127</u>
	Add: Purchase of-			
	Raw & Packing Materials	14,19,18,536		13,54,58,343
	Finished Goods	115,85,67,196		101,41,34,719
	Excise Duty relating to Samples & Others	27,46,393		21,10,504
		<u>130,32,32,125</u>		<u>115,17,03,566</u>
		<u>142,40,79,355</u>		<u>126,97,81,693</u>
	Less: Closing Stock of-			
	Raw & Packing Materials	1,99,78,650		2,27,79,424
	Work-in-Progress	55,79,437		65,56,304
	Finished Goods	9,01,60,933		9,15,11,502
		<u>11,57,19,020</u>		<u>12,08,47,230</u>
	Total Consumption of Goods	<u>130,83,60,335</u>		<u>114,89,34,463</u>
14.	EXPENSES :			
	Salaries, Wages & Bonus	15,29,77,233		13,57,05,378
	Contribution to PF & Other Funds	1,32,16,199		1,11,68,685
	Gratuity & Superannuation	1,40,27,280		1,16,57,281
	Contribution to E.S.I.	23,54,614		19,36,765
	Welfare Expenses	1,34,25,109		1,09,55,866
	Power & Fuel	1,60,37,309		1,60,68,075
	Repairs & Maintenance			
	Repairs to Building	5,69,565		5,39,967
	Repairs to Plant & Machinery	1,03,92,968		65,96,129
	Factory / Office Upkeep	53,95,676		52,93,912
	Consumable Stores	20,33,921		36,73,497
	General Insurance	18,75,309		20,83,579
	Rates & Taxes	16,67,772		12,59,461
	Rent	81,58,284		86,58,583
	Electricity	43,63,985		36,44,456
	Printing & Stationery	1,19,50,433		1,07,59,145
	Postage, Telephones & Telegrams	1,85,59,930		1,57,96,142
	Interest	1,53,94,237		1,62,14,126
	Carriage Outwards	5,44,06,147		4,42,12,578
	Transit Insurance	12,48,077		9,60,066
	Advertisement & Sales Promotion	19,07,34,265		15,75,51,346
	Travelling & Conveyance	10,34,25,150		9,13,77,283
	Audit & Other Fees			
	Audit Fees	4,65,796		2,58,970
	Tax Audit Fees	39,284		60,610
	Cost Audit Fees	33,672		33,060
	Other matters	52,953		1,12,065
	Donation	1,13,501		5,22,001
	Depot Service Charges	4,58,63,700		4,08,91,213
	Directors' Sitting Fees	3,35,000		3,20,000
	Loss on Sale of Assets	5,31,401		2,72,356
	Conversion Charges	62,42,236		65,08,721
	Bad debts written off	88,15,921		1,61,50,954
	Non recoverable advance/deposits written off	3,53,447		54,83,462
	Loss on account of fire - Motor Car	-		1,05,862
	Miscellaneous Expenses	3,55,10,316		2,98,74,288
		<u>74,05,70,690</u>		<u>65,67,05,882</u>

Notes on Accounts

Sl. No.	Units	2006-07		2005-06		
		Quantity	Value Rs.	Quantity	Value Rs.	
I.	MATERIALS CONSUMED:					
a.	Industrial Alcohol	K.L.	6.364	4,33,714	8.102	5,22,105
b.	Sweetening Agents & Base	M.T.	161.746	37,15,937	258.134	50,62,918
c.	Fats & Oils	M.T.	3.083	3,17,802	2.718	3,18,365
d.	Vitamins & Nutrients	M.T.	1.545	27,85,336	1.578	26,03,376
e.	Drugs	M.T.	7.714	46,76,695	24.020	49,06,485
f.	Anti-Bacterial Preservatives	M.T.	5.116	11,10,022	5.486	10,57,615
g.	Flavouring & Colouring Agents	M.T.	4.056	13,27,206	5.279	16,87,927
h.	Enzymes & Biological Products	M.T.	53.251	75,99,041	66.718	98,95,033
i.	Vegetable & Crude Drugs	M.T.	78.180	57,52,809	142.515	93,30,577
j.	Cereals, Spices & Salts	M.T.	3,068.188	4,74,16,158	2,610.683	3,08,35,444
k.	Antibiotics	M.T.	1.210	6,30,749	1.977	10,26,673
l.	Other Chemicals	-	-	62,12,630	-	67,85,488
m.	Containers & Closures	1000s	21,113.073	1,60,54,816	24,763.050	1,83,19,681
n.	Paper & Boards	M.T.	-	-	11.630	5,03,128
o.	Inks	M.T.	-	-	0.036	15,929
p.	Latex	M.T.	-	-	15.000	10,78,246
q.	Packing & Other Materials	-	-	4,66,86,395	-	4,13,00,326
				14,47,19,310		13,52,49,316
II.	VALUE OF MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR:					
a.	MATERIALS :		%		%	
i)	Imported		3.27	47,38,765	3.21	43,42,309
ii)	Indigenous		96.73	13,99,80,545	96.79	13,09,07,007
			<u>100.00</u>	<u>14,47,19,310</u>	<u>100.00</u>	<u>13,52,49,316</u>
b.	SPARE PARTS & COMPONENTS :					
i)	Imported		2.50	50,772	2.26	83,099
ii)	Indigenous		97.50	19,83,149	97.74	35,90,398
			<u>100.00</u>	<u>20,33,921</u>	<u>100.00</u>	<u>36,73,497</u>
III.	VALUE OF IMPORTS : (C.I.F. Value)					
i)	Raw Materials			1,28,20,006		1,10,73,259
ii)	Capital Goods			5,91,728		1,00,841
iii)	Spares			53,892		1,43,629
				<u>1,34,65,626</u>		<u>1,13,17,729</u>
IV.	EARNINGS IN FOREIGN EXCHANGE:					
	Export of Goods (FOB Value)			1,80,05,235		1,93,26,312

Notes on Accounts (Contd.)

V. PARTICULARS OF GOODS MANUFACTURED:								
PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS	
					2006-07	2005-06	Opening	Closing
1. Liquid Products	A	Lakhs	1.110	1.200	-	-	-	-
	B	Lakhs	-	375.000	22.597	36.366	7.434	3.483
2. Tablets	A	Lakhs	337.750	600.000	62.369	75.789	10.680	4.410
	B	Lakhs	-	3,400.000	549.715	620.233	77.423	49.865
3. Injectables	A	Lakhs	19.860	50.000	-	4.910	-	-
	B	Lakhs	-	100.000	120.360	133.388	19.647	17.935
4. Capsules	A	Lakhs	605.900	25.000	-	-	-	-
	B	Lakhs	-	600.000	75.204	95.069	18.035	15.414
5. Food Products	A	M.T.	10,000.000	5,800.000+	2819.040	2,560.020	18.805	46.060
6. Granules	A	M.T.	-	135.000	-	-	-	-
	B	M.T.	-	-	137.254	118.578	22.965	16.495
7. Ointments	A	M.T.	-	15.000	-	-	-	-
8. Basic Chemicals / Drugs	A	M.T.	330.788	3.800	0.084⁺⁺	0.016⁺⁺	-	0.044
	B	M.T.	-	47.244	-	-	-	-
9. Maps & Atlases	A	Million Impressions	245.000	245.000	-	-	0.189 @	-
10. Heart Valves		Nos.	3,600	3,600 ⁺	4,602	3,953	1,270	1,079
11. Blood Lancets		Millions	-	9.000	-	0.094	0.086	-
12. Sutures		Lakh Dozen	-	1.650	-	-	0.029	-
13. Foley Catheters		Millions	-	0.900	-	0.246	0.048	-
14. Hernia Repair Mesh		Lakh Sq. Inch.	5.000	5.000	1.008	1.423	0.441	0.429
15. Urinary Bags		Millions	-	0.600	-	0.058	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.

	2006-07 Rs.	2005-06 Rs.
VI. EXPENDITURE IN FOREIGN CURRENCY:		
i. Travelling	10,14,693	11,38,853
ii. Consultancy & Analytical charges	1,92,509	-
	12,07,202	11,38,853
VII. DIRECTORS' REMUNERATION:		
1. Salary and Perquisites	57,19,772	61,51,667
2. Contribution to P.F., Gratuity & Superannuation Funds	12,67,673	10,88,737
	69,87,445	72,40,404

The remuneration stated above is the minimum remuneration payable in accordance with the provisions of and Schedule XIII to the Companies Act, 1956.

Since the remuneration stated above is the minimum remuneration paid to the managerial personnel, calculation of managerial remuneration under Section 198 of the Companies Act, 1956 is not applicable.

Notes on Accounts (Contd.)

	2006-07 Rs.	2005-06 Rs.
VIII. INTEREST COMPRISES OF:		
Interest on Debentures and other Fixed Loans	49,38,600	78,03,224
Interest – Others	1,04,55,637	84,10,902
	<u>1,53,94,237</u>	<u>1,62,14,126</u>
Note: There is no interest accrued and due as on 31st March, 2007.		
	2006-07 (Rs. in Lakhs)	2005-06 (Rs. in Lakhs)
IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:		
Guarantees against letters of credit opened	–	–
Other Guarantees	35.74	40.47
Disputed Taxes / Claims, not acknowledged as debts	689.39	1,342.80
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) "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. 130 Lakhs for the year 2006-07 as detailed below:-		
	2006-07 (Rs. in Lakhs)	2005-06 (Rs. in Lakhs)
Deferred Tax Asset:		
Unabsorbed Losses/ Tax Credit/ Depreciation	1,224.09	1,342.13
Others	10.00	55.16
Total	1,234.09	1,397.29
Deferred Tax Liability:		
Depreciation Difference & Others	472.75	505.95
Net Deferred Tax Asset/ (Liability)	761.34	891.34
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.		
XIV. Your Company availed Carry Forward benefits under Section 72A of the Income-Tax Act, 1961 relating to TTK Biomed Ltd, consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under Rule 9C of the Income-Tax Rules, 1962. Your Company could not fulfil one of the conditions and hence an application was made to CBDT for relaxation of the condition under the said Rule 9C. The CBDT while disposing of the application has advised your Company to refer the matter to the Specified Authority. Steps are being taken to file a separate application with the Specified Authority.		
XV. Your Company availed certain Carry Forward benefits under Section 72A of the Income-Tax Act, 1961 relating to TTK Medical Devices Ltd, consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under Rule 9C of the Income Tax Rules, 1962. Your Company could not fulfil certain conditions and hence an application has been 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 has acquired "EVA" Trade Mark at a consideration of Rs.53,49,800/- in the year 2001-02. In accordance with the opinion of the Expert Advisory Committee of The Institute of Chartered Accountants of India, this amount has been amortized over a period of 5 years and accordingly, Rs.10,69,960/- being the final installment, has been charged as depreciation during the year under review.		

Notes on Accounts (Contd.)

- XVII.** A sum of Rs.126.48 lacs 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.
- A sum of Rs.92.21 Lakhs incurred towards Voluntary Retirement Scheme in respect of the employees of Waluj Factory during the year 2005-06 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.18.44 Lakhs has been debited to the 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.88.16 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 Hon'ble High Court of Judicature at Madras 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 later disposed of 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 and consequently, Public Works Department has raised a demand for Rs.1.51 Crores (incl. interest upto 31.3.2006) towards the differential water charges on the contracted quantity of water drawn during the period 9th May, 1991 to 14th November, 1999.
- The Company had subsequently filed a writ petition in the Hon'ble High Court of Judicature at Madras and the Court has passed an interim order staying the demand raised by the Public Works Department.
- Since the Paper Division has been disposed of, 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.45.51 Lakhs upto 31st March, 2007) 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.519.03 Lakhs due to SSI Units. Listed below are the SSI Units to whom the Company owes amounts outstanding for more than 30 days as at the Balance Sheet date:
- Ajantha Steels, Dodal Sales Corporation, Paras Plastics, Sanfran Inc, Saras Plastics, Thangam Offsets Pvt Ltd, The Srimagal Co., Sakthi Pack, Arun Starch, Goodwill Plastics, Raghavendra Spices, Balaji Polypacks, Em-Shivmani Engineering, Hridaya, Brahad Elastomers, Cheminova Remedies Pvt Ltd, Cheminova Pharmaceuticals Ltd, Promed Laboratories Pvt Ltd, Ador Multiproducts Ltd, Akshya Bowls, Padmam Herbalcare P. Ltd, Asian Aerosol, Alpha Containers, Alutop, Bactochem Laboratories, D.J. Industries, Essaer Glass Works Pvt Ltd, Fredna Enterprises, Fredun Pharmaceuticals Ltd, Marvel Graphics, Polynova Packers, B. Pillai Plastics, Padmavati Art, Rasula Pharmaceuticals & Fine Chemicals, Shree Packs, Sri Anitha Plastics, Sanat Products Ltd, Sterile Specialities (I) P. Ltd, Star Drugs & Research Labs, Super Press, A to Z Pharmaceuticals Pvt Ltd, The Orient Processors, Medventure, Sri Ramana Healthcare Pvt Ltd, Caplin Point Laboratories Ltd, N.P. Screen, Gelnova Laboratories (I) Pvt Ltd, Maral Labs, Ansa Printpack Pvt Ltd, Axiom, Baader Schulz Laboratories, Essen Herbs, Cassel Research Laboratories Pvt Ltd, Makkam Pharmachem, Tallam Pharma International, Bharat Rubber Works, The New Premier Printers, Arun Plast P. Ltd, Agbros Glass Works (I) (P) Ltd, Malind Laboratories, Anupam Seals Pvt Ltd, Sulphur Mills, R.P.Traders, Zincolli India, Pravin Industries, Srishti Packaging Pvt Ltd, Marudhar Polysacks, Sel Jegat Printers, Carton Craft, Lotus Products, Gem Corporation, Pure Chemicals, P.D. Fine Chem, JKP Offset, M-Pack, Om Sakthi PVG Pactech Pvt Ltd, Gwen Chem, Diamond Polymers, Dharmi Paper Converters, Kniss Laboratories Pvt Ltd, Kumbhat Holographics, Dr. Herbs India Avenue, Alok Chem Corporation, Acme Life Science, Joyce Polymers Ltd, Steer Engineering Pvt Ltd, Bharat Cosmetics, Matha Soaps & Detergents, Dr. Miltons Laboratories.
- 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, machineries relating to Printing Division were sold for Rs.1,15,00,000 and the profit made on this transaction amounting Rs.95,48,270/- has been considered under Other Income.
- XXII.** During the year, the Gloves Manufacturing Undertaking at Chikalthana has been transferred to M/s.Premchand Techpark Pvt Ltd for a consideration of Rs.365 Lakhs. Profit made on this transaction amounting to Rs.50.54 lakhs has been considered under Other Income.
- XXIII.** During the year, 5000 shares of Rs.10/- each held in M/s.TTK Healthcare Services Pvt. Ltd. have been sold to M/s.T.T.Krishnamachari & Co @ Rs.45/- per share.
- XXIV.** During the year, 15,00,000 equity shares of Rs.10/- each have been allotted to the Promoters, M/s.T.T.Krishnamachari & Co on preferential basis, at a premium of Rs.63/- per share.
- XXV.** Capital Work-in-Progress amounting to Rs.270.21 lakhs represents the capital cost of the New Manufacturing Facility for Heart Valves and other Bio-medical Devices under construction at Trivandrum.

Notes on Accounts (Contd.)

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

	2006-07	2005-06
	Rs.	Rs.
Profit after Tax (Current/Deferred/Fringe Benefit) & Extraordinary item(s) as per the Profit & Loss Account (Rs. in Lakhs)	300.09	200.33
Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs Shares)	75.10	66.10
Earnings per share of Rs.10/-each	4.00	3.03

XXVII. Fixed Assets taken on Finance Lease prior to 01.04.2001 amounted to Rs.53,45,805/- The outstanding lease payments against this lease is NIL as on 31.3.2007. Future obligations towards lease rentals under the Lease Agreements as on 31.3.2007 amounted to NIL (previous year Rs.36,908/-)

	2006-07	2005-06
	Rs.	Rs.
Within one year	-	36,908
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-

The Company has acquired certain vehicles on Finance Lease on or after April 1, 2001, amounting to Rs.1,27,99,449 /- (previous year Rs.1,08,09,324/-) The minimum Lease rental outstandings as of 31st March, 2007 in respect of these assets are as follows:

Particulars	Total Minimum Lease payments outstanding as on		Future Interest on outstanding of Lease payments as on		Present value of Minimum Lease Payments as on	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Within one year	34,56,420	29,44,044	8,67,077	9,24,874	25,89,343	20,19,170
Later than one year and not later than 5 years	61,95,340	70,07,880	8,96,252	11,05,730	52,99,088	59,02,150
Later than 5 years	-	-	-	-	-	-
Total	96,51,760	99,51,924	17,63,329	20,30,604	78,88,431	79,21,320

XXVIII. 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.**XXIX. 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 Wholtime Director

Notes on Accounts (Contd.)

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

	(Rs. in Lakhs)	
	2006-07	2005-06
Purchase of Goods	3,433.59	2,752.63
Sale of Goods	2.32	2.03
Receiving Services	262.62	253.21
Interest Received on Deposits	2.80	3.00
Rental Charges Paid	43.84	44.52
Rental Charges Received	7.11	8.02
Logo Charges Paid	82.66	72.08
Sale of Investments	2.25	224.03
Proceeds of Preferential Allotment (including Share Premium)	1,095.00	-
Refund of Deposit	10.00	0.00
Outstanding Balance included in Current Assets	49.40	59.29
Outstanding Balance included in Current Liabilities	530.91	481.52
Managerial Remuneration	69.87	72.40

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.

Provisions & Contingencies

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

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

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered Accountants

N. SRIDHARAN
Proprietor
Membership No 20503

For M/s. S VISWANATHAN
Chartered Accountants

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
28th June, 2007

T T Jagannathan, *Chairman*
T T Raghunathan, *Executive Vice Chairman*
R K Tulshan, *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*

Segmentwise Revenue, Results & Capital Employed:

Segmentwise Revenue and Results :

(Rs. in Lakhs)

Particulars	2006-07			2005-06		
	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.
Segment Revenue:						
Pharmaceuticals	8,923.79	315.64	8,608.15	8,162.20	358.93	7,803.27
Medical Devices	826.97	—	826.97	786.75	12.69	774.06
Consumer Products Distribution	10,536.87	—	10,536.87	9,144.89	—	9,144.89
Printing/ Maps	247.02	—	247.02	192.46	—	192.46
Others	894.88	—	894.88	757.53	—	757.53
Total Segment Revenue	21,429.53	315.64	21,113.89	19,043.83	371.62	18,672.21
Less: Inter Segment Revenue	—	—	—	14.93	—	14.93
Net Sales	21,429.53	315.64	21,113.89	19,028.90	371.62	18,657.28
Segment Results:						
[Profit / (Loss) before Interest & Tax]						
Pharmaceuticals			1,136.71			1240.28
Medical Devices			76.21			(11.52)
Consumer Products Distribution			(146.42)			(164.76)
Printing / Maps			70.12			(245.97)
Others			52.66			82.32
Total Segment Results			1,189.28			900.35
Less: Interest Expenses			153.95			162.14
Less: Unallocable Expenses			407.20			205.38
(Net of Unallocable Income)						
Total Profit before Tax & Extraordinary Item(s)			628.13			532.83
Less: Extraordinary Item - Voluntary Retirement Scheme – Amortised			43.74			34.52
Total Profit before Tax & after Extraordinary Item(s)			584.39			498.31

Segmentwise Revenue, Results & Capital Employed (Contd.)

Capital Employed (Segment Assets less Segment Liabilities) :

Particulars	(Rs. in Lakhs)	
	As on 31.03.2007	As on 31.03.2006
	Rs.	Rs.
Pharmaceuticals	1,954.76	2,144.52
Medical Devices	1,730.25	1,963.29
Consumer Products Distribution	17.43	(1,64.57)
Printing/Maps	189.91	200.48
Others	212.37	170.58
Total Capital Employed in Segments	4,104.72	4,314.30
Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	1,431.43	(211.19)
Total Capital Employed in Company	5,536.15	4,103.11
Total Assets Exclude:		
Investments	13.37	13.87
Deferred Tax Asset	1,234.09	1,397.29
Miscellaneous Expenditure to the extent not written off or adjusted	104.60	148.34
Total Liabilities Exclude:		
Secured Loans	1,368.64	1,249.00
Unsecured Loans	6.45	106.60
Deferred Tax Liability	472.75	505.96
Proposed Dividend including Dividend Tax	237.22	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 the Consumer Products Division.
 - * Medical Devices include Artificial Heart Valves, Hernia Repair Mesh, Surgical Sutures, Catheters, Incontinence Bags, Gloves and Blood Lancets.
 - * Consumer Products Distribution consists of marketing and distribution of EVA range of Cosmetics, 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 segmentwise 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

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

I. REGISTRATION DETAILS		
Registration Number		003647
State Code		18
Balance Sheet Date		31-03-2007
II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)		
Public Issue		Nil
Rights Issue (Preferential Allotment)		15,000
Private Placement		Nil
III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)		
Total Liabilities		10,79,618
Total Assets		10,79,618
Sources of Funds		
Paid-up Capital		81,104
Reserves & Surplus		3,99,210
Secured Loans		1,36,863
Unsecured Loans		645
Application of Funds		
Net Fixed Assets		2,85,436
Investments		1,337
Net Current Assets		2,44,456
Deferred Tax Asset (Net)		76,133
Miscellaneous Expenditure to the extent not written off or adjusted		10460
IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)		
Turnover (Total Income)		21,40,556
Total Expenditure		20,77,743
Profit / (Loss) before Tax and Extraordinary Item(s)		62,813
Extraordinary Item – VRS Amortised		4,374
Profit / (Loss) before Tax		58,439
Provision for Tax		5,430
Deferred Tax		13,000
Fringe Benefit Tax		10,000
Profit / (Loss) after Tax		30,009
Earning Per Share [after Extraordinary Item(s)] (in Rs.)		4.00
Dividend Rate		25%
V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)		
Item Code No. (ITC Code)		Product Description
300390.27		Gripewater
330720.00		Deodorants
300450.03		Calcium Supplement

Annexure to our Report of date

For M/s. AIYAR & CO.
Chartered Accountants

For M/s. S VISWANATHAN
Chartered Accountants

N. SRIDHARAN
Proprietor
Membership No. 20503

C N SRINIVASAN
Partner
Membership No.18205

Chennai
28th June, 2007

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

Cash Flow Statement for the year ended 31st March, 2007

(Rs. in Lakhs)				
	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax		584.39		498.31
Adjustments for:				
Depreciation	288.12		273.09	
(Profit) / Loss on Sale of Assets	(146.41)		3.78	
(Profit) / Loss on sale of Investments	(1.75)		(74.67)	
Interest Paid	153.94		162.14	
Dividend Received	(0.41)	<u>293.49</u>	(0.32)	<u>364.02</u>
Operating Profit before working Capital Changes:		877.88		862.33
Adjustments for:				
Trade and Other Receivables	(287.88)		36.28	
Inventories	52.30		(14.68)	
Trade Payables	(250.98)	<u>(486.56)</u>	216.33	<u>237.93</u>
Cash generated from operations		391.32		1100.26
Direct Taxes Paid		<u>(232.02)</u>		<u>(39.46)</u>
Cash Flow before Extraordinary Item(s) & Deferred Revenue Expenditure		159.30		1060.80
Deferred Revenue Expenditure		43.74		(57.70)
Cash Flow after Extraordinary Item(s)		203.04		1003.10
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Purchase of Fixed Assets	(366.73)		(234.11)	
Sale of Fixed Assets	488.86		4.08	
Interest/ Dividend Received	0.41		0.32	
Sale of Investments	2.25	<u>124.79</u>	224.03	<u>(5.68)</u>

Cash Flow Statement for the year ended 31st March, 2007 (Contd.)

	(Rs. in Lakhs)			
	2006-07		2005-06	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of Preferential Allotment (including Share Premium)	1,095.00		-	
Proceeds from Long Term Borrowings	(125.00)		(658.33)	
Bank Borrowings - Short Term	244.64		27.72	
Public Deposits / Other Loans	(100.15)		(54.04)	
Interest Paid	(153.94)		(162.14)	
Dividend Paid	(150.75)		-	
Net Cash used in Financing Activities	<u>809.80</u>		<u>846.79</u>	
Net Increase in Cash and Cash Equivalents		1137.63		150.63
Cash and Cash Equivalents as at the beginning of the year	1464.16		1313.53	
Cash and Cash Equivalents as at the end of the year	<u>2601.79</u>	<u>(1137.63)</u>	<u>1464.16</u>	(150.63)

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

N. SRIDHARAN
Proprietor
Membership No 20503

For M/s. S VISWANATHAN
Chartered Accountants

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
28th June, 2007

T T Jagannathan, *Chairman*
T T Raghunathan, *Executive Vice Chairman*
R K Tulshan, *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*

Financial Highlights

(Rs. in lakhs)

	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00 (10 Months)	1998-99	1997-98
Sales & Other Income*	21,721.21	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
Profit Before Tax	584.39	498.31	(237.64)	106.02	61.02	(883.52)	(456.88)	262.04	300.43	603.62
Current Tax	54.30	32.98	–	8.20	19.32	–	(9.48)	55.00	95.00	213.00
Deferred Tax	(130.00)	(159.00)	30.61	(56.75)	263.92	1,076.17	–	–	–	–
Fringe Benefit Tax	100.00	106.00	–	–	–	–	–	–	–	–
Profit After Tax	300.09	200.33	(207.03)	41.07	305.62	192.65	(447.40)	207.04	205.43	390.62
Dividend	202.76	132.21	–	–	–	–	–	125.75	125.75	125.75
Tax on Dividend	34.46	18.54	–	–	–	–	–	27.66	13.83	12.57
Retained Earnings	62.87	49.58	(207.03)	41.07	305.62	192.65	(447.40)	53.63	65.85	252.30
Net Block	2,854.36	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
Investments	13.37	13.87	163.22	211.01	211.01	263.88	2,036.60	579.33	668.87	586.77
Net Current Assets	2,444.57	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
Deferred Tax Asset	1,234.09	1,397.29	1,621.47	1,662.18	1,748.10	1,568.90	–	–	–	–
Deferred Tax Liability	(472.75)	(505.95)	(571.13)	(642.45)	(671.62)	(756.35)	–	–	–	–
Miscellaneous Expenditure	104.60	148.34	90.65	115.95	–	280.30	266.79	126.44	–	–
Total Assets	6,178.24	5,005.90	5,647.00	6,452.28	6,967.20	8,040.21	10,205.25	8,719.94	7,589.51	6,960.70
Share Capital	811.04	661.04	661.04	661.04	661.04	661.04**	637.52	502.99	502.99	502.99
Reserves	3,992.11	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
Borrowings	1,375.09	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
Total Liabilities	6,178.24	5005.90	5,647.00	6,452.28	6,967.20	8,040.21	10,205.25	8,719.94	7,589.51	6,960.70
* 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 & 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 49th 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 23rd August, 2007 at 11.00 a.m.

SIGNATURE OF THE MEMBER OR PROXY

NO. OF SHARES HELD



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

PROXY

I / We of

in the district of

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

of in the

district of or failing him,

of

in the district of

as my / our proxy to vote for me / us on my / our behalf at the 49th Annual General Meeting of the Company to be held on Thursday, the 23rd August, 2007 at 11.00 a.m. 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 2007.

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.



