

TTK HEALTHCARE LIMITED



ANNUAL REPORT 2009-10

A  Group Company

Introducing

ALTIUS

The 3rd Generation New Jersey Knee in India

BP HI - FLEX KNEE REPLACEMENT SYSTEM



Dr. Buechel & Dr. Pappas
The pioneers in
Knee Replacement System



TTK HEALTHCARE LIMITED

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BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr S Kalyanaraman

REGISTERED & ADMINISTRATIVE OFFICE

6, Cathedral Road
Chennai 600 086.

BANKERS

Bank of Baroda
Corporation Bank

STATUTORY AUDITORS

M/s Aiyar & Co.

Chartered Accountants
New No. 2 (Old No. 184), Rangarajapuram Main Road (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
No.22, 4th Cross Street, Trustpuram
Kodambakkam, Chennai 600 024.

FACTORIES

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

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

DEPOTS

Ahmedabad, 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, Vijayawada and Zirakpur.

Notice to Shareholders

NOTICE is hereby given that the 52nd Annual General Meeting of the Company will be held at **11.00 a.m. on Wednesday, the 28th July, 2010 at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai 600 014**, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To elect a Director in the place of Mr T T Jagannathan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in the place of Mr R K Tulshan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in the place of Mr R Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to authorize the Board to fix their remuneration.

BY ORDER OF THE BOARD
S KALYANARAMAN
Company Secretary

Place : Chennai
Date : 20th May, 2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. **The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 20th July, 2010 to Wednesday, the 28th July, 2010 (Both days inclusive).**
3. The Dividend on Equity Shares as recommended by the Board of Directors, if declared at the Meeting, will be paid to those Shareholders whose names appear in the Register of Members on 28th July, 2010.
4. Members are requested to keep the Company informed of any change in their respective mailing addresses immediately.
5. Members are requested to bring their copy of the Annual Report to the Meeting.
6. Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may claim or approach the Company's Share Transfer Agents for the payment thereof, as the same will be transferred to the **Investor Education and Protection Fund** of the Central Government,

pursuant to Section 205C of the Companies Act, 1956, on the respective due date(s) mentioned there against. **Kindly note that after such date, the members will not be entitled to claim such dividend.**

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

7. Information required under Clause 49 of the Listing Agreement with the Stock Exchanges with respect to the Directors retiring by rotation and being eligible, seeking re-appointment is as under:

(a) Mr T T Jagannathan

Mr T T Jagannathan is the Chairman of the Company. He is a Gold Medalist from the Indian Institute of Technology, Madras and did his Masters in Operations Research in Cornell University, USA. He has been on the Board of the Company for the last 26 years. He is also a Director and the Chairman of the following Companies:

- TTK Prestige Ltd.
- TTK-LIG Ltd.
- SSL TTK Limited
- Prestige Housewares India Ltd.
- TTK Tantex Ltd.
- Mantra, Inc.
- TTK Services Pvt. Ltd.
- TTK Healthcare TPA Pvt. Ltd.
- Cables & Wireless Networks India (P) Ltd. (Director)

He holds 7,30,048 Equity Shares in the Company.

(b) Mr R K Tulshan

Mr R K Tulshan is a Commerce Graduate. He has an experience of nearly three decades in Business and has been a Director of the Company for the last 26 years.

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

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

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

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

He holds 220 Equity Shares in the Company.

(c) Mr R Srinivasan

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

Notice to Shareholders (Contd.)

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

He is the Managing Director of RAS Transformation Technologies Pvt. Ltd.

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

- ACE Designers Limited
- Cholamandalam MS General Insurance Co. Limited
- Kirloskar Engines Limited
- Murugappa Morgan Thermal Ceramics Limited
- Nettur Technical Training Foundation
- TTK Prestige Limited

- Tube Investments of India Limited
- Sundaram Fasteners Limited
- Yuken India Limited
- MindTree Consulting Limited
- Sterling Abrasives Limited
- Dakshin Foundries Pvt. Ltd.
- TaeguTec India Pvt. Ltd.
- Edutech NTTF India Pvt. Ltd.
- NTTF Industries Pvt. Ltd.
- Bangalore International Exhibition Services Pvt. Ltd.

He does not hold any shares in the Company.

BY ORDER OF THE BOARD

Place : Chennai
Date : 20th May, 2010

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 52nd Annual Report together with the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

	(Rs. in lakhs)	
	2009-10	2008-09
Profit before Depreciation & Tax	1,732.03	1,512.18
Less: Depreciation	181.80	174.73
Profit Before Tax	1,550.23	1,337.45
Less: Provision for tax		
Current Tax	535.00	215.00
Deferred Tax	102.49	239.98
Fringe Benefit Tax	—	95.00
Profit After Tax	912.74	787.47
Balance brought forward from previous year	1,227.79	804.18
Total	2,140.53	1,591.65
Appropriations:		
Proposed Dividend	271.81	242.63
Provision for Tax on Dividend	46.19	41.23
Amount transferred to General Reserve	100.00	80.00
Balance transferred to Balance Sheet	1,722.53	1,227.79
	2,140.53	1,591.65

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.3.50 (35%) per Equity Share of Rs.10/- each.

REVIEW OF PERFORMANCE

During the year under review, your Company registered a sales turnover of Rs.252.43 crores as against the previous year's turnover of Rs.219.90 crores, resulting in a growth of about 15%.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) ECONOMIC AND BUSINESS ENVIRONMENT:

The Financial year 2009-10 started with a lot of apprehensions as the Global as well as the Indian Economy was suffering from the impact of immediate recessionary past. With signs of recovery from the global financial crisis, the situation improved during the second-half of 2009. The Indian Economy grew by 7.2% as against the previous year's 6.7% and the growth was mainly driven by the growth in Industrial and Services sectors. Inflation, especially the Food inflation, assumed alarming proportion in the last few months and had been a major cause for concern. The Forex Reserves (excluding Gold and SDRs) stood at US \$ 254.90 billion at the end of March 2010 as against the previous year's figure of US \$ 241.70 billion.

The Indian Pharmaceutical market grew by about 17% (Source: IMS-Dec '09 MAT) as against the previous year's growth of 10%. As in the past, the growth has been driven by the new introductions.

Anti-diabetic, Derma, Neuro and Cardiac Segments have reported healthy growth.

(B) OPPORTUNITIES AND THREATS:

Opportunities:

- Since Pharmaceutical Industry is growing, there is opportunity for your Company to grow. Further, opening up of the Health Insurance Sector and the expected growth in per capita income should drive expansion of the Healthcare Sector of which Pharma Industry is a part.
- With increasing awareness and wider acceptance of herbal therapy, particularly for life style related ailments like diabetes, etc., herbal formulations segment also provide an opportunity for growth.
- Your Company has the unique advantage of an exclusive network for distribution of OTC products that can be leveraged for launch of new products under own brands. This will not only provide improved profitability but also ensure building of brands for long term sustenance. This network could also be gainfully used for distributing Third Party products.
- On Bio-Medical Devices, due to the gap between domestic demand and supply, there is continued dependence on import of quality surgical implants. Therefore, the increase in demand could be advantageously met through increased supply of implants manufactured by your Company and through the launch of other niche products. Further, there has also been increase in demand for quality medical implants like Heart Valves for the healthcare programmes of State Governments. These products also have export potential.
- Considering the size of the market for food products, the Foods Business of your Company has potential for growth.
- Since GIS / GPS related services are gaining momentum, the capabilities available at the Publications Division will present an opportunity for carrying this business forward.

Threats:

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

(C) SEGMENTWISE PERFORMANCE:

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

Your Company is also engaged in Foods and Publications Businesses.

A look at the performance of individual Business Segments:

Pharmaceutical Business:

The Ethical Products Business of your Company deals in Pharmaceutical Formulations, both Herbal and Allopathic, in various therapeutic segments. Pharmaceuticals also include Woodward's Griewater. Since this product is distributed through

Directors' Report (Contd.)

the Consumer Products Division of your Company, it is covered under the head Consumer Products Business.

Ethical Products Division

The Ethical Products Division of your Company covers Gynaecologists, Physicians, Orthopaedists, Cardiologists and General Practitioners and the field force across the country meets around 70,000 doctors every month.

The product range encompasses Calcium Supplements, Haematinics, Cervical Dilators, Rejuvenators, Multimineral Supplements, Galactagogues, Liver Correctives, Pain Management Products, Anti-Ulcerants, Anti-asthma Preparations, etc.

The performance of the Division was satisfactory. The flagship brand of the Division "**Ossopan**" was completely reformulated based on the study carried out by an External Agency and the product was relaunched with a new packaging. Initial response is satisfactory.

In addition, **P-Biotic** (a combination of Pre & Probiotic), **Urofit** (an alkalizer for managing renal stones), **Ossopan BMD** (a mineral fortified calcium preparation for the treatment of osteoporosis) and **Folibest DHA** (folic acid and iodine based supplement) were launched and these products were received well by the Doctors.

Enhanced focus on the existing brands, launch of new products in relevant therapeutic segments and improving the per man productivity would be the key drivers for growth during 2010-11.

Ventura Division

Ventura Division deals in herbal and speciality products, with a special focus on anti-infertility segment. The product range includes Liver Correctives, Rejuvenators, Galactagogues, Anti-infertility Preparations, etc. The field force across the country covers around 40,000 doctors every month.

Ventura Division had another successful year in 2009-10 with a healthy growth. Your Company has significantly enhanced its presence in the anti-infertility segment with the launch of three new formulations viz., **Aromatin** (Letrozole), **ChromiNac-A** (a combination of Chromium Picolinate and N-Acetyl Cysteine) and **Carni-Q** (a combination of L-Carnitine and Co-enzyme Q10). The response from the medical fraternity for these products has been encouraging.

The field strength had also been increased to improve coverage.

Productivity improvement, geographical expansion and increased focus on infertility segment would be the thrust areas for the year 2010-11.

Animal Welfare Division

The Pharmaceutical Business also has a Veterinary Formulations Division which caters to the requirements of Veterinarians, Hatcheries, Poultry Farms and Dairy Farms. Around 10,000 Veterinarians and 2,500 Poultry Farms are met every month by the Field Force and this Division reaches the customers through a network of 900 stockists across the country.

This Division registered a healthy growth driven by the good performance of the flagship brands viz., Tefroli (Liver Corrective), Gentamicin (Anti-infective), Orcal-P/Ossomin (Calcium Supplements), Veta-A (Vitamin A Supplement) and Gestaforte (Fertility Promoter).

Increlac (Herbal Galactagogue), **Gestaforte Plus Bolus** (Fertility Promoter), **Blox OA** (Toxin Binder with organic acids) were the new products added to the range during the year under review.

Sharper focus on the existing key brands, new product introductions and territory expansion would be the key thrust areas in the year 2010-11.

Consumer Products Business:

This Division deals with the distribution of products marketed under Company's own brands - Woodward's Gripe Water, EVA range of Cosmetics and Good Home range of Air Freshners, Scrubbers, etc. It also handles the National Distribution of Durex and Kohinoor brand of Condoms manufactured by TTK-LIG Limited.

During the year under review, your Company has taken up the national distribution of Footcare products manufactured by SSL-TTK Limited.

The performance of Woodward's Gripe Water (WGW) continues to be satisfactory and the brand responded favourably to the enhanced advertising and promotional campaigns undertaken during the year. The Condom business grew in value terms. During the year under review, the EVA Range achieved satisfactory growth. The packaging for the entire range of Deodorants was revamped with new designs during the year. New variants were added in both 125 ml and 175 ml pack sizes and all of these met with good trade and consumer response. A new advertisement campaign was rolled out during the later part of the year and the initial response was encouraging. The Good Home range of products continued to show robust growth.

It is anticipated that this trend would continue in the financial year 2010-11 too.

Medical Devices Business:

Heart Valve Division

The Division continues to maintain healthy growth with a sale in excess of 10,000 valves during the year under review.

The new manufacturing facility at Trivandrum has received ISO 9001-2008 certification from TUV NORD CERT GmbH for "Design, Development, Manufacturing and Supply of Biomedical Devices". Action for getting CE marking for the heart valves is in an advanced stage and is expected to be completed soon.

Necessary infrastructure is being created by Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST) for the Titanium Nitride (TiN) coating required for the frame of the Improved Heart Valves. The pilot production of the new design valves for the clinical trials is in progress and the first batch of the clinical trial valves is expected to be ready during this calendar year. The new valve is expected to get the Ethics Committee clearance shortly for controlled clinical trial.

The project for the development of the Coronary Stent under the New Millennium Indian Technology Leadership Initiative (NMITLI) is in progress. Design Validation of the new Stent has been completed. The laser machined Stents have been received from two overseas suppliers and the prototype fabrication is in progress.

An agreement has been entered into with Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST) for the development of the technology for the coating of the Vascular Graft and this will eliminate the need for pre-clotting of the Graft prior to use. The project has just commenced and is likely to be completed in about two years.

Compilation of documents required for obtaining Regulatory Clearance for importing and marketing Bio-Prosthetic Valve is in progress.

Directors' Report (Contd.)

A project has been initiated with M/s Agada Medical Technologies Private Limited to develop a Stent Graft for Thoracic Aortic Aneurysm (TAA) Repair and the initial design exercise is in progress.

Ortho Division

Your Company forayed into the Ortho Segment with the acquisition of the Manufacturing Facility for Orthopaedic Implants including Total Knee Replacement System from Invicta Meditek Limited in July 2009.

The Division has technical collaboration with B P Trust, USA which is controlled by Dr Frederick F Buechel, a world renowned Orthopaedic Surgeon and Dr Michael J Pappas, an internationally recognized expert in advanced design.

The commercial production commenced in August 2009 and 138 implants have been done till 31st March, 2010. The initial response from the Orthopaedic Surgeons was encouraging.

Action is also being initiated for refurbishing the existing facility and also to scale up the capacity with the addition of requisite machines. Further, action has also been initiated for obtaining CE marking for Orthopaedic Implants.

Further, taking into account the anticipated demand for Orthopaedic Implants, your Company is planning to scale up the capacity to 20,000 implants per annum over a period of next three years. For this purpose, it is proposed to set up a new manufacturing facility at Mahindra World City near Chengalpet within the next 18-24 months, at an estimated outlay of Rs.20 crores.

Publications Business:

The performance of the Publications Division during the year under review has been satisfactory. The exercise for completely revamping / providing a new look to the existing titles is underway. Further, action is also being initiated for launching value added products in this segment. With these initiatives, the performance of Publications Division is expected to be better in 2010-11.

With the commissioning of the necessary infrastructure for the Digital Cartography / GIS Segment, it is proposed to initially work as a preferred vendor for the major GIS companies. Simultaneously, action would also be taken to procure value added businesses from other customers.

The ISO Certification from the British Standards Institution has been obtained for the Publications Division's facility situated at Mahindra World City, Chengalpet.

Foods Business:

During the year under review, the performance of the Foods Division was seriously affected due to the frequent break-down of the plant. Since the proposal to acquire the Fen make Pre-owned Pellet Manufacturing Line from a local party at Ahmedabad did not materialize due to litigation at his end, your Company has already imported a Pre-owned Pellet Manufacturing Line from M/s FEN s.r.l., Italy and the same is under erection. The Line is capable of producing both extruded as well as 3D pellets and the commercial production is likely to commence during the Second Quarter of the current year.

Since the refurbishing of the existing imported lines by the original manufacturer M/s. Pavan, Italy was not found to be technically feasible, your Company would still consider buying the Fen make Pre-owned Pellet Manufacturing Line from the local party subject to satisfactory resolution of the litigation at his end.

The test marketing initiative of your Company for the Ready-to-eat Snack Pellets under the brand name "Yummies" did not yield the

desired results and therefore, your Company has exited from this initiative, for the time being.

In view of the above, the outlook for 2010-11 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)	
	2009-10	2008-09
Sales	25,242.91	21,990.16
Less : Excise Duty relating to Sales	22.98	25.51
	25,219.93	21,964.65
Other Income	376.90	500.76
Total Income	25,596.83	22,465.41
Goods Consumption	13,438.06	11,926.58
Expenses	10,252.34	8,840.22
Profit before Interest and Depreciation	1,906.43	1,698.61
Interest	174.40	186.43
Depreciation	181.80	174.73
Profit Before Tax	1,550.23	1,337.45
Less: Provision for Tax		
Current Tax	535.00	215.00
Deferred Tax	102.49	239.98
Fringe Benefit Tax	—	95.00
Profit After Tax	912.74	787.47

Income:

Sales Turnover:

During the year under review, your Company registered a sales turnover of Rs.252.43 crores as against the previous year's turnover of Rs.219.90 crores, resulting in a growth of about 15%.

Other Income:

The Other Income for the year under review stands at Rs.3.77 crores as against the previous year's figure of Rs.5.01 crores. This is due to the reduction in the rate of interest on the Fixed Deposits and utilization of funds from deposits for the buy-back of shares, acquisition of the Ortho Business and for the Foods Project.

Expenditure:

Goods Consumption:

The goods consumption as a percentage of sales for the year works out to 53.28% as against the previous year's figure of 54.30%. The reduction in goods consumption was mainly on account of the higher proportion of own branded products in the sales mix where the material cost as a percentage of sales is lower as compared to the traded lines.

Expenses:

- The increase in Salaries, Wages & Bonus, Contribution to PF & Other Funds and Gratuity & Superannuation was mainly on

Directors' Report (Contd.)

account of the annual increments and also expansion of field manpower.

- The increase in Advertisement and Sales Promotion expenses represents higher sales promotional expenses incurred on various product categories of the Company and incentives paid to field staff.
- The increase in Travelling expenses is due to general increase in the fares, hotel tariffs and the increase provided in the daily allowances of the field staff.
- Donation represents the contribution made to Anandam, a Public Charitable Trust, providing shelter for orphaned senior citizens, for the construction of Medical Care Wards (Rs.7 lakhs) and Sri Venkateshwara Trust for extending educational and medical assistance to deserving people (Rs.25 lakhs).

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

Share Capital:

The reduction in Share Capital from Rs.808.75 lakhs to Rs.776.60 lakhs represents the extinguishment of 3,21,514 Equity Shares which were bought back by the Company under the Buy-back Scheme.

Fixed Assets:

The Net Fixed Assets stood at Rs.24.00 crores during the year under review as against the previous year's figure of Rs.20.98 crores.

The addition to Fixed Assets amounting to Rs.4.96 crores mainly represents the cost of the assets (Rs.4.16 crores) forming part of the Orthopaedic Implants Manufacturing Undertaking acquired from Invicta Meditek Limited.

The Capital Work-in-progress (Rs.6.32 crores) represents the monies paid to the contractors for the civil / electrical work and purchase / import of machineries for the Foods Project. The same will be capitalized after completion of the project.

Inventories:

During the year under review, there has been increase in the Inventories from Rs.19.89 crores to Rs.22.83 crores, due to inventories of newly acquired Ortho Division and higher build-up of inventories as a pro-active measure in Gripewater, Condoms, Footcare and Publications Division anticipating demands.

Sundry Debtors:

There has been an increase in Sundry Debtors from Rs.21.83 crores to Rs.22.50 crores and is in line with the increase in sales.

Loans and Advances:

During the year under review, there has been an increase in the Loans and Advances from Rs.17.04 crores to Rs.21.27 crores. The increase mainly represents the payment of advance income-tax amounting to Rs.417.59 lacs and TDS to the extent of Rs.35.77 lakhs. The reduction in the "Advance for Others" is due to the refund of advance amounting to Rs.79.56 lakhs by M/s McFill Enterprises, Ahmedabad paid during the last year for the purchase of Pre-owned Snack Pellet Line for the Foods Division as the transaction did not materialize.

Current Liabilities:

The increase in Current Liabilities from Rs.45.89 crores to Rs.53.74 crores during the year under review is mainly on account of the

normal increase in creditors for goods and expenses, in line with the increased level of activities.

(F) INTERNAL CONTROL SYSTEMS:

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

(G) INFORMATION TECHNOLOGY:

The Oracle ERP System is functioning satisfactorily. The implementation of the HR module has been successfully completed by the in-house team and the HR / Pay Roll functions have now been integrated with the main ERP. The Oracle ERP has also been expanded to the recently acquired Ortho Division.

(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, 2011.

As on 31st March, 2010, the employee strength was 1343.

(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.

BUY-BACK OF SHARES

Under the Buy-back Scheme, your Company has totally bought back and extinguished 3,44,431 Equity Shares of Rs.10/- each, at an average price of Rs.105.37 per share, for a total consideration of Rs.3.63 crores and the Buy-back scheme was closed on 18th September, 2009.

FINANCE

The Secured and Unsecured Loans stood at Rs.14.28 crores as against the previous year's figure of Rs.15.16 crores.

During the year under review, your Company availed an Unsecured Loan of Rs.8 crores from Corporation Bank.

However, there has been no significant change in the overall borrowings of the Company, as compared to the previous year.

FIXED DEPOSITS

As on 31st March, 2010, your Company was holding a sum of Rs.15,000/- under Fixed Deposits Account relating to one deposit and this continues to remain unclaimed as on date.

Directors' Report (Contd.)

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 K Vaidyanathan has been appointed as the Executive Director of the Company for a period of two years, with effect from 1st July, 2009.

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

AUDITORS

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

LISTING

Your Company's shares are listed with –

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

The Listing Fees have been paid for the financial year 2010-11.

Though your Company applied for delisting of its shares on the Madras Stock Exchange Limited (MSE) sometime back, it is now proposed to continue the listing, in view of their tie-up with the National Stock Exchange Limited (NSE).

CORPORATE GOVERNANCE

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

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

CONSERVATION OF ENERGY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

Place : Chennai
Date : 20th May, 2010

For and on behalf of the Board
T T JAGANNATHAN
Chairman

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

Annexure to the Directors' Report

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 for the financial year ended 31st March, 2010

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		
	2009-10	2008-09
A. Power and Fuel Consumption		
1. Electricity:		
(a) Purchased		
Units	12,16,733	14,38,962
Total Amount (Rs.)	68,25,870	74,24,139
Rate per Unit (Rs.)	5.61	5.16
(b) Own Generation		
Units	1,30,600	1,20,722
Unit per litre of Diesel Oil	2.46	1.99
Cost per Unit (Rs.)	12.79	16.62
2. Furnace Oil / Light Diesel Oil:		
Quantity (litres)	1,66,651	1,55,801
Total Amount (Rs.)	58,72,010	55,87,505
Average rate per litre (Rs.)	35.24	35.86

In view of the heterogeneous product range of the Company 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 –
 - Probiotics with Oligosaccharides;
 - Fortified mineral bolus for livestock;
 - Calcium Supplement with higher elemental calcium;
 - Formulation containing Potassium and Magnesium Citrate for the management of renal stones;
 - Polyherbal Galactagogue Bolus for Veterinary use;
 - Folic Acid and Iodine Tablet.
- (b) Prototype Stents have been received from two different Overseas Vendors for detailed evaluation.
- (c) A CE certified Vendor for the Stent Delivery System has been identified and discussions are underway.
- (d) The Titanium Nitride coating equipment customized for medical device coating is under fabrication. Erection and commissioning will be taken up by Sree Chitra Tirunal Institute of Medical Science and Technology (SCTIMST) later this year.
- (e) The Stented Graft Project has started off with preliminary design meetings, equipment selection and recruitment of R&D staff.

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

- (a) The Company has launched the following products:
 - P-Biotics (A combination of Pre & Probiotic)
 - Gestaforte Plus Bolus (Fortified mineral bolus for livestock)
 - Ossopan+, Ossopan 500+ & Ossopan BMD (Calcium Supplements)
 - Urofit Liquid (An alkalizer for managing renal stones)
 - Incretac Bolus (Galactagogue)
 - Folibest DHA (Folic Acid and Iodine Based Supplement)

(iii) Future Plan of Action:

- (a) At present, work is being carried out on the following products which will be commercialized after the trials:

- Development of Diethyl Carbamazine Citrate Cetrizine Hcl. Liquid.
- Development of Metho-Chelated mineral mixture enriched with bioactive chromium, biotin, choline chloride for livestock.
- Development of anti-bacterial, anti-fungal and analgesic ointment for livestock.
- Development of probiotics enriched with prebiotics and growth stimulants for Veterinary bolus.
- Development of various Derma formulations.

- (b) The Prototype Stents will be integrated with delivery systems for evaluation of the handling and other characteristics prior to animal and other trials.
- (c) The Stented Graft Project will come to design freezing stage by end 2010.
- (d) Clinically usable samples of the new design heart valve will be ready for clinical trials after the approval of the Institute's Ethics Committee for human trials.

(iv) Expenditure on R&D:

	2009-10	2008-09
	Rs.	Rs.
(a) Capital	-	-
(b) Recurring	24,26,992	24,20,937
(c) Total	24,26,992	24,20,937
(d) % of R&D expenses to sales	0.10%	0.11%

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

Value engineering to improve operations is a continuing activity.

(3) Benefits derived from the above efforts:

Streamlining of existing operations with a capacity to cater to anticipated extra demand.

(4) Details of Imported Technology:

None

(5) Foreign Exchange Earnings & Outgo:

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

	2009-10	2008-09
	Rs.	Rs.
Foreign Exchange Earnings		
Exports	1,66,17,208	2,73,25,778
Foreign Exchange Outgo		
• Imports		
– Raw Materials	1,41,91,682	2,28,76,910
– Capital Goods	3,94,50,745	-
– Spares	-	14,519
• Royalty, Consultancy, Product Registration/Promotion Expenses, Travelling, etc.	18,83,092	14,19,978
Total	5,55,25,519	2,43,11,407

For and on behalf of the Board
T T JAGANNATHAN
Chairman

Place : Chennai
Date : 20th May, 2010

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, 2010.

Name	Designation	Gross Remuneration (Rs.)	Experience (Years)	Age (Years)	Qualifications	Date of Employment	Previous Employment
Mr T T Raghunathan@	Executive Vice Chairman	83,34,399	38	58	B.Com.	01.11.2001	Managing Director TTK Tantex Limited
Mr K Vaidyanathan@	Executive Director*	25,82,710	40	62	M.Com., FCA.,	01.07.2009	Group Director – Finance & Strategy T T Krishnamachari & Co.
Mr S Kalyanaraman	Senior Vice President– Commercial & Company Secretary	30,70,660	29	47	B.Com., AICWA., ACS.,	05.10.1987	Finance Manager & Company Secretary TT Maps & Publications Limited

*Appointed with effect from 1st July, 2009.

@ Term of employment is contractual.

Notes :

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

Place : Chennai

Date : 20th May, 2010

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

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

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

*Appointed as Executive Director with effect from 1st July, 2009.

BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS:

The Board of the Company met five times during the financial year ended 31st March, 2010, on the following dates:

- 7th May, 2009
- 30th June, 2009
- 28th July, 2009
- 30th October, 2009
- 27th January, 2010

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 (27.08.09)	Other Directorships	Committee Memberships	Committee Chairmanships
Mr T T Jagannathan	4	Yes	6 [§]	-	-
Mr T T Raghunathan	5	Yes	4	-	-
Mr R K Tulshan	5	Yes	2	-	-
Dr K R Srimurthy	2	Yes	-	-	-
Mr B N Bhagwat	5	Yes	-	-	-
Mr J Srinivasan	5	Yes	2	-	1
Mr R Srinivasan	2	No	11	6	3
Mr K Vaidyanathan	5	Yes	-	-	-
Mr K Shankaran	5	Yes	3 [§]	1	-

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

Terms of reference of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management-
 - (i) the annual financial statement before submission to the Board for approval with particular reference to:
 - (a) the matters required to be included in the Directors' Responsibility Statement;
 - (b) changes, if any, in the accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgement by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report;
 - (ii) the quarterly financial statements before submission to the Board for approval;
 - (iii) the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

Report on Corporate Governance (Contd.)

(iv) performance of statutory and internal auditors and adequacy of the internal control systems;

- Reviewing-

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

- Discussion with-

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

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

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

- 7th May, 2009
- 29th June, 2009
- 28th July, 2009
- 30th October, 2009
- 27th January, 2010

All the above meetings were attended by all the Members of the Committee except Dr K R Srimurthy who did not attend the Audit Committee Meeting held on 7th May, 2009, 28th July, 2009 and 30th October, 2009.

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

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

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

Consequent to the appointment of Mr K Vaidyanathan as Executive Director of the Company effective 1st July, 2009, Mr K Shankaran has been appointed as the Chairman of the Committee and now the Committee comprises of Mr K Shankaran as Chairman and Mr R K Tulshan and Mr K Vaidyanathan as Members.

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 28th July, 2009 and 27th January, 2010 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	2009-10
Non-receipt of Dividends	3
Non-receipt of Shares sent for transfer/transmission	-
Non-receipt of Balance Sheet	-
Others	-
Total	3

All the complaints were resolved satisfactorily and there has been no pending complaint as on 31st March, 2010.

DIRECTORS' REMUNERATION:

The details of remuneration paid to the Wholtime Directors for the year 2009-10 are as follows:

Name & Designation	Salary	HRA, Incentive & Other Allowances	Contribution to PF & Other Funds	Commission	Total	Tenure of Appointment
	Rs.	Rs.	Rs.	Rs.	Rs.	
Mr T T Raghunathan Executive Vice Chairman	18,00,000	47,15,661	5,23,926	12,94,812	83,34,399	5 years from 1 st November, 2006.
Mr K Vaidyanathan® Executive Director	13,50,000	12,32,710	-	-	25,82,710	2 years from 1 st July, 2009.

® Appointed as Executive Director of the Company with effect from 1st July, 2009.

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

The Company currently does not have Stock Options Scheme.

The Company paid Sitting Fees of Rs.5,000/- per meeting attended (Both Board Meetings & Committee Meetings) to each of the Non-Executive Directors during the year 2009-10. 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. Mr T T Jagannathan

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

Mr Jagannathan is the Chairman of the Company. He is a Gold Medalist from the Indian Institute of Technology, Madras and did his Masters in Operations Research in Cornell University, USA. He has

Report on Corporate Governance (Contd.)

been on the Board of the Company for the last 26 years. He is also a Director and the Chairman of the following Companies:

- TTK Prestige Ltd.
- TTK-LIG Ltd.
- SSL TTK Limited
- Prestige Housewares (India) Ltd.
- TTK Tantex Ltd.
- Mantra, Inc.
- TTK Services Pvt. Ltd.
- TTK Healthcare TPA Pvt. Ltd.
- Cables & Wireless Networks India (P) Ltd. (Director)

He holds 7,30,048 Equity Shares in the Company.

2. Mr R K Tulshan

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

Mr Tulshan is a Commerce Graduate. He has an experience of nearly three decades in Business and has been a Director of the Company for the last 26 years.

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

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

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

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

He holds 220 Equity Shares in the Company.

3. Mr R Srinivasan

Mr R Srinivasan retires by rotation and is eligible for re-appointment.

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

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

He is the Managing Director of RAS Transformation Technologies Pvt. Ltd.

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

- ACE Designers Limited
- Cholamandalam MS General Insurance Co. Limited
- Kirloskar Engines Limited
- Murugappa Morgan Thermal Ceramics Limited
- Nettur Technical Training Foundation
- TTK Prestige Limited
- Tube Investments of India Limited
- Sundaram Fasteners Limited
- Yuken India Limited
- MindTree Consulting Limited
- Sterling Abrasives Limited
- Dakshin Foundries Pvt. Ltd.
- TaeguTec India Pvt. Ltd.
- Edutech NTT India Pvt. Ltd.

- NTT Industries Pvt. Ltd.
- Bangalore International Exhibition Services Pvt. Ltd.

He does not hold any shares in the Company.

CODE OF CONDUCT:

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

A report on the compliance aspect of the Code of Conduct given by the Executive Vice Chairman has been given at Page No.17 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
2007	23 rd August, 2007	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	-
2008	27 th August, 2008	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	-
2009	27 th August, 2009	11.00 a.m.	The Music Academy Kasturi Srinivasan Hall (Mini Hall) New No.168, (Old No.306), TTK Road, Chennai 600 014	3

No Resolutions were put through Postal Ballot during the year 2009-10.

BUY-BACK OF SHARES

Under the Buy-back Scheme, your Company has totally bought back and extinguished 3,44,431 Equity Shares of Rs.10/- each, at an average price of Rs.105.37 per share, for a total consideration of Rs.3.63 crores and the Buy-back Scheme was closed on 18th September, 2009.

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.34 of this Annual Report.

Report on Corporate Governance (Contd.)

• Compliances by the Company

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

• Accounting Treatment

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

• Board Disclosure – Risk Management

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

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

• Proceeds from Preferential Issue:

Out of the proceeds of the Preferential Issue amounting to Rs.10.95 crores, a sum Rs.4.16 crores has been utilized for acquiring the Orthopaedic Implants Business and the balance has been kept in Fixed Deposits with banks.

• 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.16 of this Annual Report.

MEANS OF COMMUNICATION:

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

GENERAL SHAREHOLDERS INFORMATION:

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

Date - 28th July, 2010
Day - Wednesday
Time - 11.00 a.m.
Venue - The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai 600 014.

b) Particulars of Financial Calendar:

Financial Year April – March
Unaudited First Quarter Results End July
Unaudited Second Quarter Results End October

Unaudited Third Quarter Results End January
Audited Annual Results End May

c) **Date of Book Closure** - 20th July, 2010 To 28th July, 2010 (Both Days Inclusive)

d) **Dividend Payment Date** - On or before 26th August, 2010

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

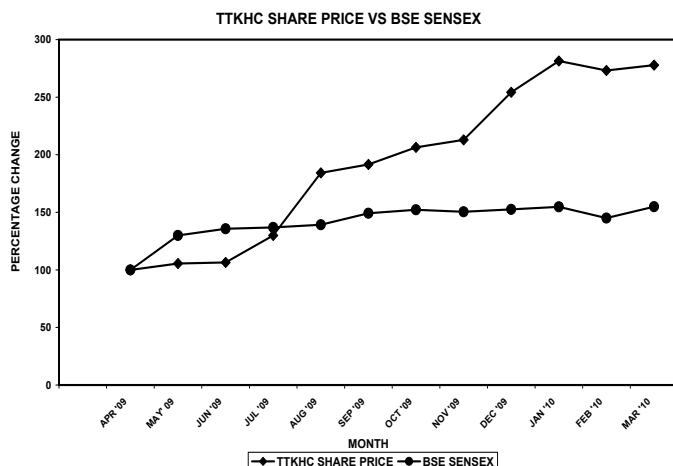
h) **Stock Price Data** :

MONTH	BSE (2009- 10)			BSE (2008- 09)		
	High	Low	Volume	High	Low	Volume
April	108.00	95.00	2,35,514	85.50	68.05	25,471
May	114.00	100.00	23,748	84.50	67.35	14,529
June	115.00	104.80	29,252	84.50	69.00	31,368
July	140.25	109.00	1,23,009	98.00	65.00	77,608
August	199.00	121.25	2,16,227	104.75	77.00	77,268
September	206.95	174.00	4,07,067	108.75	89.00	2,07,857
October	222.95	190.10	1,70,359	100.90	65.05	61,327
November	230.00	196.00	29,755	89.20	65.00	1,26,457
December	274.65	223.00	30,974	83.95	61.20	14,540
January	304.00	263.05	67,155	82.00	68.00	23,003
February	295.00	265.00	18,541	98.60	75.20	69,574
March	300.00	247.60	26,607	102.00	82.00	76,757

i) Stock Performance Vs BSE Sensex:

Month	TTK Share Price		BSE Sensex	
	(High)	% Change	(High)	% Change
April 2009	108.00	-	11,492.10	-
May 2009	114.00	6%	14,930.54	30%
June 2009	115.00	6%	15,600.30	36%
July 2009	140.25	30%	15,732.81	37%
August 2009	199.00	84%	16,002.46	39%
September 2009	206.95	92%	17,142.52	49%
October 2009	222.95	106%	17,493.17	52%
November 2009	230.00	113%	17,290.48	50%
December 2009	274.65	154%	17,530.94	53%
January 2010	304.00	181%	17,790.33	55%
February 2010	295.00	173%	16,669.25	45%
March 2010	300.00	178%	17,793.01	55%

Report on Corporate Governance (Contd.)



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, 2010, no Equity Shares were pending for transfer.

l) Distribution of Shareholding as on 31st March, 2010:

Shareholding of Nominal Value of Rs.	Number of Shareholders		% to Total Number of Shareholders		Share Amount		% to Total Share Amount	
	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode	Physical Mode	Electronic Mode
1	2	3	4	5	6	7	8	9
Upto 5000	7,149	4,409	60.04	37.02	49,68,700	48,51,830	6.41	6.25
5001-10000	26	123	0.22	1.03	1,85,870	9,32,130	0.24	1.20
10001-20000	23	74	0.19	0.62	3,01,840	10,49,680	0.39	1.35
20001-30000	8	14	0.07	0.12	1,88,400	3,38,060	0.24	0.44
30001-40000	1	9	0.01	0.08	33,600	3,15,210	0.04	0.41
40001-50000	1	7	0.01	0.06	48,000	3,20,540	0.06	0.41
50001-100000	4	22	0.03	0.18	3,29,400	14,97,120	0.42	1.93
100001 & Above	5	33	0.04	0.28	12,44,000	6,10,55,450	1.60	78.61
Total	7,217	4,691	60.61	39.39	72,99,810	7,03,60,020	9.40	90.60
Grand Total	11,908		100.00		7,76,59,830		100.00	

m) Categories of Equity Shareholders as on 31st March, 2010:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	% to Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
(a)	Individuals / Hindu Undivided Family	13	9,26,835	11.94
(b)	Central Government / State Government(s)	—	—	—
(c)	Bodies Corporate	2	10,080	0.13
(d)	Financial Institutions / Banks	—	—	—
(e)	Any Other [Partnership Firm]	1	41,44,085	53.36
	Sub-Total (A)(1)	16	50,81,000	65.43
(2)	Foreign			
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—
(b)	Bodies Corporate	—	—	—
(c)	Institutions	—	—	—
(d)	Any Other (specify)	—	—	—
	Sub-Total (A)(2)	—	—	—
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	16	50,81,000	65.43
(B)	Public Shareholding			
(1)	Institutions			
(a)	Mutual Funds / UTI	6	6,172	0.08
(b)	Financial Institutions / Banks	6	716	0.01
(c)	Central Government / State Government(s)	—	—	—
(d)	Venture Capital Funds	—	—	—
(e)	Insurance Companies	1	264	0.00
(f)	Foreign Institutional Investors	3	960	0.01
(g)	Foreign Venture Capital Investors	—	—	—
(h)	Any Other (specify)	—	—	—
	Sub-Total (B)(1)	16	8,112	0.10
(2)	Non-Institutions			
(a)	Bodies Corporate	215	4,17,152	5.37
(b)	Individuals -			
(i)	Individual Shareholders holding nominal share capital up to Rs.1 lakh			
	Resident Indians	11,560	13,91,944	17.92
	Non-Resident Indians	69	23,185	0.30
	Total	11,629	14,15,129	18.22
(ii)	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh			
	Resident Indians	27	8,44,123	10.87
	Non-Resident Indians	—	—	—
	Total	27	8,44,123	10.87
(c)	<i>Any Other [Represents the Shareholdings of the Independent / Professional Directors who are not in control of the Company]</i>	5	467	0.01
	Sub-Total (B)(2)	11,876	26,76,871	34.47
	Total Public Shareholding (B) = (B)(1) + (B)(2)	11,892	26,84,983	34.57
	GRAND TOTAL (A)+(B)	11,908	77,65,983	100.00

Report on Corporate Governance (Contd.)

Note:

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

n) Dematerialisation of Shares and Liquidity as on 31st March, 2010:

	No. of Shareholders	No. of Shares	% of Shares
No. of Shareholders in Physical Mode	7,217	7,29,981	9.40
No. of Shareholders in Electronic Mode	4,691	70,36,002	90.60
Total	11,908	77,65,983	100.00

Days taken for Dematerialisation	No. of Requests	No. of Shares	% of Shares
15 days	71	5,130	0.07

Particulars	National Securities Depository Limited (NSDL)		Central Depository Services (I) Limited (CDSL)	
	2009-10	2008-09	2009-10	2008-09
Number of Shares Dematerialized	30,782	14,037	6,012	3,198
Number of Shares Rematerialized	25	—	—	—

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

p) Plant Locations : 5, Old Trunk Road, Pallavaram, Chennai 600 043, Tamil Nadu.

2-B, Hosakote Industrial Area, 8th Kilometre, Hosakote Chinthamani Road, Hosakote Taluk, Bangalore 562 114, Karnataka

Site No.A28, KINFRA International Apparel Parks Ltd., St. Xavier's College P.O., Thumba, Trivandrum 695 586, Kerala

No.290, SIDCO Industrial Estate, Ambattur, Chennai 600 098, Tamil Nadu

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

q) Registered Office : 6, Cathedral Road, Chennai 600 086
Tel: 044-28116106 to 28116110
Fax: 044-24671023

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

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

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

CEO / CFO CERTIFICATION:

As required under Clause 49 (Corporate Governance) of the Listing Agreement, the Executive Vice Chairman and Vice President – Finance have furnished necessary Certificate to the Board of Directors with respect to Financial Statements and Cash Flow Statement for the year ended 31st March, 2010.

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

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

(b) Remuneration Committee:

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

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

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

During the year under review, the Committee met on 29th June, 2009, to consider and approve-

- the appointment of Mr K Vaidyanathan as Executive Director of the Company for a period of 2 years with effect from 1st July, 2009 and his remuneration package; and
- the payment of minimum remuneration to-
 - Mr T T Raghunathan, Executive Vice Chairman for a period of two years from 1st November, 2009 to 31st October, 2011; and
 - Mr K Vaidyanathan, Executive Director for a period of two years from 1st July, 2009 to 30th June, 2011.

The above meeting was attended by all the members of the Committee.

Report on Corporate Governance (Contd.)

(c) Half-yearly Communication to Shareholders:

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

(d) Audit Qualifications:

There were no audit qualifications in the Financial Statements of the Company for the year ended 31st March, 2010.

(e) Whistle Blower Policy:

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

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

DECLARATION ON CODE OF CONDUCT

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

Place : Chennai
Date : 5th May, 2010

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, 2010 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, 2010, no investor grievances are pending against the Company exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

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

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

N SRIDHARAN
Proprietor
Membership No.20503

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

C N SRINIVASAN
Partner
Membership No.18205

Place : Chennai
Date : 20th May, 2010

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, 2010 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, 2010 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2010 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, 2010;
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

N SRIDHARAN
Proprietor
Membership No.20503
Place : Bangalore
Date : 20th May, 2010

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

C N SRINIVASAN
Partner
Membership No.18205

Annexure to Auditors' Report (Referred to in Paragraph 3 of the Auditors' Report of even date to the Members of TTK Healthcare Limited on the Financial Statements for the year ended 31st March, 2010)

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the Management at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the inventories (excluding stocks with third parties and materials in-transit) have been physically verified during the year by the Management. In respect of inventories lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks

- and the book stocks have been properly dealt with in the books of accounts and were not material.
- (iii) The Company has neither granted nor taken any loans to / from any party covered in the Register maintained under Sec.301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable.
 - (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Auditors' Report (Contd.)

- (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, Fringe Benefit Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the particulars of disputed dues on account of Income Tax, Sales Tax, Excise Duty and Service Tax as on 31st March, 2010

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	264.71	1986-87, 1991-92, 1993-94, 1995-96, 1997-98, 1998-99, 2000-01 to 2006-07 & 2008-09	Before various Authorities - Upto the Commissioner's Level
The Central Excise Act, 1944	Excise Duty with Interest and Penalty, as applicable	124.40	1988-89 to 2007-08	The Customs, Excise and Service Tax Appellate Tribunal
		0.74	1994-95 & 1995-96	The Deputy Commissioner of Central Excise, Aurangabad
		0.60	2002-03, 2004-05 to 2006-07	The Commissioner of Central Excise (Appeals), Chennai
Finance Act	Service Tax	2.29	2005-06 to 2007-08	The Commissioner of Central Excise (Appeals), Bangalore & CESTAT, Bangalore

Finance Act	Service Tax	10.28	1997-98 to 1999-2000	Hon'ble High Court Chennai
Income Tax Act, 1961	Income Tax	711.63	1999-2000 onwards	Application / Review Petition filed before Specified Authority / CBDT, for relaxation of conditions under Rule 9C.

- (x) The Company does not have any accumulated losses as at 31st March, 2010 and has not incurred cash losses during the financial year covered by our Audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions, banks or debenture holders as at the Balance Sheet date.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) During the year, no term loans have been availed by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the funds raised on short term basis have not been used for long term investment and surplus in long term funds have been deployed in working capital.
- (xviii) According to the information and explanations given to us, the Company has no outstanding debentures at the end of the year.
- (xix) During the period covered by our Audit Report, the Company has not raised money by public issues.
- (xx) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

N SRIDHARAN
Proprietor
Membership No.20503

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

C N SRINIVASAN
Partner
Membership No.18205

Place : Chennai
Date : 20th May, 2010

Balance Sheet

as at 31st March, 2010

Particulars	Schedule No.	As at 31.3.2010		As at 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS :					
1. Shareholders' Funds					
a) Share Capital	1		7,76,59,830		8,08,74,970
b) Reserves & Surplus	2		56,90,74,005		54,00,87,757
2. Loan Funds					
a) Secured Loans	3A	6,27,80,244		15,10,15,449	
b) Unsecured Loans	3B	8,00,15,000	14,27,95,244	5,65,000	15,15,80,449
Total			78,95,29,079		77,25,43,176
II. APPLICATION OF FUNDS :					
1. Fixed Assets					
Gross Block	4	45,89,27,320		41,25,67,869	
Less : Depreciation		21,89,16,018		20,27,46,171	
		24,00,11,302		20,98,21,698	
Add : Capital Work-In-Progress		6,31,97,828		—	
Net Block			30,32,09,130		20,98,21,698
2. Investments					
	5		8,15,37,000		8,15,37,000
3. Deferred Tax					
Deferred Tax Asset		69,44,008		1,77,26,938	
Deferred Tax Liability		(2,68,39,978)	(1,98,95,970)	(2,73,74,186)	(96,47,248)
4. Current Assets, Loans & Advances:					
a) Inventories	6	22,82,58,544		19,88,90,316	
b) Sundry Debtors	7	22,49,51,483		21,83,34,492	
c) Cash & Bank Balances	8	49,33,81,832		50,24,46,648	
d) Loans & Advances	9	21,27,45,370		17,04,25,087	
		115,93,37,229		109,00,96,543	
Less : Current Liabilities & Provisions :					
a) Current Liabilities	10	53,73,89,832		45,89,10,780	
b) Provisions	10 A	19,72,68,478		14,03,54,037	
		73,46,58,310		59,92,64,817	
Net Current Assets			42,46,78,919		49,08,31,726
5. Miscellaneous Expenditure					
(To the extent not written off or adjusted)			—		—
Total			78,95,29,079		77,25,43,176
Significant Accounting Policies	Page No.36				
Notes on Accounts	Page No.29 to 36				
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 Regn.No.000063S	For M/s. S VISWANATHAN Chartered Accountants Regn.No.004770S	T T Jagannathan, <i>Chairman</i> T T Raghunathan, <i>Executive Vice Chairman</i> R K Tulshan, <i>Director</i> Dr K R Srimurthy, <i>Director</i> B N Bhagwat, <i>Director</i> J Srinivasan, <i>Director</i> R Srinivasan, <i>Director</i> K Vaidyanathan, <i>Executive Director</i> K Shankaran, <i>Director</i> S Kalyanaraman, <i>Company Secretary</i> B V K Durga Prasad, <i>Vice President - Finance</i>			
N. SRIDHARAN Proprietor Membership No. 20503	C N SRINIVASAN Partner Membership No. 18205	Chennai 20 th May, 2010			

Profit and Loss Account

for the year ended 31st March, 2010

Particulars	Schedule No.	2009-10			2008-09		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INCOME :							
Sales	11	252,42,90,840			219,90,16,113		
Less: Excise Duty relating to Sales		<u>22,97,930</u>			<u>25,50,739</u>		
			252,19,92,910			219,64,65,374	
Other Income	12		<u>3,76,90,221</u>			<u>5,00,75,682</u>	
				255,96,83,131			224,65,41,056
EXPENDITURE :							
Goods Consumption & Excise Duty	13		134,38,05,788			119,26,57,932	
Expenses	14		104,26,74,071			90,26,64,991	
Depreciation		1,86,82,726			1,79,75,119		
Less: Transfer from Revaluation Reserve		<u>5,02,410</u>	<u>1,81,80,316</u>		<u>5,02,410</u>	<u>1,74,72,709</u>	
				240,46,60,175			211,27,95,632
Profit Before Tax				15,50,22,956			13,37,45,424
Less : Provision for Tax							
Current Tax			5,35,00,000			2,15,00,000	
Deferred Tax			1,02,48,722			2,39,98,000	
Fringe Benefit Tax			-	6,37,48,722		95,00,000	5,49,98,000
Profit After Tax				9,12,74,234			7,87,47,424
Balance brought forward from previous year				12,27,79,125			8,04,17,602
Amount available for appropriation				21,40,53,359			15,91,65,026
Appropriations:							
Proposed Dividend				2,71,80,941			2,42,62,491
Provision for Tax on Dividend				46,19,401			41,23,410
Transferred to General Reserve				1,00,00,000			80,00,000
Balance transferred to Balance Sheet				17,22,53,017			12,27,79,125
				21,40,53,359			15,91,65,026
Basic & Diluted Earnings Per Share (EPS) (Face Value : Rs. 10 per share)				11.68			9.71
Significant Accounting Policies	Page No.36						
Notes on Accounts	Page No.29 to 36						
<p>Note: Schedules referred to above and the Notes attached form an integral part of the Profit & Loss Account Annexure to our Report of date</p>							
For M/s. AIYAR & CO. Chartered Accountants Regn.No.000063S	For M/s. S VISWANATHAN Chartered Accountants Regn.No.004770S					T T Jagannathan, <i>Chairman</i> T T Raghunathan, <i>Executive Vice Chairman</i> R K Tulshan, <i>Director</i> Dr K R Srimurthy, <i>Director</i> B N Bhagwat, <i>Director</i> J Srinivasan, <i>Director</i> R Srinivasan, <i>Director</i> K Vaidyanathan, <i>Executive Director</i> K Shankaran, <i>Director</i> S Kalyanaraman, <i>Company Secretary</i> B V K Durga Prasad, <i>Vice President - Finance</i>	
N. SRIDHARAN Proprietor Membership No. 20503	C N SRINIVASAN Partner Membership No. 18205		Chennai 20 th May, 2010				

Cash Flow Statement

for the year ended 31st March, 2010

(Rs.in lakhs)

Particulars	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax and Extraordinary Item(s)		1,550.23		1,337.45
Adjustments for:				
Depreciation	181.80		174.72	
(Profit) / Loss on Sale of Assets	(4.58)		(18.90)	
Interest Paid	174.40		186.43	
Dividend Received	(0.77)	350.85	(20.12)	322.13
Operating Profit before Working Capital Changes:		1,901.08		1,659.58
Trade and Other Receivables	(29.58)		(449.75)	
Inventories	(293.68)		(381.45)	
Trade Payables	784.79	461.53	828.23	(2.97)
Cash generated from operations		2,362.61		1,656.61
Direct Taxes Paid		(459.80)		(375.21)
Cash Flow before Extraordinary Item(s)		1,902.81		1,281.40
Extraordinary Item(s)		-		-
Net Cash from Operating Activities		1,902.81		1,281.40
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Purchase of Fixed Assets	(1,128.24)		(486.01)	
Sale of Fixed Assets	12.11		23.73	
Dividend Received	0.77		20.12	
Purchase of Investments	-	(1,115.36)	(500.00)	(942.16)

Cash Flow Statement (Contd.)

for the year ended 31st March, 2010

(Rs.in lakhs)

Particulars	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Reduction due to Buy-back in -				
Share Capital	(32.15)		(2.29)	
Securities Premium	(309.49)		(18.97)	
Bank Borrowings - Short Term	(82.35)		193.18	
Public Deposits / Other Loans	(5.50)		(0.55)	
Interest Paid	(174.40)		(186.43)	
Dividend Paid	(274.20)		(284.66)	
Net Cash used in Financing Activities		(878.09)		(299.72)
Net Increase in Cash and Cash Equivalents		(90.64)		39.52
Cash and Cash Equivalents as at the beginning of the year	5,024.46		4,984.94	
Cash and Cash Equivalents as at the end of the year	4,933.82	90.64	5,024.46	(39.52)

Notes:

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

Annexure to our Report of date

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

N. SRIDHARAN
Proprietor
Membership No. 20503

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

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
20th May, 2010

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

Schedules

Sch. No.	As at 31.3.2010		As at 31.3.2009	
	Rs.	Rs.	Rs.	Rs.
1. CAPITAL:				
Authorised Capital :				
1,00,00,000 Equity Shares of Rs.10/- each		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed and Paid-up Capital:				
80,87,497 Equity Shares of Rs.10/- each fully paid-up (of which 9,42,600 Equity Shares of Rs.10/- each were issued as fully paid-up by way of Bonus Shares through Capitalisation of Reserves, 70,295 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Chemicals Limited with this Company, 4,85,450 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TT Maps & Publications Limited with this Company, 13,45,294 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Biomed Limited with this Company, 2,35,207 Equity Shares of Rs.10/- each allotted as fully paid-up, pursuant to the Scheme of Merger of TTK Medical Devices Limited with this Company and 15,00,000 Equity Shares of Rs.10/- each allotted to T T Krishnamachari & Co., the Promoters of the Company on Preferential basis and reduction in Capital on account of Buy-back and extinguishment of 22,917 shares of Rs.10/-each during 2008-09).		8,08,74,970		8,11,04,140
Less: Reduction in Capital on account of Buy-back & extinguishment of 3,21,514 Shares of Rs.10/- each		<u>32,15,140</u>		<u>2,29,170</u>
		<u>7,76,59,830</u>		<u>8,08,74,970</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		6,49,26,337
		<u>6,81,32,507</u>		<u>6,81,32,507</u>
b) Capital Redemption Reserve:				
Balance as per last Balance Sheet	2,29,170		—	
Add: Transfer from General Reserve	<u>32,15,140</u>		<u>2,29,170</u>	
		34,44,310		2,29,170
c) Securities Premium Account :				
Balance as per last Balance Sheet	12,91,98,904		13,10,96,486	
Less: Premium paid on Buy-back of Shares	<u>3,09,49,776</u>		<u>18,97,582</u>	
		9,82,49,128		12,91,98,904
d) Revaluation Reserve:				
Balance as per last Balance Sheet	4,76,58,435		4,81,60,845	
Less: Transfer to Profit & Loss Account	<u>5,02,410</u>		<u>5,02,410</u>	
		4,71,56,025		4,76,58,435
e) General Reserve :				
Balance as per last Balance Sheet	17,20,89,616		16,43,18,786	
Add : Transfer from Profit & Loss Account	1,00,00,000		80,00,000	
Add : Transfer from Proposed Dividend Account	9,64,542		—	
Less: Transfer to Capital Redemption Reserve	<u>32,15,140</u>		<u>2,29,170</u>	
		17,98,39,018		17,20,89,616
f) Balance in Profit & Loss Account		17,22,53,017		12,27,79,125
TOTAL (a to f)		<u>56,90,74,005</u>		<u>54,00,87,757</u>

Schedules (Contd.)

Sch. No.	As at 31.3.2010	As at 31.3.2009	Sch. No.	As at 31.3.2010	As at 31.3.2009					
	Rs.	Rs.		Rs.	Rs.					
3. LOANS:										
A. SECURED LOANS :			B. UNSECURED LOANS :							
Working Capital Loans from Banks: (Against Hypothecation of Stocks and Book Debts)			Corporation Bank	8,00,00,000	—					
i) Cash Credit @	6,27,80,244	4,90,15,449	Fixed Deposits	15,000	5,65,000					
ii) Demand Loan @	—	10,20,00,000	Total - B	8,00,15,000	5,65,000					
Total - A	6,27,80,244	15,10,15,449	Total - (A + B)	14,27,95,244	15,15,80,449					
® Secured by second charge on the fixed assets of the Company										
4. FIXED ASSETS										
Description of assets	GROSS BLOCK (AT COST)				DEPRECIATION		NET BLOCK			
	As on 1-4-2009	Additions	Deletions	As on 31-3-2010	Up to 31-3-2009	Deletions	For the Year	Up to 31-3-2010	As on 31-3-2010	As on 31-3-2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3,79,94,648	1,71,13,118	—	5,51,07,766	—	—	—	—	5,51,07,766	3,79,94,648
Leasehold Land	1,65,91,798	—	—	1,65,91,798	6,37,842	—	1,72,081	8,09,923	1,57,81,875	1,59,53,956
Buildings	9,27,90,712	50,74,598	—	9,78,65,310	2,57,83,382	—	28,49,812	2,86,33,194	6,92,32,116	6,70,07,330
Leasehold Buildings	1,18,83,965	—	—	1,18,83,965	99,14,835	—	6,68,872	1,05,83,707	13,00,258	19,69,130
Plant & Machinery	17,79,61,056	1,79,62,242	10,50,511	19,48,72,787	12,43,81,352	8,55,861	86,85,709	13,22,11,200	6,26,61,587	5,35,79,704
Furniture & Fittings	1,36,81,964	2,86,840	—	1,39,68,804	80,70,417	—	5,47,457	86,17,874	53,50,930	56,11,547
Patterns, Dies & Templates	2,38,93,178	34,25,411	3,12,000	2,70,06,589	1,00,91,975	93,513	21,06,761	1,21,05,223	1,49,01,366	1,38,01,203
Trade Marks	1,12,49,800	—	—	1,12,49,800	1,12,49,800	—	—	1,12,49,800	—	—
Vehicles	97,78,154	11,40,541	3,68,381	1,05,50,314	29,87,211	3,68,381	8,73,366	34,92,196	70,58,118	67,90,943
Total	39,58,25,275	4,50,02,750	17,30,892	43,90,97,133	19,31,16,814	13,17,755	1,59,04,058	20,77,03,117	23,13,94,016	20,27,08,461
LEASED ASSETS :										
Vehicles	1,67,42,594	46,23,946	15,36,353	1,98,30,187	96,29,357	11,95,124	27,78,668	1,12,12,901	86,17,286	71,13,237
Total	41,25,67,869	4,96,26,696	32,67,245	45,89,27,320	20,27,46,171	25,12,879	1,86,82,726	21,89,16,018	24,00,11,302	20,98,21,698
Add: Capital Work-in-Progress	—	6,31,97,828	—	6,31,97,828	—	—	—	—	6,31,97,828	—
GRAND TOTAL	41,25,67,869	11,28,24,524	32,67,245	52,21,25,148	20,27,46,171	25,12,879	1,86,82,726	21,89,16,018	30,32,09,130	20,98,21,698
Previous Year	36,78,97,133	4,88,81,291	42,10,555	41,25,67,869	18,82,17,195	34,46,143	1,79,75,119	20,27,46,171	20,98,21,698	17,96,79,938
Note : Depreciation for the year amounting to Rs 5,02,410/- (previous year-Rs.5,02,410/-) in respect of increased value of Fixed Assets on account of Revaluation has been directly debited to Revaluation Reserve and deducted from the total depreciation of Rs. 1,86,82,726/- for the year (previous year Rs.1,79,75,119/-).										

Schedules (Contd.)

Sch. No.	As at 31.3.2010	As at 31.3.2009	Sch. No.	As at 31.3.2010	As at 31.3.2009
5. INVESTMENTS :	Rs.	Rs.		Rs.	Rs.
I. AT COST - TRADE			9. LOANS & ADVANCES :		
Quoted (Fully paid)			(Considered good)		
a) 14,800 Equity Shares of Rs 10/- each of TTK Prestige Ltd.- Market Value Rs.575.10 each	13,32,000	13,32,000	Lease & Rent Advances	52,96,020	47,41,577
b) 500 Equity Shares of Rs.10/- each of Apollo Hospitals Enterprise Ltd.- Market Value Rs. 721.10 each	5,000	5,000	Electricity & Other Deposits	2,35,34,259	2,26,41,914
II. AT COST - NON TRADE			Advance Income Tax	11,23,02,830	6,69,65,893
a) Unquoted (Fully paid)			Advance Fringe Benefit Tax	3,84,75,853	3,78,32,947
20 Unsecured Redeemable Optionally Convertible Debentures of Rs. 10,00,000/- each (Kotak Securities Limited)	2,02,00,000	2,02,00,000	Advance for Others	3,31,36,408	3,82,42,756
b) Kotak Indo World Infrastructure Fund (Kotak Mutual Fund)	1,00,00,000	1,00,00,000		<u>21,27,45,370</u>	<u>17,04,25,087</u>
c) 500 Secured Redeemable Non-Convertible Debentures of Rs.1,00,000/- each (Citi Financial Consumer Finance India Ltd.)	5,00,00,000	5,00,00,000	10. CURRENT LIABILITIES :		
	<u>8,15,37,000</u>	<u>8,15,37,000</u>	1. Acceptances	34,30,617	12,89,155
Aggregate Book Value - Quoted	13,37,000	13,37,000	2. Sundry Creditors :		
Aggregate Book Value - Unquoted	8,02,00,000	8,02,00,000	a. Total outstanding dues of Micro Enterprises and Small Enterprises *	-	-
Aggregate Market Value - Quoted	88,72,030	15,21,100	b. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
6. INVENTORIES :			for Goods	22,70,60,358	19,46,59,738
(Value as certified by the Management)			for Expenses	22,59,52,334	18,62,47,626
Raw & Packing Materials	2,24,20,537	2,41,82,879	for Others	7,89,54,003	7,52,72,172
Work-in-Progress	1,01,65,012	1,44,65,568	Unclaimed Dividend #	19,92,520	14,42,089
Finished Goods	19,36,94,824	15,80,34,512		<u>53,73,89,832</u>	<u>45,89,10,780</u>
Stores & Spares	19,78,171	22,07,357			
	<u>22,82,58,544</u>	<u>19,88,90,316</u>			
7. SUNDRY DEBTORS :			Notes :		
(Considered good for which the Company holds no security other than Debtors' Personal Security)			* The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts together with interest unpaid, at the year end has not been given.		
Debts outstanding for a period exceeding Six Months	24,42,294	30,90,111	# No amount is due to be credited to the Investor Education and Protection Fund.		
Other Debts	22,25,09,189	21,52,44,381			
	<u>22,49,51,483</u>	<u>21,83,34,492</u>			
8. CASH AND BANK BALANCES :			10A. PROVISIONS :		
Cash on Hand	34,40,410	23,66,514	Balance as per last Balance Sheet	14,03,54,037	10,94,34,473
In Current Account with Scheduled Banks	8,83,27,267	8,95,62,119	Add : Provision for the year		
In Deposit Account with Scheduled Banks	39,96,03,538	40,90,57,641	Income tax	5,35,00,000	2,15,00,000
In Interest Warrant Account	18,097	18,285	Fringe Benefit Tax	-	95,00,000
In Dividend Warrant Account	19,92,520	14,42,089	Proposed Dividend	2,71,80,941	2,42,62,491
	<u>49,33,81,832</u>	<u>50,24,46,648</u>	Tax on Dividend	46,19,401	41,23,410
				<u>22,56,54,379</u>	<u>16,88,20,374</u>
			Less : Paid during the year		
			Dividend	2,32,97,949	2,43,31,242
			Tax on Dividend	41,23,410	41,35,095
			Transfer to General Reserve	9,64,542	-
				<u>19,72,68,478</u>	<u>14,03,54,037</u>

Schedules (Contd.)

Sch. No.	Units	2009-10		2008-09	
		Quantity	Value Rs.	Quantity	Value Rs.
11. SALES :					
a) Orals	Lakhs	233.465	56,70,07,887	217.294	49,42,48,208
b) Tablets	Lakhs	975.815	30,29,19,601	975.542	24,41,57,529
c) Injectables	Lakhs	145.273	15,59,07,034	146.340	14,11,04,432
d) Capsules	Lakhs	375.656	13,96,08,318	459.935	13,83,04,051
e) Food Products	M.T	2,189.063	8,92,99,419	2,306.246	8,61,66,966
f) Granules	M.T	466.475	9,49,83,205	399.814	5,14,93,997
g) Hospital Care Products	-	-	18,12,65,791	-	15,91,00,785
h) Footcare Products	-	-	8,33,70,334	-	6,43,72,615
i) Orthopaedic Implants	Set of 3s	138.000	62,70,331	-	-
j) Ointment	M.T	6.582	62,71,898	6.668	60,53,119
k) Cosmetics	M.T	658.640	13,82,41,405	727.530	14,13,84,262
	K.Ltrs	434.720	20,49,29,553	388.690	17,45,70,257
l) Condoms	Millions	135.860	49,32,39,430	130.950	44,76,58,227
m) Maps & Atlases	Nos	3,77,263	1,80,81,323	3,23,240	1,24,38,423
n) Others	-	-	4,28,95,311	-	3,79,63,242
			<u>252,42,90,840</u>		<u>219,90,16,113</u>
Less: Excise Duty			22,97,930		25,50,739
			<u>252,19,92,910</u>		<u>219,64,65,374</u>
12. OTHER INCOME :					
a) Dividend Income			77,250		20,11,563
b) Profit on Sale of Assets			2,48,370		91,069
c) Profit on Acquisition of Land by Government			-		14,80,003
d) Profit on Sale of Leased Assets			-		5,41,634
e) Interest Receipts (TDS Rs.35,77,198/-)			3,39,82,838		3,67,35,544
f) Others			33,81,763		92,15,869
			<u>3,76,90,221</u>		<u>5,00,75,682</u>

Schedules (Contd.)

Sch. No.	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
13. GOODS CONSUMPTION :				
Opening Stock of -				
Raw & Packing Materials	2,41,82,879		1,88,53,012	
Work-in-Progress	1,44,65,568		57,84,651	
Finished Goods	15,80,34,512		13,45,01,039	
		19,66,82,959		15,91,38,702
Add: Purchase of -				
Raw & Packing Materials	9,94,07,270		11,74,91,065	
Finished Goods	127,39,02,788		111,22,89,204	
Excise Duty relating to Samples & others	93,144		4,21,920	
		137,34,03,202		123,02,02,189
		157,00,86,161		138,93,40,891
Less: Closing Stock of -				
Raw & Packing Materials	2,24,20,537		2,41,82,879	
Work-in-Progress	1,01,65,012		1,44,65,568	
Finished Goods	19,36,94,824		15,80,34,512	
		22,62,80,373		19,66,82,959
Total Consumption of Goods		134,38,05,788		119,26,57,932
14. EXPENSES :				
Salaries, Wages & Bonus		24,63,28,161		20,33,36,055
Contribution to P.F. & Other Funds		1,69,06,330		1,39,86,654
Gratuity & Superannuation		1,78,87,822		1,49,04,477
Contribution to E.S.I.		29,45,506		26,12,641
Welfare Expenses		1,79,64,181		1,57,87,008
Power & Fuel		1,43,89,411		1,50,41,747
Repairs & Maintenance				
Repairs to Building		2,99,300		1,61,773
Repairs to Plant & Machinery		1,46,76,956		1,16,59,216
Factory / Office Upkeep		51,10,204		69,35,270
Consumable Stores		9,40,348		5,24,916
General Insurance		14,38,112		10,84,062
Rates & Taxes		13,15,777		11,40,243
Rent		98,68,012		94,32,184
Electricity		58,33,109		44,06,342
Printing & Stationery		1,49,22,834		1,19,57,580
Postage, Telephones & Telegrams		1,98,35,091		1,86,25,470
Interest		1,74,40,156		1,86,42,894
Carriage Outwards		8,29,63,717		7,72,80,026
Transit Insurance		18,82,178		18,91,359
Advertisement & Sales Promotion		30,45,39,216		25,14,36,631
Travelling & Conveyance		13,84,09,255		12,94,69,803
Audit & Other Fees				
Audit Fees		6,17,680		6,17,680
Tax Audit Fees		44,120		44,120
Cost Audit Fees		33,090		33,090
Other matters		78,600		52,245
Donation		33,50,001		25,00,000
Depot Service Charges		4,99,67,713		4,46,63,476
Directors' Sitting Fees		2,90,000		3,05,000
Commission on Profit		12,94,812		-
Loss on Sale of Assets		78,820		96,151
Loss on Sale of Leased Assets		3,10,964		-
Loss on Obsolescence of Assets		3,16,501		58,282
Conversion Charges		36,95,613		25,19,248
Bad debts written off		29,94,720		63,427
Technical Know-how Fees		24,26,600		-
Miscellaneous Expenses		4,12,79,161		4,13,95,921
		104,26,74,071		90,26,64,991

Notes on Accounts

		2009-10		2008-09	
Sl. No	Units	Quantity	Value Rs.	Quantity	Value Rs.
I. MATERIALS CONSUMED :					
a) Industrial Alcohol	K.L.	0.016	1,410	—	—
b) Sweetening Agents & Base	M.T.	17.155	7,02,258	6.548	2,87,032
c) Fats & Oils	M.T.	2.179	1,94,143	2.208	2,12,078
d) Vitamins & Nutrients	M.T.	0.532	19,63,492	0.547	19,81,783
e) Drugs	M.T.	1.238	10,19,239	0.594	10,79,964
f) Anti Bacterial Preservatives	M.T.	0.416	1,58,822	0.196	1,07,391
g) Flavouring & Colouring Agents	M.T.	0.557	2,41,321	0.064	45,304
h) Enzymes & Biological Products	M.T.	1.821	2,39,866	2.607	13,88,980
i) Vegetable & Crude Drugs	M.T.	62.395	35,11,196	49.228	43,48,758
j) Cereals, Spices & Salts	M.T.	2,302.611	3,83,29,777	2,391.998	3,78,45,133
k) Other Chemicals	—	—	15,09,018	—	10,29,495
l) Non Ferrous Castings	Nos.	679	20,58,326	—	—
m) Containers & Closures	1000s	8,291.252	48,99,860	9,365.541	50,25,258
n) Packing & Other Materials	—	—	4,63,40,884	—	5,88,10,022
Total			10,11,69,612		11,21,61,198
II. VALUE OF MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR :					
		%	Rs.	%	Rs.
a) MATERIALS :					
i) Imported		3.81	38,59,165	4.40	49,30,815
ii) Indigenous		96.19	9,73,10,447	95.60	10,72,30,383
		100.00	10,11,69,612	100.00	11,21,61,198
b) SPARE PARTS & COMPONENTS :					
i) Imported		—	—	—	—
ii) Indigenous		100.00	9,40,348	100.00	5,24,916
		100.00	9,40,348	100.00	5,24,916
III. VALUE OF IMPORTS : (C.I.F. Value)					
i) Raw Materials			1,41,91,682		2,28,76,910
ii) Capital Goods			3,94,50,745		—
iii) Spares			—		14,519
			5,36,42,427		2,28,91,429
IV. EARNINGS IN FOREIGN EXCHANGE :					
Export of Goods (FOB Value)			1,66,17,208		2,73,25,778

Notes on Accounts (Contd.)

V. PARTICULARS OF GOODS MANUFACTURED :

PRODUCTS	Class of Goods	Base Unit	Licenced Capacity *	Installed Capacity **	PRODUCTION		STOCK OF GOODS	
					2009-10	2008-09	Opening	Closing
1. Liquid Products	A	Lakhs	1.110	1.200	—	—	—	—
	B	Lakhs	—	375.000	2.045	0.997	0.001	0.004
2. Tablets	A	Lakhs	337.750	600.000	—	—	—	—
	B	Lakhs	—	3,400.000	6.132	—	—	2.808
3. Injectables	A	Lakhs	19.860	50.000	—	—	—	—
	B	Lakhs	—	100.000	81.534	57.414	2.877	7.916
4. Capsules	A	Lakhs	605.900	25.000	—	—	—	—
	B	Lakhs	—	600.000	—	106.133	0.270	0.270
5. Food Products	A	M.T.	10,000.000	5,800.000 +	2,180.640	2,331.660	20.062	9.745
6. Granules	A	M.T.	—	135.000	—	—	—	—
	B	M.T.	—	—	—	—	—	—
7. Ointments	B	M.T.	—	15.000	—	—	—	—
8. Basic Chemicals/Drugs	A	M.T.	330.788	3.800	—	—	—	—
	B	M.T.	—	47.244	—	—	—	—
9. Heart Valves		Nos.	20,000	20,000 +	10,398	10,571	2,346	2,291
10. Hernia Repair Mesh		Nos.	5,00,000	5,00,000	5,437	5,064	2,527	3,634
11. Orthopaedic Implants		Set of 3s.	500	500	285	—	—	246

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

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

+ Three Shift Basis

VI. EXPENDITURE IN FOREIGN CURRENCY :

	2009-10 Rs.	2008-09 Rs.
i) Travelling	2,99,696	6,21,312
ii) Royalty, Consultancy, Product Registration / Promotion Expenses, etc.	15,83,396	7,98,666
	<u>18,83,092</u>	<u>14,19,978</u>

VII. DIRECTORS' REMUNERATION :

i) Salary and Perquisites	90,98,371	44,13,155
ii) Contribution to PF, Gratuity & Superannuation Funds	5,23,926	5,30,868
iii) Commission	12,94,812	—
	<u>1,09,17,109</u>	<u>49,44,023</u>

The computation of net profits in accordance with Sec.198 read with Sec.309(5) of the Companies Act, 1956, for the year ended on 31st March, 2010:

	Rs.	Rs.
Profit Before Tax as per Profit & Loss Account		15,50,22,956
Add:		
Directors' Remuneration including Directors' fees	1,12,07,109	
Depreciation charged in the Accounts	1,81,80,316	
Loss on Sale / Obsolescence of Assts	<u>7,06,285</u>	
		<u>3,00,93,710</u>
		18,51,16,666
Less:		
Depreciation as per Section 350	1,81,80,316	
Profit on Sale of Assets	<u>2,48,370</u>	
		<u>1,84,28,686</u>
Net Profit as per Section 309(5)		16,66,87,980
Ceiling on total remuneration to Whole Time Directors		1,66,68,798
Actual Remuneration paid to Whole Time Directors		1,09,17,109

Notes on Accounts (Contd.)

VIII INTEREST COMPRISES OF:	2009-10 Rs.	2008-09 Rs.
Interest on Fixed Loans	38,17,437	34,24,956
Interest - Others	1,36,22,719	1,52,17,938
	1,74,40,156	1,86,42,894

Note: There is no interest accrued and due as on 31st March, 2010.

IX. CONTINGENT LIABILITIES NOT PROVIDED FOR:	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Guarantees against letters of credit opened	122.78	—
Other Guarantees	107.00	14.23
Disputed Taxes/Claims, not acknowledged as debts	1,448.89	508.76
	1,678.67	522.99

X. The Company has created a Trust which has taken a group Gratuity Policy with the Life Insurance Corporation of India for future payment of gratuity to the retired/resigned employees. Based on the actuarial valuation, provision has been made for full value of the gratuity benefits as per the requirements of Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.

XI. The Company contributes to a Superannuation Fund covering specified employees. The contributions are by way of annual premia payable in respect of a superannuation policy issued by the Life Insurance Corporation of India, which confers benefits to retired/resigned employees based on policy norms. No other liabilities are incurred by the Company in this regard.

XII. Leave Encashment benefit has been charged to Profit & Loss Account on the basis of actuarial valuation as at the year end in line with the Accounting Standard 15 (AS-15) (Revised) issued by The Institute of Chartered Accountants of India.

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

DEFINED CONTRIBUTION PLAN:

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

	2009-10 Rs.	2008-09 Rs.
Employer's Contribution to Provident Fund	1,69,06,330	1,39,86,654
Employer's Contribution to Superannuation Fund	1,09,40,536	97,93,704

DEFINED BENEFIT PLAN :

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

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

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

	GRATUITY Funded		LEAVE ENCASHMENT Unfunded	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Defined Benefit obligation at the beginning of the year	4,05,03,379	3,92,36,669	70,86,278	62,42,166
Current Service Cost	39,40,445	38,17,211	9,36,340	6,86,213
Interest Cost	32,40,270	33,41,739	5,66,902	4,99,373
Actuarial (gains) and losses on obligation	20,49,046	(16,79,765)	4,66,037	(3,41,474)
Benefits paid	52,91,854	42,12,475	—	—
Defined Benefit obligation at the end of the year	4,44,41,286	4,05,03,379	90,55,557	70,86,278

Notes on Accounts (Contd.)

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

	GRATUITY Funded 2009-10 Rs.	GRATUITY Funded 2008-09 Rs.
Fair value of plan assets at the beginning of the year	2,64,18,490	1,26,65,007
Expected return on plan assets	28,43,892	17,06,148
Actuarial loss on plan assets	—	5,37,044
Contribution by the employer	1,59,11,734	1,67,96,854
Benefits paid	52,91,854	42,12,475
Fair value of plan assets at the end of the year	3,98,82,262	2,64,18,490

Reconciliation of the fair value of assets and obligations :

	GRATUITY Funded		LEAVE ENCASHMENT Unfunded	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Fair value of plan assets	3,98,82,262	2,64,18,490	—	—
Present value of obligation	4,44,41,286	4,05,03,379	—	—
Amount recognised in Balance Sheet.	45,59,024	1,40,84,889	90,55,557	70,86,278
Expenses recognised during the year :				
Current Service Cost	39,40,445	38,17,211	9,36,340	6,86,213
Interest Cost	32,40,270	33,41,739	5,66,902	4,99,373
Expected return on plan assets	28,43,892	17,06,148	—	—
Actuarial loss (gain)	20,49,046	(11,42,721)	4,66,037	(3,41,474)
Net Cost	63,85,869	43,10,081	19,69,279	8,44,112

Actuarial Assumptions:

	2009-10 1994-96 Ultimate	2008-09 1994-96 Ultimate	2009-10 1994-96 Ultimate	2008-09 1994-96 Ultimate
Mortality Table (LIC)				
Discount Rate (p.a)	8%	8%	8%	8%
Expected rate of return on plan assets (p.a)	8%	8%	8%	8%
Rate of Escalation in Salary (p.a)	5%	4%	4%	5%

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

- XIII** During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India. As a result of the adoption of this Standard, the Profit is less by Rs.102.49 lakhs for the year 2009-10 as detailed below:-

	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Deferred Tax Asset:		
Unabsorbed Losses / Tax Credit / Depreciation	—	86.32
Others	69.44	90.95
Total	69.44	177.27
Deferred Tax Liability :		
Depreciation Difference & Others	268.40	273.74
Net Deferred Tax Asset / (Liability)	(198.96)	(96.47)

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

Notes on Accounts (Contd.)

- XV** Your Company availed certain Carry Forward benefits u/s.72A of the Income-Tax Act, 1961 relating to TTK Medical Devices Ltd., consequent to its merger with your Company. For availing these benefits, certain conditions have to be fulfilled under Rule 9C of the Income Tax Rules, 1962. Your Company could not fulfil certain conditions and hence an Application/ Review Petition has been made to CBDT for relaxation of these conditions. Upon receipt of the decision from CBDT, the matter will be suitably dealt with.
- XVI** During the year, the Company has written off non-recoverable debts to the extent of Rs.29,94,720/-.
- XVII** During the year under review, your Company has acquired the Orthopaedic Implants Manufacturing Undertaking from M/s. Invicta Meditek Ltd. at a consideration of Rs.4.16 crores (including taxes).
- XVIII** During the year under review, 3,21,514 shares were extinguished which were bought under the Buy-back Scheme and reduced the same from the Share Capital (Out of this, 4,577 shares were bought back during the previous year and extinguished during the current year).
- XIX** For the previous year 2008-09, the Company made a provision of Rs.242.62 lakhs towards Dividend @ Rs.3/- (30%) per share on 80,87,497 Equity Shares at Rs.10/- each as on 31.3.2009. Subsequently, the Company bought back 3,21,514 Equity Shares during the period 1.4.2009 till 27.8.2009 (the record date for the payment of Dividend). Consequently, the Dividend was actually paid only in respect of 77,65,983 Equity Shares of Rs.10/- each which formed the Paid-up Share Capital as on that date. The excess provision amounting to Rs.9,64,542/- has been reduced from provision for Dividend and added to the General Reserve.
- XX** The Capital Work-in-Progress amounting to Rs.631.98 lakhs represents the cost of the Pre-owned Pellet Manufacturing Line imported from Italy which is under erection and the cost of Civil and Electrical Works, carried out for the Foods Project during the year. This will be capitalised after the completion of the Project.
- XXI** During the year 2008-09, your Company had invested Rs.5 Crores in 24 Month Nifty-linked Non Convertible Debentures (NCDs) (100% Principal protected) of Citi Financial Consumer Finance India Ltd. The investment is for a period of 24 months with an average yield of 9.5% p.a. and is linked to the Nifty performance. The interest on these debentures will be accounted at the time of redemption of debentures as the interest has not accrued as per the terms of the contract.
- XXII** The Public Works Department increased the Water Charges for the water drawn by the Paper Division from the river Bhavani from Rs.60/- per 1000 Cu. Mtr to Rs.500/- per 1000 Cu. Mtr on the contracted quantity of water, with effect from 9.5.1991. The Company filed a writ petition in the Madras High Court and as per the interim order dated 9.7.1991, passed by the Court, the Company was paying water charges @ Rs.200/- per 1000 Cu. Mtr of water on the actual quantity of water drawn and with effect from 1.4.1993 on the contracted quantity. The Writ was disposed off by the Court by remanding the matter to the Public Works Department.
- After series of litigations, the Public Works Department confirmed the water charges @ of Rs.500/- per 1000 Cu. Mtr on the contracted quantity. The Company has moved the High Court challenging the validity of payment on the contracted quantity instead of actual quantity of water drawn and this matter is pending before the Hon'ble High Court of Judicature at Madras.
- As against the demand of Rs.175.39 lakhs consisting of Rs.49.66 lakhs towards the arrear water charges and Rs.125.73 lakhs towards interest upto the period 31.12.2008, the Company started paying the principal amount of Rs.49.66 lakhs in 12 equated monthly instalments without prejudice to its rights and contentions. Out of this, two instalments amounting to Rs.8.27 lakhs have already been paid during the year 2009-10.
- Further, the Company has also made a request for waiver of the interest charges to PWD and the request is pending before them.
- Since the Paper Division has been disposed off, the liability, if any, on this account upto the date of sale (i.e. 14.11.1999), will have to be borne by the Company. As a matter of prudence, the Company has made a provision of Rs.12 lakhs during the year and the cumulative provision available on this account as on date after adjusting the two instalments already paid is Rs.73.24 lakhs.

XXIII Earnings per Share as per Accounting Standard 20 (AS-20):	2009-10	2008-09
	Rs.	Rs.
Profit After Tax [Current/Deferred Tax, FBT & Extraordinary item(s)] as per the Profit & Loss Account (Rs. in lakhs)	912.74	787.47
Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs Shares)	78.12	81.09
Earnings per Share of Rs.10/-each	11.68	9.71

- XXIV** Fixed Assets taken on Finance Lease prior to 1.4.2001 amounted to Rs.53,45,805/- The outstanding lease payments against this lease was Rs. NIL as on 31.3.2010. Future obligations towards lease rentals under the Lease Agreements as on 31.3.2010 amounted to Rs.NIL (previous year Rs.NIL)

	2009-10	2008-09
	Rs.	Rs.
Within one year	—	—
Later than one year and not later than 5 years	—	—
Later than 5 years	—	—

Notes on Accounts (Contd.)

The Company has acquired certain assets on Finance Lease on or after April 1, 2001, amounting to Rs.1,98,30,187/- (previous year Rs.1,67,42,594/-)

The minimum lease rental outstandings as of 31st March, 2010 in respect of these assets were as follows:

Particulars	Total Minimum Lease payments outstanding as on		Future Interest on Outstanding of Lease payments as on		Present value of Minimum Lease Payments as on	
	31.3.2010	31.3.2009	31.3.2010	31.3.2009	31.3.2010	31.3.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Within one year	38,24,245	38,18,820	11,38,056	9,55,808	26,86,189	28,63,012
Later than one year and not later than 5 years	82,03,780	63,55,740	15,70,346	9,82,906	66,33,434	53,72,834
Later than 5 years	-	-	-	-	-	-
Total	1,20,28,025	1,01,74,560	27,08,402	19,38,714	93,19,623	82,35,846

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

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

Related Parties/ Firms

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

Key Management Personnel

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

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

	(Rs. in lakhs)	
	2009-10	2008-09
Purchase of Goods	4,877.02	4,506.11
Receiving Services	255.45	236.97
Interest Received on Deposits	2.00	2.00
Rental Charges Paid	44.61	45.37
Rental Charges Received	8.60	8.76
Logo Charges Paid	126.82	111.00
Refund of Deposit received	-	1.80
Outstanding Balance included in Current Assets	45.20	45.20
Outstanding Balance included in Current Liabilities	1,303.30	967.18
Managerial Remuneration	109.17	49.44

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

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

(Rs. in lakhs)

Particulars	As at 1.4.2009 Rs.	Additions Rs.	Amount Used / Reversed Rs.	As at 31.3.2010 Rs.
Income Tax	728.68 (513.68)	535.00 (215.00)	- -	1,263.68 (728.68)
Fringe Benefit Tax	391.00 (296.00)	- (95.00)	- -	391.00 (391.00)

Notes on Accounts (Contd.)

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

Particulars	As at 1.4.2009	Additions	Amount Used / Reversed	As at 31.3.2010
	Rs.	Rs.	Rs.	Rs.
Income Tax & Fringe Benefit Tax	20.77	711.63	-	732.40
	(199.92)	(20.77)	(199.92)	(20.77)
Central Excise, Customs, Sales Tax, etc.	352.07	240.50	-	592.57
	(566.03)	(24.77)	(238.73)	(352.07)
Other Contingent Liabilities	150.15	229.78	26.23	353.70
	(218.52)	(3.49)	(71.86)	(150.15)

Notes:

The disputed IncomeTax / Fringe Benefit Tax liabilities amounting to Rs.732.40 lakhs have not been acknowledged as debts and have been classified under contingent liability.

Similarly, Rs.592.57 lakhs being the disputed Central Excise/Customs/Sales Tax liabilities have not been acknowledged as debts and have been classified under contingent liability.

Other contingent liabilities mainly include disputed liability towards water charges amounting to Rs.93.88 lakhs as per the details given in Point No.XXII of the Notes on Accounts.

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

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

Notes on Accounts (Contd.)

STATEMENT SHOWING SIGNIFICANT ACCOUNTING POLICIES

System of Accounting

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

Fixed Assets

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

Depreciation

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

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

Investments

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

Foreign Currency Transactions

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

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

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

Value of Inventories

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

Sales

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

Treatment of Retirement Benefits

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

Provisions & Contingencies

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

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

Annexure to our Report of date

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

N. SRIDHARAN
Proprietor
Membership No. 20503

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

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
20th May, 2010

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

Segmentwise Revenue, Results & Capital Employed:

Segmentwise Revenue & Results:						
(Rs. in lakhs)						
Particulars	2009-10			2008-09		
	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	12,664.53	22.98	12,641.55	11,397.33	25.51	11,371.82
Medical Devices	1,886.95	—	1,886.95	1,591.01	—	1,591.01
Consumer Products Distribution	9,569.89	—	9,569.89	7,975.52	—	7,975.52
Others	1,121.54	—	1,121.54	1,026.30	—	1,026.30
Total Segment Revenue	25,242.91	22.98	25,219.93	21,990.16	25.51	21,964.65
Less: Inter Segment Revenue	—	—	—	—	—	—
Net Sales	25,242.91	22.98	25,219.93	21,990.16	25.51	21,964.65
Segment Results:						
[Profit/ (Loss) before Interest & Tax]						
Pharmaceuticals			1,642.40			1,418.43
Medical Devices			780.68			706.93
Consumer Products Distribution			(152.65)			(365.00)
Others			(233.24)			(127.49)
Total Segment Results			2,037.19			1,632.87
Less: Interest Expenses			174.40			186.43
Less: Unallocable Expenses (Net of Unallocable Income)			312.56			123.80
Total Profit / (Loss) before Tax and Extraordinary item(s)			1550.23			1,322.64
Add: Extraordinary Item - Profit on acquisition of Land by Government			—			14.81
Total Profit / (Loss) from ordinary activities before Tax and after Extraordinary item(s)			1,550.23			1,337.45

Segmentwise Revenue, Results & Capital Employed (Contd.)

Capital Employed (Segment Assets less Segment Liabilities) :

Particulars	(Rs. in lakhs)	
	As on 31.3.2010	As on 31.3.2009
	Rs.	Rs.
Pharmaceuticals	1,233.21	1,134.30
Medical Devices	1,017.75	849.00
Consumer Products Distribution	259.38	596.49
Others	1,205.54	677.54
Total Capital Employed in Segments	3,715.88	3,257.33
Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities	3,881.01	4,033.06
Total Capital Employed in Company	7,596.89	7,290.39
Total Assets Exclude:		
Investments	815.37	815.37
Deferred Tax Asset	69.44	177.27
Total Liabilities Exclude:		
Secured Loans	627.81	1,510.15
Unsecured Loans	800.15	5.65
Deferred Tax Liability	268.40	273.74
Proposed Dividend including Dividend Tax	318.00	283.86

Notes:

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

Balance Sheet Abstract and Company's General Business Profile

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

I. REGISTRATION DETAILS	
Registration Number	003647
State Code	18
Balance Sheet Date	31-3-2010
II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)	
Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil
III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)	
Total Liabilities	15,51,027
Total Assets	15,51,027
Sources of Funds	
Paid-up Capital	77,660
Reserves & Surplus	5,69,074
Secured Loans	62,780
Unsecured Loans	80,015
Application of Funds	
Net Fixed Assets	3,03,209
Investments	81,537
Net Current Assets	4,24,679
Deferred Tax Asset (Net)	(19,896)
IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)	
Turnover (Total Income)	25,59,683
Total Expenditure	24,04,660
Profit(+)/Loss(-) before Tax and Extraordinary Item(s)	1,55,023
Extraordinary Item(s)	-
Profit(+)/Loss(-) before Tax	1,55,023
Provision for Tax	53,500
Deferred Tax	10,249
Profit(+)/Loss(-) after Tax	91,274
Earning Per Share [after Extraordinary Item(s)] (In Rs.)	11.68
Dividend Rate	35%
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
Regn.No.000063S

N. SRIDHARAN
Proprietor
Membership No. 20503

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

C N SRINIVASAN
Partner
Membership No. 18205

Chennai
20th May, 2010

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

Financial Highlights

(Rs. in lakhs)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Sales & Other Income*	25,619.81	22,490.92	22,645.86	21,721.21	19,233.95	16,000.26	15,403.93	14,811.96	13,984.71	15,027.18
Profit Before Tax	1,550.23	1,337.45	2,199.11	584.39	498.31	(237.64)	106.02	61.02	(883.52)	(456.88)
Current Tax	535.00	215.00	272.44	54.30	32.98	—	8.20	19.32	—	(9.48)
Deferred Tax	102.49	239.98	(617.83)	(130.00)	(159.00)	30.61	(56.75)	263.92	1,076.17	—
Fringe Benefit Tax	—	95.00	90.00	100.00	106.00	—	—	—	—	—
Profit After Tax	912.74	787.47	1,218.84	300.09	200.33	(207.03)	41.07	305.62	192.65	(447.40)
Dividend	271.81	242.63	243.31	202.76	132.21	—	—	—	—	—
Tax on Dividend	46.19	41.23	41.35	34.46	18.54	—	—	—	—	—
Retained Earnings	594.74	503.62	934.18	62.87	49.58	(207.03)	41.07	305.62	192.65	(447.40)
Net Block	3,032.09	2,098.21	1,796.80	2,854.36	3,123.22	3,176.08	3,306.58	3,438.50	3,386.06	1,927.78
Investments	815.37	815.37	315.37	13.37	13.87	163.22	211.01	211.01	263.88	2,036.60
Net Current Assets	4,246.79	4,908.32	4,799.79	2,444.57	829.13	1,166.71	1,799.02	2,241.21	3,297.42	5,974.08
Deferred Tax Asset	69.44	177.27	413.83	1,234.09	1,397.29	1,621.47	1,662.18	1,748.10	1,568.90	—
Deferred Tax Liability	(268.40)	(273.74)	(270.32)	(472.75)	(505.95)	(571.13)	(642.45)	(671.62)	(756.35)	—
Miscellaneous Expenditure	—	—	—	104.60	148.34	90.65	115.95	—	280.30	266.79
Total Assets	7,895.29	7,725.43	7,055.47	6,178.24	5,005.90	5,647.00	6,452.28	6,967.20	8,040.21	10,205.25
Share Capital	776.60	808.75	811.04	811.04	661.04	661.04	661.04	661.04	661.04 **	637.52
Reserves	5,690.74	5,400.88	4,921.26	3,992.11	2,989.26	2,945.72	3,297.60	3,393.16	3,975.42	4,036.51
Borrowings	1,427.95	1,515.80	1,323.17	1,375.09	1,355.60	2,040.24	2,493.64	2,913.00	3,403.75	5,531.22
Total Liabilities	7,895.29	7,725.43	7,055.47	6,178.24	5005.90	5,647.00	6,452.28	6,967.20	8,040.21	10,205.25

* 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.

WOODWARD'S



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