TTK Healthcare
LIMITED

# FORM A

**Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchange**

| | | |
|---|---|---|
| 1. | Name of the Company | **TTK Healthcare Limited** |
| 2. | Annual Financial Statements for the year ended | **31st March, 2013** |
| 3. | Type of Audit Observation | **(i) Unqualified**<br>**(ii) Matter of Emphasis** |
| 4. | Frequency of Observation | **Appeared first time. (Matter of Emphasis)**<br>**[Please refer Page No.18 of the Annual Report 2012-13].** |
| 5. | Signed by- | |
| | **CEO / Managing Director** | **(T T RAGHUNATHAN)**<br>*Executive Vice Chairman* |
| | **CFO** | B.V.K. Durga Prasad<br>**(B V K DURGA PRASAD)**<br>*Vice President - Finance* |
| | **Auditors of the Company** | N. Sridharan<br>**(N SRIDHARAN)**<br>*Proprietor*<br>**M/s Aiyar & Co.** |
| | | **(C N SRINIVASAN)**<br>*Partner*<br>**M/s S Viswanathan** |
| | **Audit Committee Chairman** | **(R K TULSHAN)**<br>*Chairman*<br>**Audit Committee** |

**6, Cathedral Road, Chennai - 600 086, INDIA.**
**Phone : 91-44-28116106 - 08, Fax : 91-44-28114307**
**Email : info@ttkhealthcare.com**

**(Factory : 5, Old Trunk Road, Pallavaram, Chennai - 600 043, INDIA.)**

A TTK Group Company

# TTK Healthcare Limited

## Annual Report 2012-13


A PRODUCT
Introducing
Exotic new
fragrances
in an all-new range!
pH BALANCED*
SKIN FRIENDLY
ALCOHOL-FREE
Eva exotic
Spicy Twists
Honeysuckle Spark
Eva exotic
Ocean Fresh
Citrus Passion
Eva exotic
Velvet Wisps
Violet Swirls
Eva exotic
Rainforest Bliss
Minty Fresh
Eva exotic

# TTK HEALTHCARE LIMITED

## BOARD OF DIRECTORS

| | |
|---|---|
| Mr T T Jagannathan | Chairman |
| Mr T T Raghunathan | Executive Vice Chairman |
| Mr R K Tulshan | Director |
| Dr K R Srimurthy | Director |
| Mr B N Bhagwat | Director |
| Mr J Srinivasan | Director |
| Mr R Srinivasan | Director |
| Mr K Vaidyanathan | Executive Director |
| Mr K Shankaran | Director |

## 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.
19, Pycrofts Garden Road
Off. Haddows Road, Nungambakkam
Chennai 600 006.

## FACTORIES

- No.5, Old Trunk Road, Pallavaram, Chennai 600 043.
- No.2-B, Hosakote Industrial Area, 8th Kilometre, Hosakote Chinthamani Road, Hosakote Taluk, Bengaluru 562 114.
- Site No.A28, KINFRA International Apparel Parks Ltd., St. Xavier's College P.O., Thumba, Thiruvananthapuram 695 586.
- No.290, SIDCO Industrial Estate, Ambattur, Chennai 600 098.
- No.3, Thiruneermalai Main Road, Chromepet, Chennai 600 044.

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

## DEPOTS

Ahmedabad, Bengaluru, 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.

**Contents** **Page**


| Contents | Page |
|---|---|
| Board of Directors | 1 |
| Notice to Shareholders | 2 |
| Directors' Report (including Management Discussion and Analysis Report) | 5 |
| Report on Corporate Governance | 11 |
| Auditors' Report | 18 |
| Balance Sheet | 20 |
| Profit and Loss Statement | 21 |
| Cash Flow Statement | 22 |
| Notes to Balance Sheet | 23 |
| Notes to Profit and Loss Statement | 33 |
| Notes on Accounts | 35 |
| Segmentwise Revenue, Results and Capital Employed | 43 |
| Balance Sheet Abstract and Company's General Business Profile | 45 |
| Financial Highlights | 46 |

# Notice to Shareholders

**NOTICE** is hereby given that the 55th Annual General Meeting of the Company will be held at **11.00 a.m.** on **Thursday**, the **25th July, 2013**, 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 Statement for the year ended 31st March, 2013 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in the place of Mr R Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr K R Srimurthy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr K Shankaran, 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.

## Special Business

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

   "**RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the re-appointment of Mr K Vaidyanathan as Executive Director of the Company, for a period of two years, with effect from 1st July, 2013, by the Board of Directors on the terms and conditions as set out in the Explanatory Statement annexed hereto and duly approved by the Remuneration Committee, be and is hereby approved and ratified".

   "**RESOLVED FURTHER THAT** during any year of loss or inadequacy of profits, Salary, Allowances, Perquisites and Benefits fixed by the Board of Directors and subsequent revision(s), if any, shall be paid as minimum remuneration, subject to the ceiling prescribed for the time being under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof **AND THAT** the Board of Directors be and are hereby authorized to apply to the Central Government, as may be necessary, if such minimum remuneration exceeds the ceiling prescribed under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) thereof, as may be in force from time to time".

   "**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to revise the remuneration package of Mr K Vaidyanathan, Executive Director, from time to time, within the ceiling prescribed under Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be in force from time to time".

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

   "**RESOLVED THAT** pursuant to Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder or any statutory modification(s) thereof, the consent of the Company be and is hereby accorded for the revision in the remuneration package of Mr T T Lakshman, General Manager – Projects (Foods Division), as fixed by the Board of Directors and as set out in the Explanatory Statement annexed hereto and duly approved by the Remuneration Committee, with effect from 1st April, 2013".

   "**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to revise the remuneration package (including change of designation / promotion) of Mr T T Lakshman, General Manager – Projects (Foods Division), from time to time, within the ceiling prescribed under Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder or any statutory modification(s) thereof, as may be in force from time to time".

   "**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to apply to the Central Government for its approval, as may be necessary, if such remuneration exceeds the ceiling prescribed under Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder or any statutory modification(s) thereof, as may be in force from time to time".

   "**RESOLVED FURTHER THAT** till receipt of approval from the Central Government, Mr. T T Lakshman be paid Salary, Allowances, Incentives, Perquisites and Other Benefits fixed by Board of Directors and subsequent revision(s), if any, upto the ceiling prescribed under Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder or any statutory modification(s) thereof, as may be in force from time to time".

**BY ORDER OF THE BOARD**

**Place : Chennai**
**Date : 27th May, 2013**

**S KALYANARAMAN**
***Company Secretary***

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER 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 relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.7 & 8 is annexed.
3. **The Register of Members and the Share Transfer Books of the Company will remain closed from 18th July, 2013 to 25th July, 2013 (Both days inclusive).**
4. 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 25th July, 2013.
5. Members are requested to keep the Company informed of any change in their respective mailing addresses immediately.

   Members whose shareholding is in the electronic mode are requested to forward the change of address notifications and updation of Bank Account details to their respective Depository Participants.
6. Members are requested to bring their copy of the Annual Report to the Meeting.
7. Those members who have so far not encashed their Dividend Warrants for the below mentioned financial years, may approach the Company or its Share Transfer Agent for the payment thereof, as the same will be transferred to the Investor Education and Protection Fund of the Central

# Notice to Shareholders (Contd.)

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

| Financial Year Ended | Dividend Declared on | Due Date of Transfer |
|---|---|---|
| 31.03.2006 | 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 |
| 31.03.2010 | 28.07.2010 | 28.07.2017 |
| 31.03.2011 | 27.07.2011 | 27.07.2018 |
| 31.03.2012 | 13.08.2012 | 13.08.2019 |

8. Information required under Clause 49 of the Listing Agreement with the Stock Exchanges:

**(1) 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.

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

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

ACE Designers Limited, Kirloskar Oil Engines Limited, Murugappa Morgan Thermal Ceramics Limited, Nettur Technical Training Foundation, TTK Prestige Limited, Sundaram Fasteners Limited, Yuken India Limited, MindTree Limited, Sterling Abrasives Limited, TaeguTec India Pvt. Ltd., Edutech NTTF India Pvt. Ltd., NTTF Industries Pvt. Ltd., Bangalore International Exhibition Services Pvt. Ltd. and IMTMA Machine Tool Park (Section 25 Company).

He does not hold any Committee Chairmanship / Membership of the Company.

He does not hold any shares in the Company.

**(2) Dr K R Srimurthy**

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

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

He does not hold any other Directorship.

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

He does not hold any shares in the Company.

**(3) Mr K Shankaran**

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

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

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

TTK Prestige Limited, Manttra, Inc., TTK Services Pvt. Ltd., TTK Healthcare TPA Pvt. Ltd. and TTK Property Services Pvt. Ltd.

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

He holds 247 Equity Shares in the Company.

**(4) Mr K Vaidyanathan**

Mr K Vaidyanathan is a Post-graduate in Commerce and a Fellow of the Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management. Mr Vaidyanathan has over four decades of experience (out of which, nearly three decades at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc. He worked for a number of reputed Companies like Unilever, Tata Motors, Modi Continental, Birlas, Essar/ Swiss Telecom and Samsons Group.

He has been on the Board of your Company from the year 2002 and was appointed as Executive Director, with effect from 1st July, 2009.

He is also a Director on the Board of M/s ESAB India Limited.

He is a member of the Shareholders/ Investors Grievance Committee of the Company.

He does not hold any shares in the Company.

**BY ORDER OF THE BOARD**

**Place : Chennai** **S KALYANARAMAN**
**Date : 27th May, 2013** ***Company Secretary***

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

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

### Item No.7

Mr K Vaidyanathan was originally appointed as Executive Director of the Company for a period of 2 years, effective 1st July, 2009 and was re-appointed for a further period of 2 years with effect from 1st July, 2011.

His current term expires on 30th June, 2013.

The Board of Directors in their meeting held on 27th May, 2013, re-appointed Mr K Vaidyanathan as Executive Director, for a further period of 2 years, with effect from 1st July, 2013, on the following terms and conditions:

| | |
|---|---|
| **(A) Salary** | Rs.2,00,000/- (Rupees Two lakhs only) per month. |
| **(B) Perquisites:** | |
| (1) (a) Housing | House Rent Allowance or Company Leased Accommodation, the cost of which not to exceed 60% of the Salary. |
| (b) Gas, Electricity, Water, Furnishings, etc. | 10% of the salary, as per the rules of the Company |
| (c) Medical Benefits | One month's salary per annum, as per the rules of the Company.<br>In addition, in case of major diseases and hospitalization, 100% for self and 50% for wife, dependent children and parents would be reimbursed towards expenses incurred. |
| (d) Leave Travel Allowance / Assistance | One month's salary per annum, as per the rules of the Company. |
| (e) Personal Accident Insurance | Personal Accident Insurance cover, as per the rules of the Company. |
| (f) Club Fees | Fees for two clubs, not including Admission and Life Membership Fees. |

# Notice to Shareholders (Contd.)

(2) (a) Mr K Vaidyanathan will be provided Company maintained car with driver for use, as per the rules of the Company. He will also be entitled for reimbursement of expenses relating to residential and mobile phones.

(b) Mr Vaidyanathan will be allowed Leave and Encashment thereof, as per the rules of the Company.

In the event of loss or inadequacy of profits during any financial year, the above mentioned Salary, Allowances, Perquisites and Benefits and subsequent revision(s), if any, will be paid as minimum remuneration to Mr Vaidyanathan and if required, approval of the Central Government will be obtained, in accordance with the provisions of and Schedule XIII to the Companies Act, 1956.

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

**This may please be treated as the Abstract of the terms to be circulated to the members under Section 302(2) of the Companies Act, 1956.**

The above remuneration package is in line with the industry practice and commensurate with the qualification, experience and performance of the appointee and the same has also been approved by the Remuneration Committee at its meeting held on 27th May, 2013.

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

The Resolution is commended for adoption.

None of the Directors except Mr K Vaidyanathan is deemed to be interested in this Resolution.

## Item No.8

Mr T T Lakshman, son of Mr T T Jagannathan, Chairman of the Company was appointed as General Manager – Projects (Foods Division), with effect from 3rd May, 2010, after obtaining the approval of the Shareholders and the Central Government.

He was given the responsibility of implementing the project at the Foods Division's factory at Bangalore for enhancing the production capacity. He has successfully completed the commissioning of both the Fen Lines and also the refurbishment of the old Pavan Lines and stabilized production. This has resulted in improved performance at Foods Division. He has now been entrusted with the responsibility of implementing the new project in Rajasthan. Mr. Lakshman is also involved in the day-to-day operations of the Foods Division.

Considering his performance, the Board of Directors in their meeting held on 27th May, 2013 has revised the remuneration package of Mr Lakshman, as given below, with effect from 1st April, 2013, subject to the approval of the Shareholders / Central Government :

| | | |
|---|---|---|
| 1. | **Basic Salary** | Rs.1,00,000/- (Rupees One lakh only) per month. |
| 2. | **Performance-based Incentive** | Not exceeding 60% of his Annual Basic Salary per annum, subject to the approval of the Management. |
| 3. | **House Rent Allowance** | 60% of the Basic Salary per month. |
| 4. | **Medical Benefits** | One month's Basic Salary per annum. In addition, in case of major diseases and hospitalization, 100% for self and 50% for spouse, dependent children and parents would be reimbursed towards expenses incurred, subject to prior Management approval. |
| 5. | **Bonus** | As declared by the Company from time to time. |
| 6. | **Leave Travel Allowance / Assistance** | As per the rules of the Company. |
| 7. | **Personal Accident Insurance & Club Fees** | As per the rules of the Company. |
| 8. | **Provident Fund, Superannuation, Gratuity, etc.** | As per the rules of the Company. |

9. **Other Perquisites**

(i) Mr Lakshman will be provided Company maintained car for use, as per the rules of the Company. He is also eligible for the reimbursement of petrol expenses and driver's salary, as per the rules of the Company.

(ii) Mr Lakshman will be entitled for reimbursement of expenses relating to residential and mobile phones.

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

10. **Annual Increments**

Mr Lakshman will be entitled for annual increments as applicable to the other employees in this cadre, not exceeding 20% of his cost-to-company package, as approved by the Management.

The above remuneration package has also been approved by the Remuneration Committee at its meeting held on 27th May, 2013.

It is also proposed to authorize the Board of Directors to revise the remuneration package (including change of designation / promotion) of Mr T T Lakshman, General Manager – Projects (Foods Division), from time to time, duly taking into account his performance and the Board of Directors are also authorized to apply to the Central Government for its approval, as may be necessary.

Since Mr T T Lakshman is related to Mr T T Jagannathan, Chairman of the Company, this proposal requires the consent of the Shareholders by means of a Special Resolution under the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the rules made thereunder. Further, since the proposed remuneration exceeds the ceiling currently prescribed by the Central Government, this proposal also requires the approval of the Central Government.

Further, till receipt of approval from the Central Government, Mr. T T Lakshman be paid Salary, Allowances, Incentives, Perquisites and Other Benefits fixed by Board of Directors and subsequent revision(s), if any, upto the ceiling prescribed under Section 314(1B) and other applicable provisions, if any, of the Companies Act 1956 and the rules made thereunder or any statutory modification(s) thereof, as may be in force from time to time.

Approval of the shareholders for the above proposals is sought by means of a Special Resolution.

The Resolution is commended for adoption.

None of the Directors except Mr T T Jagannathan and Mr T T Raghunathan are deemed to be interested in this Resolution.

**BY ORDER OF THE BOARD**

**Place : Chennai**
**Date : 27th May, 2013**

**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 55th Annual Report together with the Audited Accounts for the financial year ended 31st March, 2013.

## FINANCIAL RESULTS

(Rs. in lakhs)

| | | 2012-13 | | 2011-12 |
|---|---|---|---|---|
| Profit before Depreciation & Tax | | **2,434.14** | | 2,590.59 |
| **Less :** Depreciation | | **271.97** | | 235.77 |
| **Profit before Tax** | | **2,162.17** | | 2,354.82 |
| **Less :** Provision for Tax | | | | |
| Current Tax | **710.00** | | 770.00 | |
| Deferred Tax | **31.82** | **741.82** | 21.91 | 791.91 |
| **Profit after Tax** | | **1,420.35** | | 1,562.91 |
| **Surplus Account:** | | | | |
| Balance as per last Balance Sheet | | **3,725.57** | | 2,683.69 |
| **Add:** Profit for the year | | **1,420.35** | | 1,562.91 |
| **Total** | | **5,145.92** | | 4,246.60 |
| **Less:** Proposed Dividend | | **310.64** | | 310.64 |
| Provision for tax on Dividend | | **52.79** | | 50.39 |
| Amount transferred to General Reserve | | **145.00** | | 160.00 |
| **Net Surplus** | | **4,637.49** | | 3,725.57 |

## DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.4.00 (40%) per Equity Share of Rs.10/- each.

## REVIEW OF PERFORMANCE

During the year under review, Revenue from Operations amounted to Rs.382.30 crores as against the previous year's figure of Rs.353.74 crores, a growth of about 8%.

The overall performance of the Company was affected mainly due to the discontinuation of the distribution arrangement with TTK Protective Devices Limited (formerly TTK-LIG Limited) for Kohinoor / Durex brand of Condoms, consequent to the settlement reached between them and their overseas partners.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (A) ECONOMIC AND BUSINESS ENVIRONMENT:

The macro economic environment throughout the year was challenging in the backdrop of weak global economic scenario as well as a host of domestic factors.

During the year 2012-13, the GDP growth was low at 5% as against the previous year's figure of 6.2%. The inflationary trend continued during the year under review too.

Indian Pharma Industry grew by 14.3% during the year 2012, which was driven by (i) growth in volume of existing brands (4.4%); (ii) new introductions (6.0%); and (iii) price revisions (3.9%). However, the growth has dipped to 9.1% in the last quarter of 2012. The proportion of Chronic Therapy Segment in the overall market is moving up, with a higher growth. Chronic Segment grew at 17.1% vis-à-vis the growth of 13.3% in Acute Segment. Anti-diabetic and Cardiac Segments continue to report healthy growth. [Source – Pharma Trac]

### (B) OPPORTUNITIES AND THREATS:

**Opportunities:**

- Pharma industry is witnessing healthy growth. Economic growth, rising incidence of chronic diseases, increase in healthcare access and expected growth in per capita income would drive further expansion of the healthcare segment. Therefore, there is opportunity for your Company to grow the Pharma Business further.
- Your Company has the unique advantage of an exclusive network for distribution of OTC products. This can be leveraged for launch of new products under own brands so as to ensure improved profitability and value creation through brand building.
- On Medical Devices, the market as of now is dominated by imported medical devices/ implants. Since your Company manufactures world class products and are priced competitively, this segment provides opportunity for growth. 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 including branding / retail opportunities.

**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 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 is engaged in Pharmaceuticals, Consumer Products, Medical Devices, Foods and Publications Businesses.

A look at the performance of individual Business Segments:

**Pharmaceutical Business:**

The Ethical Pharma Business of your Company deals in Pharmaceutical Formulations both Herbal and Allopathic, in various therapeutic segments. Pharmaceuticals also include Woodward's Gripewater. Since this product is distributed through the Consumer Products Division of your Company, it is covered under the head Consumer Products Business.

***Ethical Products Division* (EPD) *& Ventura Division***

After a few years of healthy growth, there has been a slow down in Pharma Business, during the year under review. Though the herbal and anti-infertility segments have shown reasonable growth, the performance of allopathic formulations has been below expectations.

Older products under the Allopathic Range were either stagnant or reported negative growth. Manpower attrition too had its adverse impact on the overall performance.

Steps such as enhancement of starting salaries, improvement in the compensation packages, signing of long term wage settlement with the

# Directors' Report (Contd.)

unionized field staff, enhanced training and development initiatives, etc., have already been taken to reduce the attrition rate and to attract and retain talents.

In addition to brand-specific focus on existing products, steps have also been initiated to identify and launch new products so as to sustain the growth.

***Animal Welfare Division* (AWD)**

The turnover of the Animal Welfare Division remained flat due to discontinuation of a few products that were commercially not viable. Prolonged adverse scenario prevailing in the Poultry Segment due to mortality and huge escalation in the prices of poultry feeds had further aggravated the situation.

However, the positive aspect was that on the livestock segment, most of the flagship brands and also the newly launched products have reported healthy growth.

The overall AWD business is being trifurcated into Livestock, Poultry and Pet Businesses, so as to enhance the focus and grow each of these businesses independently.

**Consumer Products Business:**

During the year under review, the performance of this Division as a whole has been satisfactory. Woodward's Gripe Water continued its growth trajectory especially with some strong gains in the northern markets and ended the year with a healthy growth. EVA as a brand retained its market leadership position. However, the growth was not as strong as previous year's basically due to sluggish category growth and increased competitive activity. Good Home continued to perform as per expectations across all categories.

The distribution arrangement for Kohinoor / Durex brand of Condoms stands discontinued, consequent to the settlement reached between the Principals TTK Protective Devices Limited (formerly TTK-LIG Limited) and their overseas partners. Likewise, the distribution arrangement with SSL-TTK Limited for footcare products also stands discontinued, as part of this settlement.

In November 2012, TTK Protective Devices Limited launched a new brand of Condom "Skore" which is being nationally distributed by your Company and the initial response has been encouraging.

**Medical Devices Business:**

***Heart Valve Division***

The performance of the Heart Valve Division was impacted due to lower off-take from Government Sponsored Welfare Programmes and also severe competition from imported brands through price cuts. Efforts are made to retain the volumes.

Animal trials with reference to Improved Heart Valves and Vascular Grafts have been completed and are awaiting regulatory clearances for human trials.

The regulatory process for import of Bio-Prosthetic Valves is in progress and the approval is expected shortly.

The prototypes prepared under the R&D Programme for development of Stent for Aneurysm Repair was not satisfactory and therefore, further work needs to be done on the same.

Clinical follow-up studies as stipulated by the Certifying Agency for awarding CE marking for Heart Valves is awaiting regulatory clearance and the certification is expected after completion of these studies.

***Ortho Division***

During the year under review, Ortho Division reported healthy growth. Steps are taken to further accelerate doctor conversion / usage.

Extensions / augments needed for revision surgery have been added to the range during the year under review. Steps are also being taken for developing Porous Coated Knee, Titanium Knee, etc.

A small manufacturing facility has been set up exclusively for manufacturing Instrumentation Sets at Chromepet, Chennai.

Efforts are also being put in for developing the overseas markets like Sri Lanka, Turkey, Italy, Malaysia, Philippines, Myanmar, etc. and exports have already commenced to some of these countries.

Further, your Company's overseas collaborators have also approved addition of a few more countries for marketing BP Knees and this is expected to provide further fillip to the export endeavours of your Company.

**Publications Business:**

The performance of the Publications Business during the year under review has not been satisfactory. Considering the current market scenario / potential for printed map-based products with the advent of digital technology and the need to have a threshold turnover, this business does not appear to be commercially viable. It is, therefore, proposed to gradually run down the operations and exit the segment.

**Foods Business:**

During the year under review, the overall performance of Foods Division has been quite encouraging.

The Fen make Pellet (Pappad) Manufacturing line acquired from M/s McFills, Ahmedabad has been commissioned and both the Fen Lines and the old refurbished Pavan Lines are working at full capacity.

The Panipuri Pappad, an innovative product developed by the Foods Division, has been very well received by the market and has contributed substantially to the turnover / profitability of the Division during the year under review.

Considering the current growth and market potential, your Company is putting up a state-of-the-art manufacturing facility in Rajasthan, at a cost of around Rs.40 crores. This facility would not only add to the production capacity but also be capable of producing more innovative and value added products. The plant is expected to be commissioned in the first half of 2014-15.

The implementation of HACCP-based Food Safety Management System at Hosakote factory has progressed well and the certification is expected during the Third Quarter of 2013-14.

Your Company has also set up Fryums Live Frying Kiosks at a couple of locations in Bangalore as a test marketing initiative to validate this concept.

Further, your Company has also commenced a test marketing initiative by launching retail packs of Ready-to-fry Snack Pellets (Pappads) under "Fryums" brand name in Andhra Pradesh, during the First Quarter of 2013-14.

# Directors' Report (Contd.)

In view of the above developments and initiatives, the outlook for the Company as a whole for the year 2013-14 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)

| | 2012-13 | 2011-12 |
|---|---|---|
| Revenue from Operations (Gross) | **38,229.84** | 35,374.22 |
| **Less :** Excise Duty relating to Sales | – | 0.03 |
| Revenue from Operations (Net) | **38,229.84** | 35,374.19 |
| Other Income | **673.85** | 470.43 |
| **Total Income** | **38,903.69** | 35,844.62 |
| Goods Consumption | **18,959.18** | 18,618.87 |
| Employee Benefits Expense | **5,295.04** | 4,356.22 |
| Other Expenses | **11,960.95** | 10,022.97 |
| **Profit before Finance Cost and Depreciation** | **2,688.52** | 2,846.56 |
| Finance Costs | **254.38** | 255.97 |
| Depreciation | **271.97** | 235.77 |
| **Profit before Tax** | **2,162.17** | 2,354.82 |
| **Less:** Provision for Tax: | | |
| Current Tax | **710.00** | 770.00 |
| Deferred Tax | **31.82** | 21.91 |
| **Profit after Tax** | **1,420.35** | 1,562.91 |

**ANALYSIS OF PERFORMANCE:**

- Revenue from Operations registered a growth of about 8% as against the previous year's figure of 14%. The lower growth was mainly on account of discontinuation of the distribution arrangement for Kohinoor / Durex brand of Condoms.
- The increase in Other Income was due to higher Interest Income on Fixed Deposits (Rs.101.92 lakhs) and profit on sale of Secured Redeemable Non-convertible Debentures (Rs.97.62 lakhs).
- Goods Consumption as a percentage of Revenue from Operations for the year works out to 49.59% as against the previous year's figure of 52.63%. The reduction is due to higher proportion of Own Branded Goods vis-à-vis Traded Goods in the product mix.
- The employee benefits expense was higher due to regular annual increments, the impact of the long term wage settlement for EPD field staff and the cost of expansion of field manpower.
- The increase in Power and Fuel expenses was on account of the higher production at Foods Division.
- The increase in Advertisement & Sales Promotion expenses on account of enhanced advertisements / higher sales promotional expenses incurred on various product categories and incentives to field staff.
- The increase in net Fixed Assets mainly represents the- (i) cost of Fen make Pellet (Pappad) Manufacturing Line commissioned during the year and construction of godown space at Foods Division (Rs.7.85 crores); and (ii) expenses incurred for the renovation of the factory and the Quality Control Laboratory at Pallavaram and purchase of equipments therefor (Rs.1.79 crores).
- The reduction in Investments by Rs.6 crores was due to the sale of Secured Redeemable Non-convertible Debentures, at a consideration of Rs.6.98 crores.
- The reduction in Inventories and Trade Receivables was due to discontinuation of the distribution arrangement relating to Kohinoor & Durex brand of Condoms and SSL range of footcare products. However, there has been an increase in the Trade Receivables of Foods Division, consequent to the increase in volumes.
- The increase in Loans and Advances mainly represents capital advances for purchase of industrial land, plant & machinery and residential units for employees.
- The increase in Cash and Cash Equivalents mainly represents the increase in Fixed Deposits.
- The reduction in Trade Payables is due to the settlement of dues to the principals, consequent to the discontinuation of the distribution arrangement relating to Kohinoor & Durex brand of Condoms and SSL range of footcare products.

**(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 internally and corrective measures are taken. Significant audit observations are also placed before the Meeting of the Audit Committee.

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:**

Oracle ERP version upgrade from Oracle11i to R12 has been successfully tested. Your Company is planning to go live in Oracle R12 during the first half of 2013-14.

**(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.

As on 31st March, 2013, the employee strength was 1757 (Previous Year – 1514).

**(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

# Directors' Report (Contd.)

external. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before taking any investment decision.

**DEVELOPMENT OF STRATEGIC GROWTH PLAN**

Your Company has engaged the services of M/s Bain & Co., a well known international firm of consultants for developing a Strategic Growth Plan for your Company to be implemented over the next 3 – 5 years. The Assignment is in progress and the final report would be ready during the Second Quarter of the current financial year.

**SCHEME OF AMALGAMATION**

The Board of Directors in their meeting held on 30th April, 2013 approved the Scheme of Amalgamation of TTK Protective Devices Limited (TTKPD) (formerly TTK-LIG Limited) and its Wholly Owned Subsidiary TSL Techno Services Limited (TSL) with your Company, the appointed date being 1st April, 2012.

Under the Scheme, the Shareholders of TTKPD would be entitled for 9 Equity Shares of Rs.10/- each fully paid-up of your Company for every 2 Equity Shares of Rs.10/- each fully paid-up held by them in TTKPD. No shares would be allotted to the Shareholders of TSL as its value having been considered as part of the valuation of TTKPD.

The Scheme would be effective after the approval of the Regulatory Authorities, Shareholders and the Hon'ble High Court of Judicature at Madras.

**FINANCE**

During the year under review, the total Secured and Unsecured borrowings from Banks stood at Rs.21.55 crores as against the previous year's figure of Rs.17.55 crores. The increase is on account of higher utilization of Working Capital limits in the normal course of business.

**FIXED DEPOSITS**

As on 31st March, 2013, your Company was not holding any amount under Fixed Deposits Account.

**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 R Srinivasan, Dr K R Srimurthy and Mr K Shankaran, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Mr K Vaidyanathan has been re-appointed as Executive Director of the Company for a further period of 2 years, with effect from 1st July, 2013.

**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.

**COST AUDITOR**

M/s Geeyes & Co., Cost Accountants, A-3, III Floor, 56, 7th Avenue, Ashok Nagar, Chennai 600 083 have been appointed as Cost Auditor under Section 233B of the Companies Act, 1956 for the audit of the Cost Accounts relating to Pharmaceutical Formulations and Food Products manufactured by your Company, for the year 2012-13. The Cost Audit Report for the year ended 31st March, 2013 would be filed on or before the due date (i.e.) 27th September, 2013.

**LISTING**

Your Company's shares are listed with –

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

The Listing Fees have been paid for the financial year 2013-14.

**CORPORATE GOVERNANCE**

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

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

**CONSERVATION OF ENERGY**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**ACKNOWLEDGEMENT**

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

**For and on behalf of the Board**

**Place : Chennai** **T T JAGANNATHAN**
**Date : 27th May, 2013** **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, 2013**

**A. Conservation of Energy:**

Majority of the Company's operations are not power-intensive except the Foods Manufacturing Operations. Further, the Company outsources most of its pharmaceutical formulations from Third Party Manufacturers. Steps are initiated to achieve possible improvements with reference to energy conservation.

**FORM A**

**A. Power and Fuel Consumption**

| Particulars | 2012-13 | 2011-12 |
|---|---|---|
| **1. Electricity:** | | |
| (a) Purchased | | |
| Units | **38,39,014** | 22,56,710 |
| Total Amount (Rs.) | **2,26,22,313** | 1,29,91,304 |
| Rate per Unit (Rs.) | **5.89** | 5.76 |
| (b) Own Generation | | |
| Units | **2,66,618** | 2,64,828 |
| Unit per litre of Diesel Oil | **2.96** | 3.01 |
| Cost per Unit (Rs.) | **15.35** | 13.57 |
| **2. Furnace Oil / Light Diesel Oil:** | | |
| Quantity (litres) | **4,10,900** | 2,16,903 |
| Total Amount (Rs.) | **2,06,60,472** | 94,63,943 |
| Average rate per litre (Rs.) | **50.28** | 43.63 |

**B. Consumption Per Unit of Production**
(Relating to Foods Manufacturing Operations)

| Particulars | Standards (if any) | 2012-13 | 2011-12 |
|---|---|---|---|
| **Ready-to-Fry Pellets (Pappads)** | | | |
| Total Production (kgs) | | **59,65,245** | 32,50,062 |
| Electricity (Rs./kg of Production) | – | **3.63** | 3.98 |
| Furnace Oil (Rs./kg of Production) | – | **3.28** | 2.62 |

**B. Technology Absorption :**

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

(a) Development of –

- Flavoxate Hydrochloride Tablet;
- Triclabendazole and Ivermectin Suspension for Veterinary use;
- Vaginal suppositories containing Clindamycin, Clotrimazole and Lactic Acid Bacillus;

(b) Animal trials on Coated Vascular Grafts have been completed. After the prescribed evaluation period, documentation for getting Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST) Ethics Committee clearance for human trials will be taken up.

(c) Some technical issues cropped up in the initial structural evaluation of prototypes of Stented Graft, which are being addressed.

(d) Scheduling of the clinical trials of the Improved Heart Valves is awaiting clearance of the SCTIMST Ethics Committee and subsequent DCGI approval for human trials.

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

(a) The Company has launched the following products:

- **Urifree Tablets** (Urinary anti-spasmodic)
- **Ivulon Suspension** (Dewormer)
- **Lukure-V** (for treating vaginitis)

(b) The completed animal trials of the Coated Vascular Graft have shown initial satisfactory performance.

(c) TTK Chitra Heart Valves have been upgraded with the addition of disposable holders, so as to improve surgeon's convenience on the operating table.

**(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-

- L-Arginine and L-Carnitine based formulation in granules form;
- Orange Peel Oil and Aloevera based Pet Shampoo and Conditioner;
- Multiminerals and Vitamins Tablet; and
- Pet Oral Hygiene Solution

(b) To expedite further progress with reference to commencement of human trials for Improved Heart Valves and Vascular Graft, after regulatory clearances.

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

| | | 2012 – 13 Rs. | 2011 – 12 Rs. |
|---|---|---|---|
| (a) | Capital | **1,96,062** | 15,66,705 |
| (b) | Recurring | **57,04,853** | 21,36,351 |
| (c) | Total | **59,00,915** | 37,03,056 |
| (d) | % of R&D expenses to sales | **0.15%** | 0.10% |

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

Inputs from the Overseas Collaborators have been continuously availed for improving the overall manufacturing operations at the Ortho Division.

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

Based on the inputs received from the overseas collaborators, the technology with reference to Porous Coating of Ortho Implants is being adopted by your Company.

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

The Company has a technical collaboration arrangement with M/s B P Trust, USA, for various Orthopaedic Implants including Total Knee Replacement System.

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

The Company currently exports Ready-to-fry Snack Pellets (Pappads), Herbal / Veterinary Products, Gripewater, Heart Valves, Orthopaedic

# Annexure to the Directors' Report (Contd.)

**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, 2013**

Implants, etc., to various countries. The Medical Devices and Ready-to-fry Snack Pellets (Pappads) offer good export potential. Steps are being taken for further improving the export sales.

| | 2012-13 Rs. | 2011-12 Rs. |
|---|---|---|
| **Foreign Exchange Earnings** | | |
| Exports | **4,72,27,891** | 2,58,06,354 |
| **Total** | **4,72,27,891** | 2,58,06,354 |

| | 2012-13 Rs. | 2011-12 Rs. |
|---|---|---|
| **Foreign Exchange Outgo** | | |
| • Imports | | |
| - Raw Materials | **3,72,96,046** | 3,05,58,973 |
| - Capital Goods | **99,88,733** | 15,28,329 |
| - Spares | **45,146** | 19,971 |
| • Royalty, Consultancy, Product Registration / Promotion Expenses, Travelling, etc. | **39,59,654** | 44,03,426 |
| **Total** | **5,12,89,579** | 3,65,10,699 |

**For and on behalf of the Board**

**Place : Chennai**
**Date : 27th May, 2013**

**T T JAGANNATHAN**
**Chairman**

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

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**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, 2013.**

| Name | Designation | Gross Remuneration (Rs.) | Experience (Years) | Age (Years) | Qualifications | Date of Employment | Previous Employment |
|---|---|---|---|---|---|---|---|
| Mr T T Raghunathan | Executive Vice Chairman | 1,13,79,832 | 41 | 61 | B.Com. | 01.11.2001 | Managing Director TTK Tantex Limited |

**Notes :**

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

**For and on behalf of the Board**

**Place : Chennai**
**Date : 27th May, 2013**

**T T JAGANNATHAN**
**Chairman**

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

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

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

## BOARD MEETINGS, ATTENDANCE AND OTHER DIRECTORSHIPS:

The Board of the Company met four times during the financial year ended 31st March, 2013, on the following dates:

- 22nd May,2012
- 13th August, 2012
- 29th October, 2012
- 1st February, 2013

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 (13.08.12) | Other Directorships | Committee Memberships | Committee Chairmanships |
| Mr T T Jagannathan | 3 | No | 5$ | – | – |
| Mr T T Raghunathan | 4 | Yes | 4 | – | – |
| Mr R K Tulshan | 4 | Yes | 2 | – | – |
| Dr K R Srimurthy | 4 | Yes | – | – | – |
| Mr B N Bhagwat | 4 | Yes | – | – | – |
| Mr J Srinivasan | 4 | Yes | 2 | – | 1 |
| Mr R Srinivasan | 2 | Yes | 9 | 6 | 3 |
| Mr K Vaidyanathan | 4 | Yes | 1 | – | 1 |
| Mr K Shankaran | 4 | Yes | 2$ | 1 | – |

Other Directorships do not include Private Companies.

$ Include 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;
  - (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

# Report on Corporate Governance (Contd.)

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 thereon;
  - (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, debenture holders, 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;
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

- 22nd May, 2012
- 12th August, 2012
- 29th October, 2012
- 1st February, 2013

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

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

### SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

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

The scope of the Committee is to look into the Shareholders / Investors Complaints / Grievances relating to transfer of shares, non-receipt of Annual Report, 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 12th August, 2012 and 1st February, 2013 and reviewed the status of various complaints received from the Shareholders / Investors and the redressal measures taken by the Company.

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

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

| Nature of Complaints | 2012-13 |
|---|---|
| Non-receipt of Dividends | 4 |
| Non-receipt of Shares sent for transfer/transmission | 1 |
| Non-receipt of Annual Report | – |
| Others | – |
| Total | 5 |

All the complaints were resolved satisfactorily and there has been no pending complaint as on 31st March, 2013.

### DIRECTORS' REMUNERATION:

The details of remuneration paid to the Wholetime Directors for the year 2012-13 are as follows:

| Name & Designation | Salary | HRA & Other Allowances | Contribution to PF & Other Funds | Commission | Total | Tenure of Appointment |
|---|---|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. | Rs. | |
| Mr T T Raghunathan<br>Executive<br>Vice Chairman | 24,00,000 | 61,55,215 | 6,88,080 | 21,36,537 | 1,13,79,832 | 5 years with effect from 1st November, 2011. |
| Mr K Vaidyanathan<br>Executive Director | 21,60,000 | 18,81,067 | – | – | 40,41,067 | 2 years with effect from 1st July, 2011. |

The managerial remuneration paid to the Wholetime 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 2012-13. 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 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 has been inducted into the Board of your Company in the year 2005.

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

- ACE Designers Limited
- Kirloskar Oil Engines Limited
- Murugappa Morgan Thermal Ceramics Limited
- Nettur Technical Training Foundation
- TTK Prestige Limited
- Sundaram Fasteners Limited
- Yuken India Limited
- MindTree Limited
- Sterling Abrasives Limited
- TaeguTec India Pvt. Ltd.

# Report on Corporate Governance (Contd.)

- Edutech NTTF India Pvt. Ltd.
- NTTF Industries Pvt. Ltd.
- Bangalore International Exhibition Services Pvt. Ltd.
- IMTMA Machine Tool Park (Section 25 Company)

He does not hold any Committee Chairmanship / Membership of the Company.

He does not hold any shares in the Company.

**(2) Dr K R Srimurthy**

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

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

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

He does not hold any other Directorship.

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

He does not hold any shares in the Company.

**(3) Mr K Shankaran**

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

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

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

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

- TTK Prestige Limited
- Manttra, Inc.
- TTK Services Pvt. Ltd.
- TTK Healthcare TPA Pvt. Ltd.
- TTK Property Services Pvt. Ltd.

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

He holds 247 Equity Shares in the Company.

**(4) Mr K Vaidyanathan**

Mr K Vaidyanathan has been re-appointed as Executive Director of the Company, for a further period of two years from 1st July, 2013 by the Board of Directors in their meeting held on 27th May, 2013.

Mr K Vaidyanathan is a Post-graduate in Commerce and a Fellow of the Institute of Chartered Accountants of India. He is also a Corporate Member of the National Institute of Personnel Management. Mr Vaidyanathan has over four decades of experience (out of which, nearly three decades at the Board level) in the areas of Corporate Finance, Corporate Restructuring and Advisory Services, Joint Ventures and Collaborations, Strategic Management, Internal Audit, Project Management, etc. He worked for a number of reputed Companies like Unilever, Tata Motors, Modi Continental, Birlas, Essar / Swiss Telecom and Samsons Group.

He has been on the Board of your Company from the year 2002 and was appointed as Executive Director, with effect from 1st July, 2009. He is also a Director on the Board of M/s ESAB India Limited.

He is a member of the Shareholders / Investors Grievance Committee of the company.

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 |
|---|---|---|---|---|
| 2010 | 28th July, 2010 | 11.00 a.m. | The Music Academy<br>Kasturi Srinivasan Hall (Mini Hall)<br>New No.168, (Old No.306),<br>TTK Road, Chennai 600 014 | – |
| 2011 | 27th July, 2011 | 11.00 a.m. | Narada Gana Sabha (Mini Hall)<br>New No.314, (Old No.254)<br>TTK Road, Alwarpet<br>Chennai 600 018 | – |
| 2012 | 13th August, 2012 | 11.00 a.m. | The Music Academy<br>Kasturi Srinivasan Hall (Mini Hall)<br>New No.168, (Old No.306),<br>TTK Road,<br>Chennai 600 014 | 1 |

No Resolution was put through Postal Ballot during the year 2012-13.

## 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.40 of this Annual Report.

- **Compliances by the Company**

  There has been no instance of non-compliance by the Company on any matter related to Capital Markets during the last three financial years 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 notified under Companies (Accounting Standards) Rules, 2006 were followed in the preparation of financial statements.

# Report on Corporate Governance (Contd.)

- **Board Disclosure – Risk Management**

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

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

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

  (i) Mandatory Requirements

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

  (ii) Non-Mandatory Requirements

  The details are furnished under the heading "Non-Mandatory Requirements" on Page No.16 of this Annual Report.

## MEANS OF COMMUNICATION:

- The Unaudited Financial Results 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 - 25th July, 2013
Day - Thursday
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 | By 14th August |
| Unaudited Second Quarter Results | By 14th November |
| Unaudited Third Quarter Results | By 14th February |
| Audited Annual Results | By 30th May |

**c) Date of Book Closure** - 18th July, 2013 to 25th July, 2013 (Both Days Inclusive)

**d) Dividend Payment Date** - On or before 24th August, 2013

**e) Listing on Stock Exchanges:**

Your Company's shares are listed with –

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

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

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

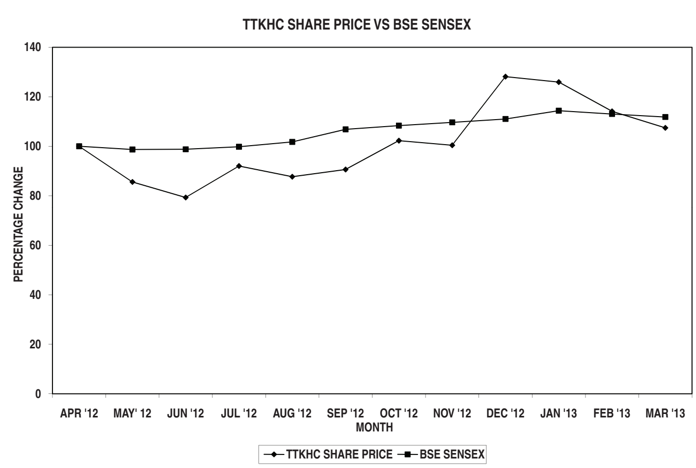
Demat ISIN - INE910C01018

**h) Stock Price Data:**

| MONTH | BSE (2012- 13) | | | BSE (2011- 12) | | |
|---|---|---|---|---|---|---|
| | **High** | **Low** | **Volume** | High | Low | Volume |
| | Rs. | Rs. | No.of Shares | Rs. | Rs. | No.of Shares |
| April | **459.70** | **381.05** | **1,48,750** | 448.40 | 401.10 | 4,40,946 |
| May | **393.50** | **330.35** | **61,861** | 448.50 | 412.40 | 2,45,616 |
| June | **364.60** | **334.50** | **51,309** | 490.00 | 392.50 | 95,995 |
| July | **423.00** | **341.50** | **4,17,408** | 680.70 | 400.00 | 57,11,395 |
| August | **403.25** | **340.00** | **2,10,408** | 601.60 | 410.50 | 16,70,110 |
| September | **416.60** | **341.00** | **1,99,068** | 557.70 | 410.05 | 17,07,415 |
| October | **470.00** | **387.30** | **10,72,318** | 503.00 | 431.35 | 3,97,986 |
| November | **461.50** | **395.00** | **4,71,074** | 502.95 | 350.00 | 11,64,075 |
| December | **598.00** | **436.20** | **19,28,661** | 478.00 | 370.00 | 10,80,867 |
| January | **578.75** | **504.30** | **3,79,491** | 436.00 | 382.00 | 5,96,040 |
| February | **524.50** | **417.35** | **86,313** | 476.25 | 401.40 | 8,87,565 |
| March | **493.80** | **380.05** | **1,45,903** | 434.85 | 381.35 | 3,12,009 |

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

| **Month** | **TTKHC Share Price (in Rs.) (High)** | **% to Base** | **BSE Sensex (High)** | **% to Base** |
|---|---|---|---|---|
| April 2012 | 459.70 | 100 | 17,664.10 | 100 |
| May 2012 | 393.50 | 86 | 17,432.33 | 99 |
| June 2012 | 364.60 | 79 | 17,448.48 | 99 |
| July 2012 | 423.00 | 92 | 17,631.19 | 99 |
| August 2012 | 403.25 | 88 | 17,972.54 | 102 |
| September 2012 | 416.60 | 91 | 18,869.94 | 107 |
| October 2012 | 470.00 | 102 | 19,137.29 | 108 |
| November 2012 | 461.50 | 101 | 19,372.70 | 110 |
| December 2012 | 598.00 | 130 | 19,612.18 | 111 |
| January 2013 | 578.75 | 126 | 20,203.66 | 114 |
| February 2013 | 524.50 | 114 | 19,966.69 | 113 |
| March 2013 | 493.80 | 107 | 19,754.66 | 112 |



# Report on Corporate Governance (Contd.)

**j) Registrars & Share Transfer Agents** : M/s Data Software Research Co. Pvt. Ltd.
No.19, Pycrofts Garden Road,
Off. Haddows Road, Nungambakkam
Chennai 600 006.
Tel : 044-28213738 / 28214487
Fax: 044-28214636

**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, 2013, no Equity Shares were pending for transfer.

**l) Distribution of Shareholding as on 31st March, 2013:**

| Shareholding of Nominal Value of- | Number of Shareholders | | % to Total Number of Shareholders | | Share Amount | | % to Total | |
|---|---|---|---|---|---|---|---|---|
| | Physical | Electronic | Physical | Electronic | Physical | Electronic | Physical | Electronic |
| Rs. | | | | | Rs. | Rs. | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Upto 5000 | 6,669 | 7,649 | 45.22 | 51.86 | 42,35,700 | 60,36,890 | 5.45 | 7.77 |
| 5001 - 10000 | 21 | 191 | 0.14 | 1.30 | 1,43,910 | 14,76,080 | 0.19 | 1.90 |
| 10001 - 20000 | 20 | 78 | 0.13 | 0.53 | 2,54,440 | 11,55,410 | 0.33 | 1.49 |
| 20001 - 30000 | 4 | 28 | 0.03 | 0.19 | 96,000 | 7,02,750 | 0.12 | 0.90 |
| 30001 - 40000 | 1 | 14 | 0.01 | 0.09 | 33,600 | 5,07,180 | 0.04 | 0.65 |
| 40001 - 50000 | 2 | 8 | 0.01 | 0.05 | 92,000 | 3,72,920 | 0.12 | 0.48 |
| 50001 - 100000 | 2 | 27 | 0.01 | 0.18 | 1,91,000 | 19,54,180 | 0.25 | 2.52 |
| 100001 & Above | 1 | 34 | 0.01 | 0.23 | 2,50,000 | 6,01,57,770 | 0.32 | 77.46 |
| **Total** | **6,720** | **8,029** | **45.56** | **54.44** | **52,96,650** | **7,23,63,180** | **6.82** | **93.18** |
| **Grand Total** | **14,749** | | **100** | | **7,76,59,830** | | **100** | |

**m) Categories of Equity Shareholders as on 31st March, 2013:**

| 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 | 9 | 9,26,835 | 11.93 |
| (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)** | **12** | **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)** | **12** | **50,81,000** | **65.43** |
| **(B)** | **Public Shareholding** | | | |
| **(1)** | **Institutions** | | | |
| (a) | Mutual Funds / UTI | 8 | 1,20,506 | 1.55 |
| (b) | Financial Institutions / Banks | 6 | 716 | 0.01 |
| (c) | Central Government / State Government(s) | – | – | – |
| (d) | Venture Capital Funds | – | – | – |
| (e) | Insurance Companies | – | – | – |
| (f) | Foreign Institutional Investors | 9 | 2,20,190 | 2.84 |
| (g) | Foreign Venture Capital Investors | – | – | – |
| (h) | Qualified Foreign Investor | – | – | – |
| (i) | Any Other (specify) | – | – | – |
| | **Sub-Total (B)(1)** | **23** | **3,41,412** | **4.40** |
| **(2)** | **Non-Institutions** | | | |
| (a) | Bodies Corporate | 408 | 1,54,992 | 2.00 |
| (b) | Individuals - | | | |
| (i) | Individual Shareholders holding nominal share capital up to Rs.1 lakh | 14,157 | 14,86,421 | 19.14 |
| (ii) | Individual Shareholders holding nominal share capital in excess of Rs.1 lakh | 18 | 6,59,046 | 8.49 |
| (c) | Qualified Foreign Investor | – | – | – |
| (d) | Any Other | | | |
| (i) | Non-Resident Indians | 126 | 42,645 | 0.55 |
| (ii) | Independent / Professional Directors who are not in control of the Company | 5 | 467 | 0.01 |
| | **Sub-Total (B)(2)** | **14,714** | **23,43,571** | **30.18** |
| | **Total Public Shareholding (B) = (B)(1) + (B)(2)** | **14,737** | **26,84,983** | **34.57** |
| | **GRAND TOTAL** | **14,749** | **77,65,983** | **100.00** |

**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.

# Report on Corporate Governance (Contd.)

**n) Dematerialization of Shares and Liquidity as on 31st March, 2013:**

| | No. of Share-holders | No. of Shares | % of Shares |
|---|---|---|---|
| No. of Shareholders in Physical Mode | 6,720 | 5,29,665 | 6.820 |
| No. of Shareholders in Electronic Mode | 8,029 | 72,36,318 | 93.180 |
| **Total** | **14,749** | **77,65,983** | **100.00** |

| Days taken for Dematerialization | No. of Requests | No. of Shares | % of Shares |
|---|---|---|---|
| 15 days | 188 | 24,187 | 0.31 |

| Particulars | National Securities Depository Limited (NSDL) | | Central Depository Services (I) Limited (CDSL) | |
|---|---|---|---|---|
| | **2012-13** | 2011-12 | **2012-13** | 2011-12 |
| Number of Shares Dematerialized | **14,581** | 1,08,114 | **9,606** | 22,011 |
| 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**

- No.5, Old Trunk Road, Pallavaram Chennai 600 043, Tamil Nadu
- No.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, Thiruvananthapuram 695 586, Kerala
- No.290, SIDCO Industrial Estate, Ambattur, Chennai 600 098, Tamil Nadu
- No.3, Thiruneermalai Main Road, Chromepet, Chennai - 600 044.

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

**q) Registered Office** : No.6, Cathedral Road, Chennai 600 086
Tel: 044-28116106 to 28116110
Fax: 044-28116387

**r) Administrative Office & Investor Correspondence Address** : Secretarial Department
No.6, Cathedral Road, Chennai 600 086
Tel: 044-28116106 to 28116110
Fax: 044-28116387
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 Protective Devices Limited (formerly TTK-LIG Ltd.)
- TTK Healthcare TPA (P) Limited
- TTK Services (P) Limited
- TTK Tantex Limited
- Manttra Inc., USA
- Cables & Wireless Networks India (P) Limited
- Cigna TTK Health Insurance Co. Limited
- TTK Property Services Private Limited
- TTK Partners LLP
- Packwell Packaging Products Limited
- Pharma Research & Analytical Laboratories
- Peenya Packaging Products

## CEO / CFO CERTIFICATION:

As required under Clause 49 (Corporate Governance) of the Listing Agreement, the Executive Vice Chairman and Vice President – Finance have furnished necessary Certificate to the Board of Directors with respect to Financial Statements and Cash Flow Statement for the year ended 31st March, 2013.

## 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 & 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, no meeting of the Committee was held.

**(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" & "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, 2013.

**(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.

# Report on Corporate Governance (Contd.)

## DECLARATION ON CODE OF CONDUCT

As required by Clause 49(I)(D) 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 : 23rd May, 2013**

**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, 2013 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, 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, 2013, 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 : 27th May, 2013

# Auditors' Report

**TO THE MEMBERS OF TTK HEALTHCARE LIMITED**

**Report on Financial Statements**

We have audited the accompanying financial statements of TTK Healthcare Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe, that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matters**

The Board of Directors at their meeting held on 30th April, 2013 approved the Scheme of Amalgamation of TTK Protective Devices Limited (TTKPD) (formerly TTK-LIG Limited) and its Wholly Owned Subsidiary TSL Techno Services Limited (TSL) with TTK Healthcare Limited, the appointed date being 1st April, 2012. Under the Scheme, the Shareholders of TTKPD would be allotted 9 Equity shares of Rs.10/- each fully paid-up for every 2 Equity Shares of Rs.10/- each fully paid-up held by them in TTKPD. No shares would be allotted to the Shareholders of TSL as its value having been considered as part of the valuation of TTKPD.

The Scheme would be effective after the approval of the Regulatory Authorities, Shareholders and the Hon'ble High Court of Judicature at Madras.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Subsection (3C) of section 211 of the Companies Act, 1956; and
   e) on the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

| | |
|---|---|
| M/s AIYAR & CO.,<br>Chartered Accountants<br>Regn.No.000063S | M/s.S.VISWANATHAN<br>Chartered Accountants<br>Regn.No.004770S |
| N SRIDHARAN<br>Proprietor<br>Membership No.20503 | C N SRINIVASAN<br>Partner<br>Membership No.18205 |

Place : Chennai
Date : 27th May, 2013

**Annexure to Auditors' Report (Referred to in Paragraph 1 of the Auditors' Report of even date to the Members of TTK Healthcare Limited on the Financial Statements for the year ended 31st March, 2013)**

(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.

# Auditors' Report (Contd.)

(iii) The Company has neither granted nor taken any loans to / from any party covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(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, 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, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2013 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 at 31st March, 2013:

| 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 |
|---|---|---|---|---|
| Income-Tax Act 1961 | Income Tax | 8.31 | AY 2008-09<br>AY 2009-10 | ITAT, Chennai |
| Finance Act | Service Tax | 2.29 | 2005-06 to 2007-08 | The Commissioner of Central Excise (Appeals), Bengaluru & CESTAT, Bengaluru |
| Finance Act | Service Tax | 10.28 | 1997-98 to 1999-2000 | Hon'ble High Court, Chennai |
| Central Sales Tax Act and Local Sales Tax Acts | Sales Tax with Interest and Penalty, as applicable | 179.97 | 1986-87,<br>1991-92,<br>1995-96,<br>1997-98 to 2010-11 | Before various Authorities - Upto the Commissioner's Level |
| The Central Excise Act, 1944 | Excise Duty with Interest and Penalty, as applicable | 122.13 | 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,<br>2004-05 to 2006-07 | The Commissioner of Central Excise (Appeals), Chennai |

(x) The Company does not have any accumulated losses as at 31st March, 2013 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 the 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 : 27th May, 2013

# Balance Sheet
## as at 31st March, 2013

| | Particulars | Note No. | As at the end of 31-03-2013 | | As at the end of 31-03-2012 | |
|---|---|---|---|---|---|---|
| | | | Rs. | Rs. | Rs. | Rs. |
| I. | **EQUITY AND LIABILITIES** | | | | | |
| | **(1) Shareholders' Funds** | | | | | |
| | (a) Share Capital | 1 | **7,76,59,830** | | 7,76,59,830 | |
| | (b) Reserves and Surplus | 2 | **90,45,62,689** | | 79,93,73,702 | |
| | (c) Money received against share warrants | | – | **98,22,22,519** | – | 87,70,33,532 |
| | **(2) Share application money pending allotment** | | | – | | – |
| | **(3) Non-current Liabilities** | | | | | |
| | (a) Long-term borrowings | 3 | **57,75,970** | | 47,38,717 | |
| | (b) Deferred tax liabilities (Net) | 4 | **2,64,94,843** | | 2,33,12,447 | |
| | (c) Other Long-term liabilities | 5 | **8,02,90,463** | | 7,54,88,020 | |
| | (d) Long-term provisions | 6 | – | **11,25,61,276** | – | 10,35,39,184 |
| | **(4) Current Liabilities** | | | | | |
| | (a) Short-term borrowings | 7 | **21,55,40,184** | | 17,54,51,160 | |
| | (b) Trade payables | 8 | **28,56,31,420** | | 35,81,27,998 | |
| | (c) Other current liabilities | 9 | **46,10,52,937** | | 37,33,94,269 | |
| | (d) Short-term provisions | 10 | **3,64,48,233** | **99,86,72,774** | 3,62,08,265 | 94,31,81,692 |
| | **TOTAL** | | | **209,34,56,569** | | 192,37,54,408 |
| II. | **ASSETS** | | | | | |
| | **(1) Non-Current Assets** | | | | | |
| | (a) Fixed Assets | | | | | |
| | (i) Tangible Assets | 11 | **43,07,59,068** | | 32,90,81,617 | |
| | (ii) Intangible Assets | 12 | **36,21,627** | | 44,16,458 | |
| | (iii) Capital Work-in-progress | | **30,89,317** | | 5,93,57,312 | |
| | (iv) Intangible assets under development | | – | | – | |
| | (b) Non-current investments | 13 | – | | – | |
| | (c) Deferred tax assets (net) | | – | | – | |
| | (d) Long-term loans and advances | 14 | **11,23,21,277** | | 7,03,02,470 | |
| | (e) Other non-current assets | 15 | – | **54,97,91,289** | – | 46,31,57,857 |
| | **(2) Current Assets** | | | | | |
| | (a) Current Investments | 16 | **76,81,000** | | 6,76,81,000 | |
| | (b) Inventories | 17 | **27,09,66,372** | | 32,68,47,243 | |
| | (c) Trade Receivables | 18 | **35,10,48,655** | | 37,35,67,558 | |
| | (d) Cash and Bank Balances | 19 | **83,76,37,914** | | 61,90,28,734 | |
| | (e) Short-term loans and advances | 20 | **7,63,31,339** | | 7,34,72,016 | |
| | (f) Other current assets | 21 | – | **154,36,65,280** | – | 146,05,96,551 |
| | **TOTAL** | | | **209,34,56,569** | | 192,37,54,408 |
| | See accompanying notes to the financial statements | | | | | |

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

Place : Chennai
Date : 27th May, 2013

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

# Profit and Loss Statement

## for the year ended 31st March, 2013

| | Particulars | Note No. | For the year ended 31-03- 2013 | | For the year ended 31-03-2012 | |
|---|---|---|---|---|---|---|
| | | | Rs. | Rs. | Rs. | Rs. |
| I. | Revenue from Operations (Gross) | 22 | | 382,29,83,625 | | 353,74,21,668 |
| | Less: Excise Duty | | | – | | 2,607 |
| | Revenue from Operations (Net) | | | 382,29,83,625 | | 353,74,19,061 |
| II. | Other Income | 23 | | 6,73,85,750 | | 4,70,42,548 |
| III. | **Total Revenue (I + II)** | | | 389,03,69,375 | | 358,44,61,609 |
| IV. | **Expenses:** | | | | | |
| | Cost of materials consumed | | | 20,30,77,539 | | 13,17,65,960 |
| | Purchases of Stock-in-trade | | | 163,83,94,141 | | 179,08,01,559 |
| | Changes in inventories of Finished Goods, Work-in-progress and Stock-in-trade | | | 5,44,46,772 | | (6,06,80,890) |
| | | | | 189,59,18,452 | | 186,18,86,629 |
| | Employee benefits expense | 24 | | 52,95,03,863 | | 43,56,21,989 |
| | Finance costs | 25 | | 2,54,37,727 | | 2,55,97,390 |
| | Depreciation and amortization expense | 26 | | 2,71,96,971 | | 2,35,77,481 |
| | Other expenses | 27 | | 119,60,95,545 | | 100,22,95,564 |
| | **Total expenses** | | | 367,41,52,558 | | 334,89,79,053 |
| V. | Profit before exceptional and extraordinary items and tax (III-IV) | | | 21,62,16,817 | | 23,54,82,556 |
| VI. | Exceptional items | | | – | | – |
| VII. | Profit before extraordinary items and tax (V - VI) | | | 21,62,16,817 | | 23,54,82,556 |
| VIII. | Extraordinary Items | | | – | | – |
| IX. | Profit before tax (VII - VIII) | | | 21,62,16,817 | | 23,54,82,556 |
| X. | Tax expense: | | | | | |
| | (1) Current tax | | 7,10,00,000 | | 7,70,00,000 | |
| | (2) Deferred tax | | 31,82,396 | 7,41,82,396 | 21,91,477 | 7,91,91,477 |
| XI. | Profit / (Loss) for the period from continuing operations (IX-X) | | | 14,20,34,421 | | 15,62,91,079 |
| XII. | Profit / (Loss) from discontinuing operations | | | – | | – |
| XIII. | Tax expense of discontinuing operations | | | – | | – |
| XIV. | Profit / (Loss) from Discontinuing operations (after tax) (XII - XIII) | | | – | | – |
| XV. | Profit / (Loss) for the period (XI + XIV) | | | 14,20,34,421 | | 15,62,91,079 |
| XVI. | Earnings per Equity Share: | | | | | |
| | (1) Basic | | | 18.29 | | 20.13 |
| | (2) Diluted | | | 18.29 | | 20.13 |
| | See accompanying notes to the financial statements | | | | | |

Annexure to our Report of date.

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

N. SRIDHARAN
Proprietor
Membership No. 20503

Place : Chennai
Date : 27th May, 2013

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

C N SRINIVASAN
Partner
Membership No. 18205

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

# Cash Flow Statement

## for the year ended 31st March, 2013

| | Particulars | 2012-13 | | 2011-12 | |
|---|---|---|---|---|---|
| | | Rs. | Rs. | Rs. | Rs. |
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | **Net Profit Before Tax** | | 21,62,16,817 | | 23,54,82,556 |
| | Adjustments for: | | | | |
| | Depreciation | 2,71,96,971 | | 2,35,77,481 | |
| | (Profit)/Loss on Sale of Assets | 28,98,495 | | (1,51,049) | |
| | (Profit)/Loss on Sale of Investments | (97,62,000) | | 6,79,000 | |
| | Interest Paid | 2,43,42,278 | | 2,46,97,390 | |
| | Dividend Received | (2,26,000) | 4,44,49,744 | (1,88,750) | 4,86,14,072 |
| | Operating Profit before Working Capital Changes | | 26,06,66,561 | | 28,40,96,628 |
| | Trade and Other Receivables | (1,32,93,198) | | (7,77,43,207) | |
| | Inventories | 5,58,80,871 | | (5,85,56,868) | |
| | Trade Payables | 2,02,88,453 | 6,28,76,126 | 5,91,53,153 | (7,71,46,922) |
| | Cash generated from operations | | 32,35,42,687 | | 20,69,49,706 |
| | Direct Taxes Paid | | (8,00,66,029) | | (14,48,39,303) |
| | Cash Flow before Extraordinary Items & Deferred Revenue Expenditure | | 24,34,76,658 | | 6,21,10,403 |
| | Extraordinary Items | | – | | – |
| | **Net Cash from Operating Activities** | | 24,34,76,658 | | 6,21,10,403 |
| B. | **CASH FLOW FROM INVESTMENT ACTIVITIES:** | | | | |
| | Purchase of Fixed Assets | (7,65,50,747) | | (4,39,92,380) | |
| | Sale of Fixed Assets | 13,38,469 | | 11,09,340 | |
| | Dividend Received | 2,26,000 | | 1,88,750 | |
| | Investments in Bonds / Sale of Investments (Net) | 6,97,62,000 | (52,24,278) | – | (4,26,94,290) |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES:** | | | | |
| | Bank Borrowings - Short Term | 4,00,89,024 | | 5,13,67,984 | |
| | Interest Paid | (2,43,42,278) | | (2,46,97,390) | |
| | Dividend Paid | (3,61,03,279) | | (3,61,03,279) | |
| | Net Cash used in Financing Activities | | (2,03,56,533) | | (94,32,685) |
| | Net Increase in Cash and Cash Equivalents | | 21,78,95,847 | | 99,83,428 |
| | Cash and Cash Equivalents as at the beginning of the year | 61,55,97,663 | | 60,56,14,235 | |
| | Cash and Cash Equivalents as at the end of the year | 83,34,93,510 | (21,78,95,847) | 61,55,97,663 | (99,83,428) |

Notes:

a. The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 (AS-3) notified under Companies (Accounting Standards) Rules, 2006.

b. The previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

Annexure to our Report of date.

For M/s. AIYAR & CO.
Chartered Accountants
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

Place : Chennai
Date : 27th May, 2013

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

# Notes to Balance Sheet

**as at 31st March, 2013**

| | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---|---|---|
| **Shareholders' Funds:** | | |
| **Note No.1** | | |
| **A. Share Capital** | | |
| **Equity Shares** | | |
| (a) the number and amount of shares authorised: 1,00,00,000 Equity Shares of Rs.10/- each (previous period 1,00,00,000 Equity Shares of Rs.10/- each) | **10,00,00,000** | 10,00,00,000 |
| (b) Issued Share Capital: 77,65,983 Equity Shares of Rs.10/- each (previous period 77,65,983 Equity Shares of Rs.10/- each) | **7,76,59,830** | 7,76,59,830 |
| Subscribed and Fully paid-up Share Capital: 77,65,983 Equity Shares of Rs.10/- each (previous period 77,65,983 Equity Shares of Rs.10/- each) | **7,76,59,830** | 7,76,59,830 |
| **Total** | **7,76,59,830** | 7,76,59,830 |
| (c) par value per share: | **Rs. 10/-** | Rs.10/- |
| (d) a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period | | |
| Equity shares: | | |
| (i) No. of shares outstanding at the beginning of the period | **77,65,983** | 77,65,983 |
| (ii) No. of shares issued during the period | – | – |
| (iii) No. of shares bought back / forfeited during the period | – | – |
| (iv) No. of shares outstanding at the end of the period | **77,65,983** | 77,65,983 |
| (e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital | The Company presently has only one class of Equity Shares. Each Shareholder is entitled to one vote per share and also to dividend as proposed and approved by the Directors and Members respectively. | |
| (f) shares in respect of each class in the Company held by its Holding Company or its ultimate Holding Company including shares held by or by Subsidiaries or associates of the Holding Company or the ultimate Holding Company in aggregate | – | – |
| (g) shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held : | | |
| (i) Mr T T Jagannathan (9.40%) | **7,30,048** | 7,30,048 |
| (ii) M/s T T Krishnamachari & Co. represented by its Partners (53.36%) | **41,44,085** | 41,44,085 |
| (h) shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment, including the terms and amounts | – | – |
| (i) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared: | | |
| • Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. | – | – |
| • Aggregate number and class of shares allotted as fully paid up by way of bonus shares. | – | – |
| • Aggregate number and class of shares bought back: | | |
| 2008-09 - Equity Shares of Rs.10/- each | **22,917** | 22,917 |
| 2009-10 - Equity Shares of Rs.10/- each | **3,21,514** | 3,21,514 |
| 2010-11 - Equity Shares of Rs.10/- each | – | – |
| 2011-12 - Equity Shares of Rs.10/- each | – | – |
| 2012-13 - Equity Shares of Rs.10/- each | – | – |
| **Total** | **3,44,431** | 3,44,431 |

# Notes to Balance Sheet (Contd.)

| | | | As at 31.03.2013 | | As at 31.03.2012 |
|---|---|---|---|---|---|
| | | | **Rs.** | | Rs. |
| (j) | Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date. | | – | | – |
| (k) | Calls unpaid | | – | | – |
| (l) | Forfeited shares (amount originally paid up) | | – | | – |

**Note No.2**

**B. Reserves and Surplus**

| | | | As at 31.03.2013 | | As at 31.03.2012 |
|---|---|---|---|---|---|
| | Reserves and Surplus: | | | | |
| (a) | Capital Reserves | | | | |
| | Balance as per last Balance Sheet | **6,81,32,507** | | 6,81,32,507 | |
| | Addition during the year | – | **6,81,32,507** | – | 6,81,32,507 |
| (b) | Capital Redemption Reserve | | | | |
| | Balance as per last Balance Sheet | **34,44,310** | | 34,44,310 | |
| | Addition during the year | – | **34,44,310** | – | 34,44,310 |
| (c) | Securities Premium Reserve | | | | |
| | Balance as per last Balance Sheet | **9,82,49,128** | | 9,82,49,128 | |
| | Addition / Deduction during the year | – | **9,82,49,128** | – | 9,82,49,128 |
| (d) | Debenture Redemption Reserve | | – | | – |
| (e) | Revaluation Reserve | | | | |
| | Balance as per last Balance Sheet | **4,61,51,644** | | 4,66,53,821 | |
| | Deduction during the year - Transfer to Profit & Loss Statement | **5,02,187** | **4,56,49,457** | 5,02,177 | 4,61,51,644 |
| (f) | Share Options Outstanding Account | | – | | – |
| (g) | Other Reserves :- | | | | |
| | General Reserve | | | | |
| | Balance as per last Balance Sheet | **21,08,39,018** | | 19,48,39,018 | |
| | Addition during the year: Transfer from Surplus | **1,45,00,000** | **22,53,39,018** | 1,60,00,000 | 21,08,39,018 |
| (h) | Surplus: | | | | |
| | Balance as per last Balance Sheet | **37,25,57,095** | | 26,83,69,295 | |
| | Balance in Statement of Profit & Loss (current year) | **14,20,34,421** | | 15,62,91,079 | |
| | **Total (A)** | **51,45,91,516** | | 42,46,60,374 | |
| | Less: Proposed Dividend | **3,10,63,932** | | 3,10,63,932 | |
| | Provision for Tax on Dividend | **52,79,315** | | 50,39,347 | |
| | Transfer to General Reserve | **1,45,00,000** | | 1,60,00,000 | |
| | **Total (B)** | **5,08,43,247** | | 5,21,03,279 | |
| | **Net Surplus (A-B)** | | **46,37,48,269** | | 37,25,57,095 |
| | **Total** | | **90,45,62,689** | | 79,93,73,702 |

# Notes to Balance Sheet (Contd.)

| | | | As At 31.03.2013 Rs. | | As at 31.03.2012 Rs. |
|---|---|---|---|---|---|
| **Non-current Liabilities:** | | | | | |
| **Note No.3** | | | | | |
| **A. Long-term Borrowings** | | | | | |
| **(i) Secured Long-term borrowings:** | | | | | |
| (a) Bonds/Debentures | | | – | | – |
| (b) Term loans: | | | | | |
| • from banks | | | – | | – |
| • from other parties | | | – | | – |
| (c) Deferred payment liabilities | | | – | | – |
| (d) Deposits | | | – | | – |
| (e) Loans and advances from related parties | | | – | | – |
| (f) Long term maturities of finance lease obligations (secured by ownership of the vehicles) | | | **57,75,970** | | 47,38,717 |
| (g) Other loans and advances | | | – | | – |
| **(ii) Unsecured Long-term borrowings:** | | | – | | – |
| | **Total** | | **57,75,970** | | 47,38,717 |
| **Note No.4** | | | | | |
| **B. Deferred tax liabilities (net)** | | | | | |
| (a) Deferred tax liability | | | **3,50,38,004** | | 2,98,51,604 |
| (b) Less: Deferred tax asset | | | **85,43,161** | | 65,39,157 |
| | **Total** | | **2,64,94,843** | | 2,33,12,447 |
| **Note No.5** | | | | | |
| **C. Other Long-term liabilities** | | | | | |
| (a) Trade payables | | | – | | – |
| (b) Others | | | **8,02,90,463** | | 7,54,88,020 |
| | **Total** | | **8,02,90,463** | | 7,54,88,020 |
| **Note No.6** | | | | | |
| **D. Long-term provisions** | | | | | |
| (a) Provision for employee benefits | | | – | | – |
| (b) Others | | | – | | – |
| | **Total** | | – | | – |
| **Current Liabilities:** | | | | | |
| **Note No.7** | | | | | |
| **A. Short-term borrowings** | | | | | |
| **(i) Secured Short-term borrowings:** | | | | | |
| (a) Loans repayable on demand | | | | | |
| • from banks (Hypothecation of stocks and book debts) | | **21,55,40,184** | | 17,54,51,160 | |
| • from other parties | | – | | – | |
| (b) Loans and advances from related parties | | – | | – | |
| (c) Deposits | | – | | – | |
| (d) Other loans and advances | | – | **21,55,40,184** | – | 17,54,51,160 |
| **(ii) Unsecured Short-term borrowings:** | | | | | |
| (a) Loans repayable on demand | | | | | |
| • from banks | | – | | – | |
| • from other parties | | – | | – | |
| (b) Loans and advances from related parties | | – | | – | |
| (c) Deposits | | – | | – | |
| (d) Other loans and advances | | – | – | – | – |
| | **Total** | | **21,55,40,184** | | 17,54,51,160 |

# Notes to Balance Sheet (Contd.)

| | | | As at 31.03.2013 | | As at 31.03.2012 |
|---|---|---|---|---|---|
| | | | **Rs.** | | Rs. |
| **Note No.8** | | | | | |
| **B. Trade Payables** | | | **28,56,31,420** | | 35,81,27,998 |
| (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.) | | | | | |
| **Note No.9** | | | | | |
| **C. Other current liabilities** | | | | | |
| (a) Current maturities of long-term debt | | | – | | – |
| (b) Current maturities of finance lease obligations (secured by ownership of the vehicles) | | | **26,99,055** | | 22,95,798 |
| (c) Interest accrued but not due on borrowings | | | – | | – |
| (d) Interest accrued and due on borrowings | | | – | | – |
| (e) Income received in advance | | | – | | – |
| (f) Unpaid dividends (No amount is due to be credited to the Investor Education and Protection Fund) | | | **41,44,404** | | 34,13,194 |
| (g) Application money received for allotment of securities and due for refund and interest accrued thereon. | | | – | | – |
| (h) Unpaid matured deposits and interest accrued thereon | | | – | | – |
| (i) Unpaid matured debentures and interest accrued thereon | | | – | | – |
| (j) Other payables | | | | | |
| i . Employee benefit expense | | **8,95,67,941** | | 6,82,87,974 | |
| ii. Interest | | **58,44,462** | | 56,43,949 | |
| iii. Taxes, Duties & Levies | | **1,76,57,537** | | 1,74,89,368 | |
| iv. Expenses payable relating to operations | | **32,17,68,340** | | 25,94,99,519 | |
| v. PF & ESIC Contributions | | **65,27,081** | | 63,88,610 | |
| vi. TDS & TCS | | **59,37,920** | | 50,60,139 | |
| vii. Creditors for Capital Goods | | **55,43,383** | | 41,94,057 | |
| viii. Audit and other Fees | | **13,02,814** | | 10,51,661 | |
| ix. Security deposits | | **60,000** | **45,42,09,478** | 70,000 | 36,76,85,277 |
| | **Total** | | **46,10,52,937** | | 37,33,94,269 |
| **Note No.10** | | | | | |
| **D. Short-term provisions** | | | | | |
| (a) Provision for employee benefits | | | – | | – |
| (b) Others : | | | | | |
| Provision for Dividend (Rs.4/- per share of Rs.10/- each) | | **3,10,63,932** | | 3,10,63,932 | |
| Provision for Dividend Tax | | **53,84,301** | **3,64,48,233** | 51,44,333 | 3,62,08,265 |
| | **Total** | | **3,64,48,233** | | 3,62,08,265 |

# Notes to Balance Sheet (Contd.)

| | | As at 31.03.2013 Rs. | | As At 31.03.2012 Rs. |
|---|---|---|---|---|
| **Non-current Assets:** | | | | |
| **A. Fixed Assets** | | | | |
| **Note No.11** | | | | |
| **Tangible Assets** | | | | |
| (i) Freehold Assets: | | | | |
| (a) Land | **5,51,07,766** | | 5,51,07,766 | |
| (b) Buildings | **8,35,91,915** | | 7,60,81,983 | |
| (c) Plant and Equipment | **22,90,05,689** | | 14,52,88,264 | |
| (d) Furniture and Fixtures | **83,62,081** | | 63,87,895 | |
| (e) Vehicles | **41,78,259** | | 63,56,507 | |
| (f) Office equipments | **36,65,400** | | 34,99,100 | |
| (g) Others: | | | | |
| Computers | **1,68,26,687** | **40,07,37,797** | 1,42,84,686 | 30,70,06,201 |
| (ii) Assets under lease: | | | | |
| (a) Leasehold Land | **1,80,02,606** | | 1,54,37,714 | |
| (b) Leasehold Building | **43,62,331** | | 3,88,064 | |
| (c) Vehicles | **76,56,334** | **3,00,21,271** | 62,49,638 | 2,20,75,416 |
| **Total** | | **43,07,59,068** | | 32,90,81,617 |
| (iii) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations and other adjustments and the related depreciation and impairment losses/reversals are disclosed separately. | **As per Annexure I - A** | | | |
| (iv) Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase. | Nil during the last five years | | | |
| **Note No. 12** | | | | |
| **Intangible Assets** | | | | |
| (i) (a) Goodwill | | – | | – |
| (b) Brands / Trademarks | | – | | – |
| (c) Computer Softwares | | **36,21,627** | | 44,16,458 |
| (d) Mastheads and Publishing Titles | | – | | – |
| (e) Mining rights | | – | | – |
| (f) Copyrights & patents and other intellectual property rights, services and operating rights | | – | | – |
| (g) Recipes, formulae, models, designs and prototypes | | – | | – |
| (h) Licences and franchise | | – | | – |
| (i) Others | | – | | – |
| **Total** | | **36,21,627** | | 44,16,458 |
| (ii) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations and other adjustments and the related amortization and impairment losses / reversals are disclosed separately. | **As per Annexure I - B** | | | |
| (iii) Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase. | Nil during the last five years | | | |

# Notes to Balance Sheet (Contd.)

| | | As at 31.03.2013 Rs. | As at 31.03.2012 Rs. |
|---|---|---|---|
| **Note No.13** | | | |
| **B. Non-current investments** | | | |
| **(i) Trade Investments** | | – | – |
| **(ii) Non-Trade Investments** | | – | – |
| **(iii) Investments carried at other than at cost** | | – | – |
| | **Total** | – | – |
| Aggregate book value of quoted investments | | – | – |
| Aggregate market value of quoted investments | | – | – |
| Aggregate book value of unquoted investments | | – | – |
| **C. Deferred tax assets (net)** | | – | – |
| **Note No. 14** | | | |
| **D. Long-term loans and advances** | | | |
| (i) Secured Long-term loans and advances | | – | – |
| (ii) Unsecured Long-term loans and advances, considered good | | | |
| (a) Capital Advances | | **3,39,06,005** | 23,10,656 |
| (b) Security Deposits | | **42,22,142** | 33,01,795 |
| (c) Loans and advances to related parties | | – | – |
| (d) Other loans and advances: Lease Deposit | | | |
| with related parties | | **25,50,000** | 25,50,000 |
| with others | | **32,28,618** | 27,91,536 |
| (e) Advance Income-tax and Fringe Benefit Tax (net of provisions) | | **6,84,14,512** | 5,93,48,483 |
| (iii) Doubtful Long-term loans and advances | | – | – |
| (iv) Loans & Advances due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member. | | – | – |
| | **Total** | **11,23,21,277** | 7,03,02,470 |
| **Note No.15** | | | |
| **E. Other non-current assets** | | | |
| (i) Long Term Trade Receivables (including trade receivables on deferred credit terms) | | | |
| (a) Secured, considered good | | – | – |
| (b) Unsecured, considered good | | – | – |
| (c) Doubtful | | – | – |
| (ii) Others | | – | – |
| (iii) Debts due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member | | – | – |
| | **Total** | – | – |

# Notes to Balance Sheet (Contd.)

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| | **Rs.** | Rs. |
| **Current Assets:** | | |
| **Note No.16** | | |
| **A. Current Investments** | | |
| **(i) Trade Investments** | – | – |
| **(ii) Non-Trade Investments** | | |
| (a) Investments in Equity Instruments: | | |
| Quoted (Fully paid) | | |
| 1) 14,800 Equity Shares of Rs.10/- each of TTK Prestige Ltd. (a Group Company) | **13,32,000** | 13,32,000 |
| - Market Value Rs.3,234.40 each | | |
| 2) 1,000 Equity Shares of Rs.5/- each of Apollo Hospitals Enterprise Ltd. | | |
| - Market Value Rs.833.60 each | **5,000** | 5,000 |
| (b) Investments in Preference Shares | – | – |
| (c) Investments in Government or Trust Securities | – | – |
| (d) Investments in Debentures or Bonds | – | – |
| Unquoted (Fully paid) | | |
| 600 Secured Redeemable Non-convertible Debentures of Rs.1,00,000/- each of Citi Corp Finance (India) Ltd. | – | 6,00,00,000 |
| (e) Investments in Mutual Funds | | |
| Unquoted (Fully paid) | | |
| Kotak Select Focus Fund (Kotak Mutual Fund) | **63,44,000** | 63,44,000 |
| (f) Investments in Partnership Firms | – | – |
| (g) Other non-current investments | – | – |
| **Total** | **76,81,000** | 6,76,81,000 |
| Basis of valuation of individual investments | At cost or market value whichever is lower | At cost or market value whichever is lower |
| Aggregate book value of quoted investments | **13,37,000** | 13,37,000 |
| Aggregate market value of quoted investments | **4,87,02,720** | 4,41,74,430 |
| Aggregate book value of unquoted investments | **63,44,000** | 6,63,44,000 |

# Notes to Balance Sheet (Contd.)

| | | As at 31.03.2013 Rs. | | As at 31.03.2012 Rs. |
|---|---|---|---|---|
| **Note No. 17** | | | | |
| **B. Inventories** | | | | |
| (a) Raw Materials# | | **2,16,62,460** | | 2,31,44,648 |
| (b) Work-in-progress | | **1,80,60,966** | | 1,57,25,433 |
| (c) Finished goods* (comprise of own manufactured & outsourced goods) | | **19,70,01,742** | | 20,50,90,435 |
| (d) Stock-in-trade (in respect of goods acquired for trading) | | **3,15,42,654** | | 8,02,36,266 |
| (e) Stores and spares | | **26,98,550** | | 26,50,461 |
| (f) Loose tools | | – | | – |
| (g) Others | | – | | – |
| **Total** | | **27,09,66,372** | | 32,68,47,243 |

\# Include Packing Materials

* Include Goods-in-Transit - Rs.18,43,475

Mode of valuation:

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

| | | As at 31.03.2013 Rs. | | As at 31.03.2012 Rs. |
|---|---|---|---|---|
| **Note No.18** | | | | |
| **C. Trade Receivables** | | | | |
| (i) Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment: | | | | |
| (a) Secured, considered good | – | | – | |
| (b) Unsecured, considered good | **84,28,221** | | 31,55,641 | |
| (c) Doubtful | – | **84,28,221** | – | 31,55,641 |
| (ii) Aggregate amount of Trade Receivables outstanding for a period not exceeding six months from the date they are due for payment: | | | | |
| (a) Secured, considered good | – | | – | |
| (b) Unsecured, considered good | **34,26,20,434** | | 37,04,11,917 | |
| (c) Doubtful | – | **34,26,20,434** | – | 37,04,11,917 |
| (iii) Debts due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by Firms or Private Companies respectively in which any Director is a Partner or a Director or a Member. | | – | | – |
| **Total** | | **35,10,48,655** | | 37,35,67,558 |
| **Note No. 19** | | | | |
| **D. Cash and Banks Balances** | | | | |
| (a) Cash and cash equivalents | | | | |
| (i) Cash on hand | | **47,12,242** | | 50,27,379 |
| (ii) Balance with banks: | | | | |
| Balance in Current Account | **10,83,92,117** | | 10,58,80,928 | |
| In Deposit Account held as margin money | **11,98,455** | | 11,28,455 | |
| In Deposit Account held as security against guarantees | **65,25,000** | | 65,25,000 | |
| Deposit Account with more than 12 months maturity | – | | – | |
| Deposit Account with 12 months and less than 12 months maturity | **71,26,65,696** | **82,87,81,268** | 49,70,35,901 | 61,05,70,284 |
| | | **83,34,93,510** | | 61,55,97,663 |
| (b) Other Bank Balance | | | | |
| In Interest Warrant Account | – | | 17,877 | |
| In Dividend Warrant Account | **41,44,404** | **41,44,404** | 34,13,194 | 34,31,071 |
| (c) Cheques, drafts on hand | | – | | – |
| (d) Others | | – | | – |
| **Total** | | **83,76,37,914** | | 61,90,28,734 |

# Notes to Balance Sheet (Contd.)

| | | As at 31.03.2013 Rs. | | As at 31.03.2012 Rs. |
|---|---|---|---|---|
| **Note No.20** | | | | |
| **E. Short-term Loans and Advances** | | | | |
| (i) Secured Short-term Loans and Advances | | – | | – |
| (ii) Unsecured Short-term Loans and Advances, considered good | | | | |
| (a) Loans and Advances to related parties | | – | | – |
| (b) Others : | | | | |
| i. Lease Deposits | **6,84,000** | | 4,84,000 | |
| ii. Deposit with Govt. Departments | **78,74,017** | | 78,74,017 | |
| iii. Earnest Money Deposits | **20,86,801** | | 19,40,901 | |
| iv. Advances others | **6,56,86,521** | **7,63,31,339** | 6,31,73,098 | 7,34,72,016 |
| (iii) Doubtful Short-term Loans and Advances | | – | | – |
| (iv) Loans & Advances due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by Firms or Private Companies respectively in which any director is a partner or a director or a member. | | – | | – |
| **Total** | | **7,63, 31,339** | | 7,34,72,016 |
| **Note No. 21** | | | | |
| **F. Other current assets** | | – | | – |

# Notes to Balance Sheet (Contd.)
# Annexure 1 - A

## FIXED ASSET DETAILS

| | Description of Assets | Gross Block (At Cost) | | | | Accumulated Depreciation, Amortisation & Impairment | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As on 01-04-2012 | Additions | Deletions | As on 31-03-2013 | Up to 31-03-2012 | Deletions | For the Year | Up to 31-03-2013 | As on 31-03-2013 | As on 31-03-2012 |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| (A) | TANGIBLE ASSETS | | | | | | | | | | |
| 1. | Freehold Assets: | | | | | | | | | | |
| | (a) Land | 5,51,07,766 | – | – | 5,51,07,766 | – | – | – | – | 5,51,07,766 | 5,51,07,766 |
| | (b) Buildings | 11,11,46,305 | 1,10,70,787 | – | 12,22,17,092 | 3,50,64,322 | – | 35,60,855 | 3,86,25,177 | 8,35,91,915 | 7,60,81,983 |
| | (c) Plant & Machinery | 18,19,16,030 | 9,10,97,641 | 9,21,753 | 27,20,91,918 | 7,49,89,933 | 3,33,052 | 88,01,362 | 8,34,58,243 | 18,86,33,675 | 10,69,26,097 |
| | Electrical Installation | 2,09,03,211 | 21,34,442 | – | 2,30,37,653 | 65,02,137 | – | 9,11,513 | 74,13,650 | 1,56,24,003 | 1,44,01,074 |
| | Fire Fighting Equipments | 4,90,774 | 4,580 | – | 4,95,354 | 2,45,330 | – | 22,628 | 2,67,958 | 2,27,396 | 2,45,444 |
| | Air-conditioners | 1,20,37,102 | 8,64,879 | 5,29,195 | 1,23,72,786 | 51,04,303 | 4,27,810 | 5,42,045 | 52,18,538 | 71,54,248 | 69,32,799 |
| | Lift | 7,99,636 | – | – | 7,99,636 | 4,05,708 | – | 33,488 | 4,39,196 | 3,60,440 | 3,93,928 |
| | Patterns, Dies & Templates | 2,90,31,108 | 50,32,008 | 50,43,891 | 2,90,19,225 | 1,63,39,260 | 30,28,845 | 26,02,180 | 1,59,12,595 | 1,31,06,630 | 1,26,91,848 |
| | Lab Equipments | 83,57,162 | 4,23,320 | – | 87,80,482 | 46,60,088 | – | 2,21,097 | 48,81,185 | 38,99,297 | 36,97,074 |
| | Sub-Total | 25,35,35,023 | 9,95,56,870 | 64,94,839 | 34,65,97,054 | 10,82,46,759 | 37,89,707 | 1,31,34,313 | 11,75,91,365 | 22,90,05,689 | 14,52,88,264 |
| | (d) Furniture & Fittings | 1,62,22,463 | 27,17,245 | 8,60,256 | 1,80,79,452 | 98,34,568 | 8,13,936 | 6,96,739 | 97,17,371 | 83,62,081 | 63,87,895 |
| | (e) Vehicles | 1,12,14,766 | 1,41,682 | 25,48,383 | 88,08,065 | 48,58,260 | 11,78,351 | 9,49,898 | 46,29,807 | 41,78,258 | 63,56,506 |
| | Bicycles | 8,521 | – | – | 8,521 | 8,520 | – | – | 8,520 | 1 | 1 |
| | Sub-Total | 1,12,23,287 | 1,41,682 | 25,48,383 | 88,16,586 | 48,66,780 | 11,78,351 | 9,49,898 | 46,38,327 | 41,78,259 | 63,56,507 |
| | (f) Office Equipments | 79,00,811 | 5,70,771 | 5,66,055 | 79,05,527 | 44,01,711 | 4,76,950 | 3,15,366 | 42,40,127 | 36,65,400 | 34,99,100 |
| | (g) Computers | 5,46,81,457 | 65,90,782 | 28,70,511 | 5,84,01,728 | 4,03,96,771 | 28,44,136 | 40,22,406 | 4,15,75,041 | 1,68,26,687 | 1,42,84,686 |
| | Total | 50,98,17,112 | 12,06,48,137 | 1,33,40,044 | 61,71,25,205 | 20,28,10,911 | 91,03,080 | 2,26,79,577 | 21,63,87,408 | 40,07,37,797 | 30,70,06,201 |
| 2. | Leased Assets : | | | | | | | | | | |
| | (a) Land | 1,65,91,798 | 27,46,715 | – | 1,93,38,513 | 11,54,084 | – | 1,81,823 | 13,35,907 | 1,80,02,606 | 1,54,37,714 |
| | (b) Buildings | 1,18,83,965 | 48,53,732 | – | 1,67,37,697 | 1,14,95,901 | – | 8,79,465 | 1,23,75,366 | 43,62,331 | 3,88,064 |
| | (c) Vehicles | 1,64,81,410 | 41,37,776 | 19,52,523 | 1,86,66,663 | 1,02,31,772 | 19,52,523 | 27,31,080 | 1,10,10,329 | 76,56,334 | 62,49,638 |
| | Total | 4,49,57,173 | 1,17,38,223 | 19,52,523 | 5,47,42,873 | 2,28,81,757 | 19,52,523 | 37,92,368 | 2,47,21,602 | 3,00,21,271 | 2,20,75,416 |
| | Grand Total | 55,47,74,285 | 13,23,86,360 | 1,52,92,567 | 67,18,68,078 | 22,56,92,668 | 1,10,55,603 | 2,64,71,945 | 24,11,09,010 | 43,07,59,068 | 32,90,81,617 |
| | Previous year | 53,17,31,043 | 2,80,63,797 | 50,20,555 | 55,47,74,285 | 20,84,06,603 | 40,62,264 | 2,13,48,329 | 22,56,92,668 | 32,90,81,617 | 32,33,24,440 |
| | Capital Work-in-progress | 5,93,57,312 | 31,75,732 | 5,94,43,727 | 30,89,317 | – | – | – | – | 30,89,317 | 5,93,57,312 |
| | Previous year | 4,77,53,518 | 1,16,03,794 | – | 5,93,57,312 | – | – | – | – | 5,93,57,312 | 4,77,53,518 |

# Annexure 1 - B

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (B) | INTANGIBLE ASSETS | | | | | | | | | | |
| (a) | Goodwill | – | – | – | – | – | – | – | – | – | – |
| (b) | Brand / Trade Mark | 1,12,49,800 | – | – | 1,12,49,800 | 1,12,49,800 | – | – | 1,12,49,800 | – | – |
| (c) | Computer softwares | 1,85,73,970 | 4,32,382 | – | 1,90,06,352 | 1,41,57,512 | – | 12,27,213 | 1,53,84,725 | 36,21,627 | 44,16,458 |
| (d) | Mastheads & publishing titles | – | – | – | – | – | – | – | – | – | – |
| (e) | Mining rights | – | – | – | – | – | – | – | – | – | – |
| (f) | Copyright, Patents, etc. | – | – | – | – | – | – | – | – | – | – |
| (g) | Recipes, formulae, designs | – | – | – | – | – | – | – | – | – | – |
| (h) | Licenses and franchise | – | – | – | – | – | – | – | – | – | – |
| | Total | 2,98,23,770 | 4,32,382 | – | 3,02,56,152 | 2,54,07,312 | – | 12,27,213 | 2,66,34,525 | 36,21,627 | 44,16,458 |
| | Previous year | 2,54,98,980 | 43,24,790 | – | 2,98,23,770 | 2,26,75,983 | – | 27,31,329 | 2,54,07,312 | 44,16,458 | 28,22,997 |
| | Under development | – | – | – | – | – | – | – | – | – | – |
| | Previous year | – | – | – | – | – | – | – | – | – | – |

Note : Depreciation for the year amounting to Rs 5,02,187/- (Previous Year-Rs.5,02,177/-) in respect of increased value of Fixed Assets on account of Revaluation has been directly debited to Revaluation Reserve and deducted from the total depreciation of Rs. 2,76,99,158/- for the Year (Previous Year Rs.2,40,79,658/-).

# Notes to Profit and Loss Statement

| | Units | 2012-13 Quantity | 2012-13 Value (Rs.) | 2011-12 Quantity | 2011-12 Value (Rs.) |
|---|---|---|---|---|---|
| **Note No.22** | | | | | |
| **Revenue from Operations:** | | | | | |
| (a) Sale of products: | | | | | |
| Orals | Lakhs | **340.366** | **95,81,47,118** | 298.146 | 80,71,45,287 |
| Tablets | Lakhs | **919.264** | **47,06,08,180** | 1,057.373 | 43,15,96,864 |
| Injectables | Lakhs | **118.454** | **16,47,27,112** | 154.228 | 19,81,65,503 |
| Capsules | Lakhs | **392.274** | **17,65,74,170** | 398.182 | 15,59,43,168 |
| Food Products | M.T. | **6,084.873** | **33,91,04,913** | 3,057.699 | 13,42,41,048 |
| Granules | M.T. | **847.971** | **19,83,66,589** | 834.749 | 17,67,85,372 |
| Hospital Care Products | – | – | **12,37,10,210** | – | 14,20,99,117 |
| Footcare Products | – | – | **4,70,04,674** | – | 8,26,84,672 |
| Orthopaedic Implants | Sets of 3s | **1,220** | **4,73,69,384** | 672 | 2,94,74,476 |
| Ointment | M.T. | **6.010** | **66,85,872** | 7.636 | 90,25,766 |
| Cosmetics | M.T. | **896.570** | **23,69,34,978** | 693.600 | 17,90,38,916 |
| Cosmetics | K.Ltrs. | **1,047.890** | **54,73,95,215** | 918.670 | 45,60,83,070 |
| Condoms | Millions | **89.564** | **40,20,39,123** | 134.640 | 63,45,72,443 |
| Maps & Atlases | Nos. | **3,07,939** | **1,35,87,856** | 6,15,222 | 2,91,58,070 |
| Scrub Pads | – | – | **7,45,65,474** | – | 5,81,53,155 |
| Others | – | – | **1,11,78,173** | – | 77,81,941 |
| | | | **381,79,99,041** | | 353,19,48,868 |
| (b) Sale of services | | | **10,59,000** | | 16,90,800 |
| (c) Other operating revenues | | | **39,25,584** | | 37,82,000 |
| Total Revenue from operations | | | **382,29,83,625** | | 353,74,21,668 |
| Less: Excise duty | | | – | | 2,607 |
| **Total Revenue from Operations (Net)** | | | **382,29,83,625** | | 353,74,19,061 |
| **Note No.23** | | | | | |
| **Other Income:** | | | | | |
| (a) Interest Income | | | **5,64,87,737** | | 4,62,96,204 |
| (b) Dividend Income | | | **2,26,000** | | 1,88,750 |
| (c) Net gain on sale of investments | | | **97,62,000** | | – |
| (d) Other non-operating income (net of expenses directly attributable to such income) | | | **1,63,676** | | 4,37,918 |
| (e) Net foreign exchange gain | | | **7,46,337** | | 1,19,676 |
| **Total** | | | **6,73,85,750** | | 4,70,42,548 |
| **Note No.24** | | | | | |
| **Employee benefits expense:** | | | | | |
| (a) Salaries, Wages and Bonus | | | **44,10,20,020** | | 35,79,05,993 |
| (b) Contribution to Provident and Other Funds | | | **2,64,33,034** | | 2,24,96,801 |
| (c) Gratuity and Superannuation | | | **2,60,69,151** | | 2,29,17,352 |
| (d) Contribution to E.S.I. | | | **69,01,762** | | 76,79,889 |
| (e) Expenses on Employee Stock Option Scheme | | | – | | – |
| (f) Expenses on Employee Stock Purchase Plan | | | – | | – |
| (g) Welfare Expenses | | | **2,90,79,896** | | 2,46,21,954 |
| **Total** | | | **52,95,03,863** | | 43,56,21,989 |
| **Note No.25** | | | | | |
| **Finance costs:** | | | | | |
| (a) Interest expense | | | **2,43,42,278** | | 2,46,97,390 |
| (b) Other borrowing costs | | | **10,95,449** | | 9,00,000 |
| (c) Applicable net gain / loss on foreign currency transactions and translation. | | | – | | – |
| **Total** | | | **2,54,37,727** | | 2,55,97,390 |

# Notes to Profit and Loss Statement (Contd.)

| | | 2012-13 | | 2011-12 |
|---|---|---|---|---|
| | | Rs. | | Rs . |
| **Note No.26** | | | | |
| **Depreciation and amortisation expenses:** | | | | |
| (a) Depreciation | 2,76,99,158 | | 2,40,79,658 | |
| Less: Transfer from revaluation reserve | 5,02,187 | 2,71,96,971 | 5,02,177 | 2,35,77,481 |
| (b) Amortisation expenses | | – | | – |
| **Total** | | 2,71,96,971 | | 2,35,77,481 |
| **Note No.27** | | | | |
| **Other Expenses:** | | | | |
| Power & Fuel | | 4,74,58,950 | | 2,60,47,732 |
| Repairs & Maintenance: | | | | |
| • Repairs to Building | 12,49,846 | | 15,31,721 | |
| • Repairs to Plant & Machinery | 2,45,54,010 | | 2,27,92,396 | |
| • Factory / Office Upkeep | 1,07,47,893 | 3,65,51,749 | 85,90,060 | 3,29,14,177 |
| Consumable Stores | | 27,04,843 | | 19,17,278 |
| General Insurance | | 16,07,205 | | 15,64,673 |
| Rates & Taxes | | 17,91,013 | | 15,73,074 |
| Rent | | 1,45,99,265 | | 1,22,35,111 |
| Electricity | | 97,58,459 | | 76,39,340 |
| Printing & Stationery | | 1,61,74,608 | | 1,61,57,719 |
| Postage, Telephones & Telegrams | | 2,38,68,294 | | 2,13,24,757 |
| Carriage Outwards | | 14,10,00,938 | | 12,18,45,759 |
| Transit Insurance | | 32,27,271 | | 27,23,626 |
| Advertisement & Sales Promotion | | 55,01,91,335 | | 44,97,59,531 |
| Travelling & Conveyance | | 19,91,73,354 | | 18,35,29,324 |
| Audit & Other Fees: | | | | |
| • Audit Fees | 10,11,240 | | 10,28,094 | |
| • Tax Audit Fees | 1,12,360 | | 95,506 | |
| • Cost Audit Fees | 1,12,360 | | 44,944 | |
| • Reimbursement of expenses | 1,07,678 | | 74,321 | |
| • Other matters | 33,708 | 13,77,346 | 55,150 | 12,98,015 |
| Donation | | 40,22,001 | | 54,94,001 |
| Depot Service Charges | | 7,31,87,095 | | 6,77,70,606 |
| Directors' Sitting Fees | | 2,46,630 | | 2,30,000 |
| Loss on Sale of Assets | | 8,50,662 | | 2,86,869 |
| Loss on obsolescence of Assets | | 21,51,509 | | – |
| Loss on Sale of Investment | | – | | 6,79,000 |
| Conversion Charges | | 1,20,890 | | 43,825 |
| Bad debts written off | | 12,57,460 | | 15,37,231 |
| Technical Know-how | | 7,86,520 | | 8,27,250 |
| Miscellaneous Expenses | | 6,39,88,148 | | 4,48,96,666 |
| **Total** | | 119,60,95,545 | | 100,22,95,564 |

# Notes on Accounts

| S. No. | Particulars | UNITS | 2012-13 Quantity | 2012-13 Value (Rs.) | 2011-12 Quantity | 2011-12 Value (Rs.) |
|---|---|---|---|---|---|---|
| (1) | **Materials Consumed:** | | | | | |
| | a. Industrial Alcohol | K.L. | 0.012 | 1,417 | 0.008 | 921 |
| | b. Sweetening Agents & Base | M.T. | 42.346 | 21,98,252 | 24.359 | 12,34,114 |
| | c. Fats & Oils | M.T. | 17.022 | 13,15,776 | 8.995 | 7,02,002 |
| | d. Vitamins & Nutrients | M.T. | – | 1,827 | – | 1,272 |
| | e. Drugs | M.T. | 2.584 | 2,96,000 | 2.150 | 2,21,395 |
| | f. Anti Bacterial Preservatives | M.T. | 1.135 | 3,99,891 | 0.898 | 3,05,528 |
| | g. Flavouring & Colouring Agents | M.T. | 3.103 | 15,25,280 | 1.783 | 7,59,397 |
| | h. Enzymes & Biological Products | M.T. | 3.507 | 5,86,377 | 2.842 | 4,33,695 |
| | i. Vegetable & Crude Drugs | M.T. | 87.369 | 46,15,144 | 61.315 | 38,08,042 |
| | j. Cereals, Spices & Salts | M.T. | 6,146.829 | 12,83,16,319 | 3,428.279 | 6,44,44,491 |
| | k. Other Chemicals | – | – | 37,50,607 | – | 27,69,670 |
| | l. Containers & Closures | 1000s | 367.287 | 34,85,761 | 224.896 | 22,34,830 |
| | m. Non-ferrous castings | Nos | 3,607.000 | 43,36,247 | 2,337.000 | 30,45,008 |
| | n. Packing & Other Materials | – | – | 5,22,48,641 | – | 5,18,05,595 |
| | **Total** | | | 20,30,77,539 | | 13,17,65,960 |

**(2) Statement on Work-in-progress:**

| Particulars | 2012-13 | 2011-12 |
|---|---|---|
| Heart Valve & Accessories | 1,69,45,052 | 1,13,98,866 |
| Food Products | 1,66,160 | 13,64,001 |
| Orthopaedic Implants & Instrument Sets | 9,49,754 | 29,62,566 |
| **Total** | 1,80,60,966 | 1,57,25,433 |

| | Particulars | 2012-13 % | 2012-13 Rs | 2011-12 % | 2011-12 Rs |
|---|---|---|---|---|---|
| (3) | **Value of Materials, Spare Parts & Components Consumed during the year:** | | | | |
| | a. Materials : | | | | |
| | i) Imported | 2.06 | 41,87,094 | 4.81 | 63,41,311 |
| | ii) Indigenous | 97.94 | 19,88,90,445 | 95.19 | 12,54,24,649 |
| | | 100.00 | 20,30,77,539 | 100.00 | 13,17,65,960 |
| | b. Spare Parts & Components : | | | | |
| | i) Imported | 1.16 | 31,475 | 2.03 | 38,953 |
| | ii) Indigenous | 98.84 | 26,73,368 | 97.97 | 18,78,325 |
| | | 100.00 | 27,04,843 | 100.00 | 19,17,278 |
| (4) | **Value of Imports (CIF Value)** | | | | |
| | i) Raw Materials | | 3,72,96,046 | | 3,05,58,973 |
| | ii) Finished Goods | | – | | – |
| | iii) Capital Goods | | 99,88,733 | | 15,28,329 |
| | iv) Spares | | 45,146 | | 19,971 |
| | | | 4,73,29,925 | | 3,21,07,273 |
| (5) | **Earnings in Foreign Exchange** | | | | |
| | Export of Goods (FOB Value) | | 4,72,27,891 | | 2,58,06,354 |
| (6) | **Expenditure in Foreign Currency:** | | | | |
| | i) Travelling | | 14,62,933 | | 23,94,525 |
| | ii) Royalty, Consultancy, Product Registration / Promotion Expenses etc. | | 24,96,721 | | 20,08,901 |
| | | | 39,59,654 | | 44,03,426 |
| (7) | **Interest comprises of:** | | | | |
| | i) Interest on Fixed Loans | | 56,60,701 | | 56,93,113 |
| | ii) Interest - Others | | 1,86,81,577 | | 1,90,04,277 |
| | Note : There is no interest accrued and due as on 31st March, 2013 | | 2,43,42,278 | | 2,46,97,390 |

# Notes on Accounts (Contd.)

**(8) Contingent Liabilities And Commitments Not Provided For:**

| | 2012-13 (Rs. in Lakhs) | 2011-12 (Rs. in Lakhs) |
|---|---|---|
| **A) Contingent Liabilities:** | | |
| Guarantees against letters of credit opened | **85.29** | 134.71 |
| Other Guarantees | **199.86** | 183.20 |
| Disputed Taxes/Claims, not acknowledged as debts | **1,373.75** | 1,505.58 |
| | **1,658.90** | 1,823.49 |
| **B) Commitments:** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | **1,881.25** | – |

(9) 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).

(10) 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.

(11) Leave Encashment benefit has been charged to Profit & Loss Statement on the basis of actuarial valuation as at the year end in line with the Accounting Standard 15 (AS-15).

**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 expense for the year are as under:

| | 2012-13 Rs. | 2011-12 Rs. |
|---|---|---|
| Employer's Contribution to Provident Fund | **2,64,33,034** | 2,24,96,801 |
| Employer's Contribution to Superannuation Fund | **1,77,01,801** | 1,47,76,138 |

**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).

## Reconciliation of the opening and closing balances of Defined Benefit Obligation:

| | Gratuity Funded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| | **Rs.** | Rs. | Rs. | Rs. | Rs. |
| Defined Benefit obligation at the beginning of the year | **6,01,67,673** | 5,25,57,405 | 4,44,41,286 | 4,05,03,379 | 3,92,36,669 |
| Current Service Cost | **62,34,526** | 54,50,637 | 48,91,649 | 39,40,445 | 38,17,211 |
| Interest Cost | **48,13,414** | 42,04,592 | 35,55,303 | 32,40,270 | 33,41,739 |
| Actuarial (gains) and losses on obligation | **28,592** | 38,45,900 | 34,32,354 | 20,49,046 | (16,79,765) |
| Benefits paid | **35,97,539** | 58,90,861 | 37,63,187 | 52,91,854 | 42,12,475 |
| Defined Benefit obligation at the end of the year | **6,76,46,666** | 6,01,67,673 | 5,25,57,405 | 4,44,41,286 | 4,05,03,379 |

| | Leave Encashment Unfunded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| | **Rs.** | Rs. | Rs. | Rs. | Rs. |
| Defined Benefit obligation at the beginning of the year | **1,53,10,660** | 1,26,24,398 | 90,55,557 | 70,86,278 | 62,42,166 |
| Current Service Cost | **27,25,980** | 22,22,504 | 18,32,565 | 9,36,340 | 6,86,213 |

# Notes on Accounts (Contd.)

| | | | | | |
|---|---|---|---|---|---|
| Interest Cost | **11,15,516** | 8,43,450 | 6,19,756 | 5,66,902 | 4,99,373 |
| Actuarial (gains) and losses on obligation | **43,05,995** | 37,82,847 | 37,33,734 | 4,66,037 | (3,41,474) |
| Benefits paid | **46,79,085** | 41,62,539 | 26,17,214 | – | – |
| Defined Benefit obligation at the end of the year | **1,87,79,066** | 1,53,10,660 | 1,26,24,398 | 90,55,557 | 70,86,278 |

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

| | Gratuity Funded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| | **Rs.** | Rs. | Rs. | Rs. | Rs. |
| Fair value of plan assets at the beginning of the year | **5,78,21,861** | 5,06,51,493 | 3,98,82,262 | 2,64,18,490 | 1,26,65,007 |
| Expected return on plan assets | **55,44,432** | 48,28,644 | 41,86,665 | 28,43,892 | 17,06,148 |
| Actuarial loss on plan assets | – | – | – | – | 5,37,044 |
| Contribution by the employer | **67,57,860** | 82,32,585 | 1,03,45,753 | 1,59,11,734 | 1,67,96,854 |
| Benefits paid | **35,97,539** | 58,90,861 | 37,63,187 | 52,91,854 | 42,12,475 |
| Fair value of plan assets at the end of the year | **6,65,26,614** | 5,78,21,861 | 5,06,51,493 | 3,98,82,262 | 2,64,18,490 |

**Reconciliation of the fair value of assets and obligations:**

| | Gratuity Funded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| | **Rs.** | Rs. | Rs. | Rs. | Rs. |
| Fair value of plan assets | **6,65,26,614** | 5,78,21,861 | 5,06,51,493 | 3,98,82,262 | 2,64,18,490 |
| Present value of obligation | **6,76,46,666** | 6,01,67,673 | 5,25,57,405 | 4,44,41,286 | 4,05,03,379 |
| Amount recognised in Balance Sheet | **11,20,052** | 23,45,812 | 19,05,912 | 45,59,024 | 1,40,84,889 |
| **Expenses recognised during the year :** | | | | | |
| Current Service Cost | **62,34,526** | 54,50,637 | 48,91,649 | 39,40,445 | 38,17,211 |
| Interest Cost | **48,13,414** | 42,04,592 | 35,55,303 | 32,40,270 | 33,41,739 |
| Expected return on plan assets | **55,44,432** | 48,28,644 | 41,86,665 | 28,43,892 | 17,06,148 |
| Actuarial loss (gain) | **28,592** | 38,45,900 | 34,32,354 | 20,49,046 | (11,42,721) |
| Net Cost | **55,32,100** | 86,72,485 | 76,92,641 | 63,85,869 | 43,10,081 |

| | Leave Encashment Unfunded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| | **Rs.** | Rs. | Rs. | Rs. | Rs. |
| Fair value of plan assets | – | – | – | – | – |
| Present value of obligation | – | – | – | – | – |
| Amount recognised in Balance Sheet | **1,87,79,066** | 1,53,10,660 | 1,26,24,398 | 90,55,557 | 70,86,278 |
| **Expenses recognised during the year :** | | | | | |
| Current Service Cost | **27,25,980** | 22,22,504 | 18,32,565 | 9,36,340 | 6,86,213 |
| Interest Cost | **11,15,516** | 8,43,450 | 6,19,756 | 5,66,902 | 4,99,373 |
| Expected return on plan assets | – | – | – | – | – |
| Actuarial loss (gain) | **43,05,995** | 37,82,847 | 37,33,734 | 4,66,037 | (3,41,474) |
| Net Cost | **81,47,491** | 68,48,801 | 61,86,055 | 19,69,279 | 8,44,112 |

# Notes on Accounts (Contd.)

**Actuarial Assumptions:**

| | Gratuity Funded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| **Mortality Table (LIC)** | **1994-96 Ultimate** | 1994-1996 Ultimate | 1994-1996 Ultimate | 1994-1996 Ultimate | 1994-1996 Ultimate |
| Discount Rate (p.a.) | **8%** | 8% | 8% | 8% | 8% |
| Expected rate of return on plan assets (p.a.) | **8%** | 8% | 8% | 8% | 8% |
| Rate of Escalation in Salary (p.a.) | **5%** | 5% | 5% | 5% | 4% |

| | Leave Encashment Unfunded | | | | |
|---|---|---|---|---|---|
| | **2012-13** | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
| **Mortality Table (LIC)** | **1994-96 Ultimate** | 1994-1996 Ultimate | 1994-1996 Ultimate | 1994-1996 Ultimate | 1994-1996 Ultimate |
| Discount Rate (p.a.) | **8.20%** | 8% | 8% | 8% | 8% |
| Expected rate of return on plan assets (p.a.) | **0%** | 0% | 0% | 8% | 8% |
| Rate of Escalation in Salary (p.a.) | **4%** | 4% | 4% | 4% | 5% |

The estimate 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.

**(12)** During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard 22 (AS-22) "Accounting for Taxes on Income". As a result of the adoption of this Standard, the Profit is less by Rs.31.82 Lakhs for the year 2012-13 as detailed below:

| | | **2012-13 (Rs. in Lakhs)** | 2011-12 (Rs. in Lakhs) |
|---|---|---|---|
| **Deferred Tax Asset:** | | | |
| Unabsorbed Losses / Tax Credit / Depreciation | | – | – |
| Others | | **85.43** | 65.39 |
| | **Total** | **85.43** | 65.39 |
| **Deferred Tax Liability:** | | | |
| Depreciation Difference & Others | | **350.38** | 298.51 |
| **Net Deferred Tax Asset / (Liability)** | | **(264.95)** | (233.12) |

Deferred Tax Asset on account of unabsorbed depreciation and others have been recognised, as the Company is of the opinion that there is virtual certainty of realisation of the same in view of the future profits of the Company.

# Notes on Accounts (Contd.)

**(13)** Your Company availed certain 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 fulfill 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 dealtwith.

**(14)** 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 fulfill certain conditions and hence an Application / Review Petition was filed with CBDT for relaxation of these conditions. The said Application/ Review Petition for relaxation of the condition was rejected by CBDT. Against this, your Company already filed a Writ Petition in the Hon'ble High Court of Judicature at Madras last year. Upon receipt of the decision from the Hon'ble High Court, the matter will be suitably dealt with.

**(15)** During the year, the Company has written off non-recoverable debts to the extent of Rs.12,57,460/-.

**(16)** During the year 2010-11, your Company had invested Rs.600 Lakhs in 27-Month Nifty-Linked Secured Redeemable Non-Convertible Debentures (NCDs) (100% Principal protected) in Citi Corp Finance (India) Ltd. During the year, these Debentures have been sold to Trust Capital Services Pvt. Ltd. for a consideration of Rs.697.62 Lakhs and the gain on the sale of these Debentures amounting to Rs.97.62 Lakhs has been included in Other Income.

**(17)** Your Company was allotted 1.642 acres of land by Kerala Industrial Infrastructure Development Corporation (KIIDC) at Trivandrum for setting up the Heart Valve manufacturing facility in 2005.

During the year, there was a demand amounting to Rs. 27.47 Lakhs from KIIDC towards the additional compensation payable on the above land allotted to the Company which has been accepted and the same has been considered as addition under Leasehold Land.

**(18)** The Pre-owned Pellet (Pappad) Manufacturing Line acquired from M/s.Mcfills Enterprises Pvt. Ltd., Ahmedabad has been commissioned and the commercial production started from October-2012 at Foods Division's Factory at Hosakote, Bengaluru. The expenditure incurred on this project amounting to Rs.726.07 Lakhs has been capitalised.

**(19)** The Board of Directors at their meeting held on 30.04.2013 approved the Scheme of Amalgamation of TTK Protective Devices Ltd. (TTKPD) (formerly TTK-LIG Ltd.) and its Wholly Owned Subsidiary TSL Techno Services Ltd. (TSL) with your Company, the appointed date being 01.04.2012. Under the Scheme, the Shareholders of TTKPD would be allotted 9 Equity shares of Rs.10/- each fully paid-up of the Company for every 2 Equity shares of Rs.10/- each fully paid-up held by them in TTKPD. No shares would be allotted to the Shareholders of TSL as its value having been considered as part of the valuation of TTKPD.

The Scheme would be effective after the approval of the Regulatory Authorities, Shareholders and the Hon'ble High Court of Judicature at Madras.

**(20)** 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 09.05.1991. The Company filed a writ petition in the Hon'ble High Court of Judicature at Madras and as per the interim order dated 09.07.1991, passed by the Hon'ble Court, the Company was paying water charges @ Rs.200/- per 1000 Cu. Mtr. of water on the actual quantity of water drawn and with effect from 01.04.1993 on the contracted quantity. The Writ was disposed off by the Hon'ble High Court by remanding the matter to the Public Works Department.

After series of litigations, the Public Works Department confirmed the water charges @ Rs.500/- per 1000 Cu. Mtr. on the contracted quantity. The Company has moved the Hon'ble 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.

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 has fully paid the principal amount of Rs.49.66 Lakhs.

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 31.03.2013 was Rs.67.85 Lakhs.

# Notes on Accounts (Contd.)

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

| | 2012-13 Rs. | 2011-12 Rs. |
|---|---|---|
| Profit after Tax [Current/Deferred Tax & Extraordinary item(s) as per the Profit & Loss Statement (Rs. in Lakhs)] | **1,420.34** | 1,562.91 |
| Weighted Average number of Equity Shares used as denominator for calculating EPS (in lakhs Shares) | **77.66** | 77.66 |
| Earnings per share of Rs.10/-each | **18.29** | 20.13 |

(22) The Company has acquired certain assets on Finance Lease on or after 1st April, 2001, amounting to Rs.1,86,66,663/- (previous year Rs.1,64,81,410/-) The minimum Lease rental outstandings as of 31st March, 2013 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 | |
|---|---|---|---|---|---|---|
| | **31.03.2013 Rs.** | 31.03.2012 Rs. | **31.03.2013 Rs.** | 31.03.2012 Rs. | **31.03.2013 Rs.** | 31.03.2012 Rs. |
| Within one year | **37,78,550** | 31,26,275 | **10,79,495** | 8,30,477 | **26,99,055** | 22,95,798 |
| Later than one year and not later than 5 years | **70,44,965** | 56,21,445 | **12,68,995** | 8,82,728 | **57,75,970** | 47,38,717 |
| Later than 5 years | – | – | – | – | – | – |
| **Total** | **1,08,23,515** | 87,47,720 | **23,48,490** | 17,13,205 | **84,75,025** | 70,34,515 |

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

**(a) The Company had transactions with the following related parties:**

**Associates/ Others:**

T T Krishnamachari & Co., Pharma Research & Analytical Laboratories, TTK Prestige Ltd., TTK Protective Devices Ltd. (formerly TTK-LIG Ltd.), Packwell Packaging Products Ltd., SSL-TTK Ltd.

**Key Management Personnel:**

Mr T T Raghunathan and Mr K Vaidyanathan

**Relatives of Key Management Personnel:**

Mr T T Lakshman

**(b) Summary of the transactions with the above related parties is as follows:**

(figures in brackets are in respect of the previous year)

(Rs. in Lakhs)

| Particulars | Associates/ Others | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|
| Sales | **11.06** | – | – | **11.06** |
| | (16.41) | – | – | (16.41) |
| Other Receipts | **8.55** | – | – | **8.55** |
| | (8.75) | – | – | (8.75) |
| Purchases | **3,472.65** | – | – | **3,472.65** |
| | (6,388.75) | – | – | (6,388.75) |
| Salary | – | **154.21** | **19.59** | **173.80** |
| | – | (162.74) | (13.02) | (175.76) |
| Other Payments | **640.48** | – | – | **640.48** |
| | (604.94) | – | – | (604.94) |

# Notes on Accounts (Contd.)

**(c) Balances outstanding as on 31.03.2013**

(figures in brackets are in respect of the previous year)

(Rs. in Lakhs)

| Particulars | Associates/ Others | Key Management Personnel | Relatives of Key Management Personnel | Total |
|---|---|---|---|---|
| Amount due to the Company against supplies | **0.33** | – | – | **0.33** |
| | (3.77) | – | – | (3.77) |
| Other Current Assets | **25.50** | – | – | **25.50** |
| | (25.50) | – | – | (25.50) |
| Amount owed by the Company against purchases | **472.62** | – | – | **472.62** |
| | (1,199.09) | – | – | (1,199.09) |
| Other Current Liabilities | **63.21** | **64.61** | **1.80** | **129.62** |
| | (119.01) | (70.27) | (1.20) | (190.48) |

## (24) 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 01.04.2012 | Additions | Amount used / reversed | As at 31.03.2013 |
|---|---|---|---|---|
| Income-Tax | **2,035.00** | **710.00** | – | **2,745.00** |
| | (1,993.68) | (770.00) | (728.68) | (2,035.00) |
| Fringe Benefit Tax | – | – | – | – |
| | (391.00) | – | (391.00) | – |

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

(Rs. in Lakhs)

| Particulars | As at 01.04.2012 | Additions | Amount used / reversed | As at 31.03.2013 |
|---|---|---|---|---|
| Income-Tax & Fringe Benefit Tax | **802.53** | **127.12** | **72.12** | **857.53** |
| | (1,108.33) | – | (305.80) | (802.53) |
| Central Excise, Customs, Sales Tax, etc. | **603.13** | **30.14** | **205.56** | **427.71** |
| | (583.03) | (43.38) | (23.28) | (603.13) |
| Other Contingent Liabilities | **417.83** | **23.19** | **67.36** | **373.66** |
| | (297.94) | (131.89) | (12.00) | (417.83) |

Notes:

The disputed Income-Tax / Fringe Benefit Tax liabilities amounting to Rs.857.53 Lakhs have not been acknowledged as debts and have been classified under Contingent Liabilities.

Similarly, Rs.427.71 Lakhs being the disputed Central Excise/Customs/Sales Tax liabilities have not been acknowledged as debts and have been classified under contingent liabilities.

Other Contingent Liabilities mainly include disputed liability towards water charges amounting to Rs.57.88 Lakhs as per the details given in Point No.20 of the Notes on Accounts.

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

**(25)** 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

### Basis for preparation of accounts:

The Accounts have been prepared to comply in all material aspects with applicable Accounting Principles in India, the applicable Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006 and according to the provisions of the Companies Act, 1956. Financial Statements are prepared based on historical cost and on the basis of a going concern. The Company follows the mercantile system of Accounting and recognizes income and expenditure on an accrual basis.

### Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of freight, taxes, insurance, etc. relating to the acquisition including installation/erection charges up to the date the asset is put to use, as applicable. In the case of Revaluation of any Fixed Assets, the same are stated at revalued amounts.

### Depreciation

Depreciation is being charged at the rates prescribed in Schedule XIV to the Companies Act, 1956 under Written Down Value Method in respect of assets purchased on or before 31st May, 1984 and under Straight Line Method in respect of other Assets. In respect of the Capital expenditure incurred on Leasehold Assets, the same is amortized over the duration of the lease.

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

### Investments

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 Statement 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

a. Raw and Packing Materials and Consumables are valued at cost on FIFO basis.

b. Finished Goods are valued at lower of cost or realizable value.

c. Work-in-Progress is valued at works cost.

### Revenue Recognition:

Sales are stated at net of returns and sales tax. The Excise Duty relatable to sales is separately disclosed and deducted from Sales. Sales Revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer.

Dividend income from investments is accounted for when the right to receive the payment is established.

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### Borrowing Costs

Borrowing costs are expensed as and when incurred.

### Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to Equity Shareholders by weighted average number of Equity Shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to Equity Shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of dilutive part of Equity Shares, if any.

### 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).

### Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

### 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.

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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

Place : Chennai
Date : 27th May, 2013

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

# Segment-wise Revenue, Results & Capital Employed

## Segment-wise Revenue & Results:

(Rs. in Lakhs)

| Particulars | 2012-13 Segment Revenue | 2012-13 Excise Duty relating to Sales | 2012-13 Net Segment Revenue | 2011-12 Segment Revenue | 2011-12 Excise Duty relating to Sales | 2011-12 Net Segment Revenue |
|---|---|---|---|---|---|---|
| **Segment Revenue:** | | | | | | |
| Pharmaceuticals | **19,751.02** | – | **19,751.02** | 17,786.45 | 0.03 | 17,786.42 |
| Medical Devices | **1,741.08** | – | **1,741.08** | 1,722.58 | – | 1,722.58 |
| Consumer Products Distribution | **13,079.35** | – | **13,079.35** | 14,105.49 | – | 14,105.49 |
| Foods | **3,401.11** | – | **3,401.11** | 1,348.48 | – | 1,348.48 |
| Others | **218.02** | – | **218.02** | 373.40 | – | 373.40 |
| **Total Segment Revenue** | **38,190.58** | – | **38,190.58** | 35,336.40 | 0.03 | 35,336.37 |
| Less: Inter Segment Revenue | – | – | – | – | – | – |
| Net Sales | **38,190.58** | – | **38,190.58** | 35,336.40 | 0.03 | 35,336.37 |
| **Segment Results:** [Profit / (Loss) before Interest & Tax] | | | | | | |
| Pharmaceuticals | | | **2,343.82** | | | 2,617.23 |
| Medical Devices | | | **403.12** | | | 419.82 |
| Consumer Products Distribution | | | **(494.99)** | | | 24.35 |
| Foods | | | **564.36** | | | (17.18) |
| Others | | | **(73.34)** | | | (13.99) |
| **Total Segment Results** | | | **2,742.97** | | | 3,030.23 |
| Less: Interest Expenses | | | **254.38** | | | 255.97 |
| Less: Unallocable Expenses (Net of Unallocable Income) | | | **326.42** | | | 419.43 |
| **Total Profit/(Loss) before Tax** | | | **2,162.17** | | | 2,354.83 |

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

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

(Rs. In Lakhs)

| Particulars | As on 31.03.2013 | As on 31.03.2012 |
|---|---|---|
| Pharmaceuticals | **1,064.78** | 849.13 |
| Medical Devices | **1,147.66** | 1,097.43 |
| Consumer Products Distribution | **(218.42)** | 478.10 |
| Foods | **2,474.67** | 1,912.62 |
| Others | **28.17** | 325.06 |
| **Total Capital Employed in Segments** | **4,496.86** | 4,662.34 |
| Add: Unallocable Corporate Assets less Unallocable Corporate Liabilities | **8,032.35** | 5,779.86 |
| **Total Capital Employed in Company** | **12,529.21** | 10,442.20 |
| | | |
| **Total Assets Exclude:** | | |
| Investments | **76.81** | 676.81 |
| Deferred Tax Asset | **85.43** | 65.39 |
| | | |
| **Total Liabilities Exclude:** | | |
| Secured Loans | **2,155.40** | 1,754.51 |
| Unsecured Loans | – | – |
| Deferred Tax Liability | **350.38** | 298.52 |
| Proposed Dividend including Dividend Tax | **363.43** | 361.03 |

**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 the 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.
   - Foods comprise of manufacturing and marketing of Food Products.
   - "Others" comprise of 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 prior periods' / year's figures have been regrouped and reclassified, wherever necessary to conform to the current periods' / year's presentation, in conformity with Revised Schedule VI.

# Balance Sheet Abstract and Company's General Business Profile

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

| | | |
|---|---|---|
| I. | REGISTRATION DETAILS | |
| | Registration Number | 003647 |
| | State Code | 18 |
| | Balance Sheet Date | 31-03-2013 |
| II. | CAPITAL RAISED DURING THE YEAR (Amount in Rupees) | |
| | Public Issue | Nil |
| | Rights Issue | Nil |
| | Private Placement | Nil |
| III. | POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rupees) | |
| | Total Liabilities | 209,34,56,569 |
| | Total Assets | 209,34,56,569 |
| | **Sources of Funds** | |
| | Paid-up Capital | 7,76,59,830 |
| | Reserves & Surplus | 90,45,62,689 |
| | Secured Borrowings (Current) | 21,55,40,184 |
| | Unsecured Loans | - |
| | Other Long Term Liabilities | 8,60,66,433 |
| | **Applications of Funds** | |
| | Net Fixed Assets | 43,74,70,012 |
| | Investments | 76,81,000 |
| | Long Term Loans & Advances | 11,23,21,277 |
| | Net Current Assets | 75,28,51,690 |
| | Deferred Tax Asset (Net) | (2,64,94,843) |
| IV. | PERFORMANCE OF THE COMPANY | |
| | Turnover (Total Income) | 389,03,69,375 |
| | Total Expenditure | 367,41,52,558 |
| | Profit(+)/Loss(-) before Tax | 21,62,16,817 |
| | Provision for Tax | 7,10,00,000 |
| | Deferred Tax | 31,82,396 |
| | Profit(+)/Loss(-) after Tax | 14,20,34,421 |
| | Earning Per Share (after Extraordinary Items) (In Rs.) | 18.29 |
| | Dividend Rate | 40% |

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

| Item Code No. (ITC Code) | Product Description |
|---|---|
| 300490.11 | Gripewater |
| 330720.00 | Deodorants |
| 190590.40 | Pappad |

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

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

Place : Chennai
Date : 27th May, 2013

# Financial Highlights

(Rs. in lakhs)

| | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales & Other Income* | **38,903.69** | 35,844.64 | 31,535.20 | 25,619.81 | 22,490.92 | 22,645.86 | 21,721.21 | 19,233.95 | 16,000.26 | 15,403.93 |
| Profit Before Tax | **2,162.17** | 2,354.83 | 2,214.44 | 1,550.23 | 1,337.45 | 2,199.11 | 584.39 | 498.31 | (237.64) | 106.02 |
| Current Tax | **710.00** | 770.00 | 730.00 | 535.00 | 215.00 | 272.44 | 54.30 | 32.98 | – | 8.20 |
| Deferred Tax | **31.82** | 21.91 | 12.25 | 102.49 | 239.98 | (617.83) | (130.00) | (159.00) | 30.61 | (56.75) |
| Fringe Benefit Tax | **–** | – | – | – | 95.00 | 90.00 | 100.00 | 106.00 | – | – |
| Profit After Tax | **1,420.35** | 1,562.91 | 1,472.19 | 912.74 | 787.47 | 1,218.84 | 300.09 | 200.33 | (207.03) | 41.07 |
| Dividend | **310.64** | 310.64 | 310.64 | 271.81 | 242.63 | 243.31 | 202.76 | 132.21 | – | – |
| Tax on Dividend | **52.79** | 50.39 | 50.39 | 46.19 | 41.23 | 41.35 | 34.46 | 18.54 | – | – |
| Retained Earnings | **1,056.92** | 1,201.88 | 1,111.16 | 594.74 | 503.62 | 934.18 | 62.87 | 49.58 | (207.03) | 41.07 |
| **Sources & Applications of Funds :** | | | | | | | | | | |
| Net Block | **4,374.70** | 3,928.55 | 3,739.01 | 3,032.09 | 2,098.21 | 1,796.80 | 2,854.36 | 3,123.22 | 3,176.08 | 3,306.58 |
| Investments | **76.81** | 676.81 | 683.60 | 815.37 | 815.37 | 315.37 | 13.37 | 13.87 | 163.22 | 211.01 |
| Net Current Assets | **7,528.52** | 6,251.86 | 4,602.91 | 4,246.79 | 4,908.32 | 4,799.79 | 2,444.57 | 829.13 | 1,166.71 | 1,799.02 |
| Long Term Loans & Advances | **1,123.21** | 703.02 | – | – | – | – | – | – | – | – |
| Deferred Tax Asset | **85.43** | 65.39 | 54.50 | 69.44 | 177.27 | 413.83 | 1,234.09 | 1,397.29 | 1,621.47 | 1,662.18 |
| Deferred Tax Liability | **(350.38)** | (298.51) | (265.71) | (268.40) | (273.74) | (270.32) | (472.75) | (505.95) | (571.13) | (642.45) |
| Miscellaneous Expenditure | **–** | – | – | – | – | – | 104.60 | 148.34 | 90.65 | 115.95 |
| **Total Assets** | **12,838.29** | **11,327.12** | **8,814.31** | **7,895.29** | **7,725.43** | **7,055.47** | **6,178.24** | **5,005.90** | **5,647.00** | **6,452.28** |
| Share Capital | **776.60** | 776.60 | 776.60 | 776.60 | 808.75 | 811.04 | 811.04 | 661.04 | 661.04 | 661.04 |
| Reserves | **9,045.63** | 7,993.74 | 6,796.88 | 5,690.74 | 5,400.88 | 4,921.26 | 3,992.11 | 2,989.26 | 2,945.72 | 3,297.60 |
| Borrowings | **2,155.40** | 1,754.51 | 1,240.83 | 1,427.95 | 1,515.80 | 1,323.17 | 1,375.09 | 1,355.60 | 2,040.24 | 2,493.64 |
| Long Term Liabilites | **860.66** | 802.27 | – | – | – | – | – | – | – | – |
| **Total Liabilities** | **12,838.29** | **11,327.12** | **8,814.31** | **7,895.29** | **7,725.43** | **7,055.47** | **6,178.24** | **5005.90** | **5,647.00** | **6,452.28** |

* Inclusive of Excise Duty.

# TTK HEALTHCARE LIMITED

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

**55th ANNUAL GENERAL MEETING**

**Date : 25th July, 2013 Time : 11.00 a.m.**

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

| | |
|---|---|
| FOLIO NO. | |
| * DP. ID | |
| * CLIENT ID | |

* Applicable to investors holding shares in electronic form

NAME & ADDRESS OF THE SHAREHOLDER

.........................................................................

.........................................................................

.........................................................................

.........................................................................

I hereby record my presence at the **55th ANNUAL GENERAL MEETING OF THE COMPANY** at **The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai 600 014.**

| SIGNATURE OF THE MEMBER OR PROXY | NO. OF SHARES HELD |
|---|---|
| | |

# TTK HEALTHCARE LIMITED

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

## PROXY

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

in the district of ..........................................................................................................................................................

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

of ..........................................................................................................................................................in the

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

of .........................................................................................................................................................................

in the district of ..........................................................................................................................................................

as my / our proxy to vote for me / us on my / our behalf at the 55th Annual General Meeting of the Company to be held on Thursday, the 25th July, 2013 at 11.00 a.m. at **The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168 (Old No.306), TTK Road, Chennai 600 014** or at any adjournment thereof.

Signed this ........................................................................day of ........................................................................2013.

**FOLIO NO.:**

**NO. OF SHARES HELD:**

*** DP.ID:**

*** CLIENT ID:**

Please affix 1.00 Rupee Revenue Stamp

*** Applicable to investors holding shares in electronic form**

**NOTES:**

**PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY SHOULD BE SIGNED ACCORDING TO THE SPECIMEN SIGNATURE/S OF THE MEMBER/S RECORDED WITH THE COMPANY.**


A ttk PRODUCT
TRUSTED BY MOTHERS
No more stomach aches
Relieves babies from discomfort caused by gas, acidity and indigestion.
NON-ALCOHOLIC
WOODWARD'S
TRADE MARK
TRADE MARK
CELEBRATED
"GRIPE WATER"
Works like magic, everytime.