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Annual Report 2001-2002

FTK Prestige
LIMITED

TTK PRESTIGE LIMITED**BOARD OF DIRECTORS**

Shri. T.T. Jagannathan	<i>Executive Chairman</i>
Shri. T.T. Raghunathan	<i>Vice Chairman</i>
Smt. Padma Narasimhan	
Shri. S. Ravichandran	<i>Managing Director</i>
Shri. Ajay I. Thakore	
Shri R. Srinivasan	
Dr. (Smt.) Latha Jagannathan	
Dr. (Smt.) Vandana Ramchandra Walvekar	
Shri R. Rajagopalachari	
Shri K. Shankaran	

SECRETARY

Shri. K. Shankaran

AUDITORS

Messrs. S. Viswanathan
Chartered Accountants
27/34, II Floor
Nandi Durg Road
Jayamahar Extension
Bangalore - 560 046.

BANKERS

Bank of Baroda
Corporate Banking Branch
HJS Complex, 1st Floor
No. 26, Richmond Road
Bangalore - 560 025.

REGISTRARS & TRANSFER AGENTS

Karvy Consultants Ltd.
51/2, T.K.N. Complex
Vanivilas Road
Basavangudi
Bangalore - 560 004.

REGISTERED OFFICE

78, Old Madras Road
Dooravaninagar
Bangalore - 560 016.

CORPORATE OFFICE

11th Floor, Brigade Towers
135, Brigade Road
Bangalore - 560 025.

FACTORIES

- | | |
|--|---|
| i) 78, Old Madras Road
Dooravaninagar
Bangalore - 560 016. | ii) 82 & 85, Sipcot Industrial
Complex, Hosur
Dharmapuri District
Tamil Nadu - 635 126 |
|--|---|

BRANCHES

Ahmedabad, Bangalore, Chennai, Cuttack, Delhi, Ernakulam, Ghaziabad, Guwahati, Hyderabad, Indore, Jaipur, Kolkata, Ludhiana, Mumbai, Patna, Pune, Trichy, Vijayawada.

TTK PRESTIGE LIMITED**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty Sixth Annual General Meeting of **TTK PRESTIGE LIMITED** will be held at the **NDK Kalyana Mandira, 13th Main, HAL II Stage, Bangalore on Monday the 23rd September, 2002 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2002 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Padma Narasimhan who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Ajay I. Thakore who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of (Dr.) Mrs. Vandana Walvekar who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint the Auditors of the Company for the ensuing year and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT pursuant to Sec.198, 269, 309 & Schedule XIII and other Applicable provisions of the Companies Act, 1956 and subject to approval of the shareholders in general meeting, Mr. S. Ravichandran be and is hereby re-appointed as Managing Director for a period of 5 years from 5th February, 2002 on the terms and conditions specified in the explanatory statement".

"RESOLVED FURTHER THAT the remuneration specified in the explanatory statement exclusive of Performance Bonus be paid as minimum remuneration to Mr. S. Ravichandran in the year of loss or inadequacy of profits, and if necessary, an application be made to Central Government for payment of the said minimum remuneration, in so far as the same is in excess of ceilings prescribed for payment of minimum remuneration under Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to revise the remuneration to Mr. S. Ravichandran in accordance with Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof as may be in force from time to time."

7. To consider and if thought fit, to pass with or without modification, the following Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sec.78 and 100 and all other applicable provisions, if any, of the Companies Act, 1956, the relevant and applicable provisions of the Memorandum and Articles of Association of the Company, and subject to the approval and sanction of Honourable High Court of Karnataka, with such conditions it may deem fit to impose, approval be and is hereby accorded to reduce and apply up to a maximum of Rs.20 crores lying to the credit of Security Premium Account to write off the deferred revenue expenditure, the amounts incurred and to be incurred by the company on Voluntary Separation Scheme and certain slow moving current assets/ impaired assets of the company as may be determined by the Board of Directors of the company"

"RESOLVED FURTHER THAT approval be and is hereby accorded to the Board of Directors to make necessary application before the High Court of Karnataka and accept such conditions as may be stipulated by the said Court and acceptable to the Board of Directors."

Place : Bangalore
Dated : 1st July, 2002.

By Order of the Board
For TTK Prestige Limited

K. SHANKARAN
Director & Secretary

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM, FRIDAY THE 20TH SEPTEMBER, 2002 TO MONDAY, 23RD SEPTEMBER, 2002 (BOTH DAYS INCLUSIVE)
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. Members are requested to intimate the Company, changes if any, in their registered address at an early date.

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

ITEM 2

Mrs. Padma Narasimhan retires by rotation and is eligible for re-election.

Mrs. Padma Narasimhan is an arts graduate & has been a Partner of T.T. Krishnamachari & Co. for more than 23 years.

She has been on the Board of the company for the last 22 years. She is a Director of TTK Healthcare Limited & TTK Tantex Limited. Mrs. Padma Narasimhan has more than 22 years vast work experience in General Management.

ITEM 3

Mr. Ajay I. Thakore retires by rotation and is eligible for re-election.

Mr. Ajay I. Thakore is a qualified Chartered Accountant and a practising Advocate & tax consultant. He has been on the Board of the company for the last 26 years.

He is the Chairman of Chandramouli Holding & Leasing (P) Ltd and Director of Madhav Marbles & Granites Ltd.

Mr. Ajay I. Thakore is the Chairman of Remuneration Committee, and a member of Audit Committee of the Company.

ITEM 4

(Dr.) Mrs. Vandana Walvekar is a Gynaecologist. She has been on the Board of the Company for the last 25 years.

She has been on the Board of Rutvij Chemicals Limited.

She is a member of Audit Committee & Remuneration Committee of the Company.

ITEM 6

Re-Appointment of Mr. S. Ravichandran as Managing Director.

Mr. S. Ravichandran was re-appointed by the Board of Directors as Managing Director of your company for a period of 5 years from 5th February 2002 on the terms and conditions of remuneration as recommended by the Remuneration Committee.

Mr. S. Ravichandran is an experienced and qualified professional having qualified in the field of Mechanical Engineering from the Indian Institute of Technology, Chennai and is a Management Graduate from the Indian Institute of Management.

He has been on the Board of Softel Machines Limited.

TTK PRESTIGE LIMITED

His terms of appointment as fixed by the Remuneration Committee and approved by the Board of Directors and which have already been circulated to the members under Sec.302 of the Companies Act, 1956 are as follows:

- | | |
|--|--|
| A. Salary | Rs.80,000 per month |
| B. 1) Housing | House Rent Allowance of 60% of the salary over and above 10% payable by the appointee. |
| 2) Gas, Electricity & Water | The expenditure incurred by the Company on Gas, Electricity, Water, Furnishings etc., shall be valued as per Income Tax Rules, 1962 subject to a ceiling of 10% of the salary. |
| 3) Medical | One month's salary in a year or three month's salary over a period of three years for self, wife, children and dependents. |
| 4) Leave Travel Assistance | For self and family, to and fro Airfare and other related expenses to any place in India once a year. |
| 5) Club Fees | Fees for two clubs not including admission and life membership fee. |
| 6) Personal Accident Insurance | Personal accident cover, as per the rules of the company. |
| C. Other Benefits | |
| 1. Provident Fund contribution | - As per rules of the company. |
| 2. Superannuation contribution | - As per rules of the company. |
| 3. Leave and Leave encashment benefits | - As per rules of the company. |
| 4. Gratuity | - As per rules of the company |
| D. 1. Car | Free use of Company maintained car with driver. |
| 2. Telephone | Telephone at residence |
| E. Performance Bonus | As agreed to between the Board of Directors and the appointee subject to the ceiling on remuneration as per Schedule XIII to the Companies Act, 1956. |

The above remuneration exclusive of Performance Bonus shall be paid as minimum remuneration in the year of loss or inadequacy of profits. If such minimum remuneration is in excess of ceiling, if any, prescribed under Schedule XIII to the Companies Act, 1956, the company shall seek permission of Central Government as may be necessary in accordance with provisions governing payment of remuneration in force at the relevant point of time.

The appointment is terminable by three month's notice or by a payment of three month's salary in lieu of notice by either party.

The re-appointment of Mr. S. Ravichandran as Managing Director and his terms of remuneration require the approval of the Shareholders in General Meeting. Hence the resolution is placed before the meeting.

The resolution is commended for adoption. Except Mr. S. Ravichandran, none of the directors is interested in this resolution.

ITEM 7

Securities Premium Account

During 2001-2002, the company has incurred huge sums of money on new product development and promotion etc. The company is also implementing a Voluntary Separation Scheme in order to right size the company. The company is already carrying a sum of Rs.9 crores as deferred revenue expenditure. It is proposed that the said deferred revenue expenditure together with the sums that may be incurred under the Voluntary Separation Scheme during the financial year 2002-03 be set off against the Securities Premium Account of the company. In addition to the above the company is in the process of identifying certain slow moving current assets/impaired assets and it may be worthwhile to set off the same against the said Securities Premium Account of the company.

The utilisation of Securities premium Account for the above purpose is intended to ensure that the interest of the shareholders are protected in future since the necessity to absorb such large scale expenditure against future profits would be obviated. This will enable the company to service its shareholders as the company would be having adequate cash and operating profits for servicing the share capital of the company.

The Securities Premium Account of the company has to its credit a sum of Rs.25.64 crores as on 31st March, 2002. It is proposed to utilise up to a sum of Rs.20 crores for setting off the above referred expenditure. Utilisation of Securities Premium Account for the above purpose requires the permission of the shareholders by means of a special resolution and also requires the approval of the High Court in Kamataka. Hence the above resolution is placed before the meeting. None of the directors is interested in this resolution.

By Order of the Board

Place : Bangalore
Dated : 1st July. 2002.

K. SHANKARAN
Director & Secretary

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TTK PRESTIGE LIMITED

REPORT ON CORPORATE GOVERNANCE

1. Philosophy

In line with the tradition of the TTK Group, the Board of Directors of TTK Prestige Limited view their role as trustees of the various stakeholders and the society at large and it is their endeavour to observe best corporate governance practices which inter-alia include transparency, accountability, and fairness in all dealings and pursuing a policy of appropriate disclosures and communication.

It is the philosophy of the Board that the company continues to follow fair business and organisational practices to fulfill the mission of Quality Consumer Products at affordable prices and in the process deliver long term sustainable shareholder value. It is also the philosophy of the Board that practice of Corporate Governance should travel beyond statutory requirements and further encompass social responsibilities.

The Board of Directors believe that excellence in Corporate Governance Practices can be achieved only if the spirit of Corporate Governance is followed right from the top management to the last level employee of the company.

2. Board of Directors

The Board consists of 10 Directors. The composition of the Board conforms to the Listing Agreement as per the details given below:

Category	Name of the Director
Promoter /Executive Director	Mr. T.T. Jagannathan Executive Chairman
Promoter/Non-Executive Directors	Mrs. Padma Narasimhan Mr. T.T. Raghunathan Dr. (Mrs). Latha Jagannathan
Non-Promoter/ Independent, Executive Directors	Mr. S. Ravichandran (Managing Director) Mr. K. Shankaran (Director & whole-time Secretary)
Non-Executive Independent Directors	Mr. Ajay I. Thakore Mr. R. Srinivasan Mr. R. Rajagopalachari Dr. (Mrs) Vandana Walvekar

3. Board Meetings, Attendance and other directorships.

The company held 6 Board meetings during the period 1-4-2001 to 31.3.2002. The dates of the meetings are 5th April, 2001, 29th June, 2001, 26th July, 2001, 20th September, 2001, 22nd October, 2001, 31st January, 2002. The attendance particulars are as follows:

Name of the Director	Attendance Particulars		No. of other directorships and committee member/chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. TT Jagannathan	6	Yes	8*		
Mrs. Padma Narasimhan	1	No	2		
Mr. T T Raghunathan	5	Yes	5		
Dr.(Mrs.)Latha Jagannathan	5	Yes	1		
Mr. Ajay I. Thakore	4	No	1		
Mr. R. Srinivasan	5	Yes	9	4	1
Dr.(Mrs) Vandana Walvekar	5	No	1		
Mr. S. Ravichandran	6	Yes	2*		
Mr. K. Shankaran	6	Yes	4*	2	1
Mr.R. Rajagopalachari	3	Yes	-		

Other directorships does not include private companies.

* includes directorship of one overseas subsidiary.

4. Audit committee:

Audit Committee consists of three independent directors namely, Mr.R.Rajagopalachari, Mr. Ajay I. Thakore and Mrs. Vandana Walvekar. Mr. K. Shankaran – Director & Whole time Secretary is assisting this committee. Mr. R. Rajagopalachari is the Chairman and in his absence Mr. Ajay I Thakore will chair the meetings. The composition of the committee meets with the requirements of Sec.292A of the Companies Act, 1956 as well as with the provisions of the Listing Agreement.

The terms of reference to the Audit Committee include review of Annual financial statements before submission to the Board, overseeing all financial reporting process, recommendation of appointment/removal of Auditors and their remuneration, review of adequacy of Management Audit, Internal Audit and Internal control systems, and looking into reasons for substantial defaults in repayment of deposits or non-payment of declared dividends.

The Audit Committee met 3 times during the year.

5. Remuneration Committee:

Remuneration Committee consists of four independent directors namely, Mr. Ajay I. Thakore, Mr. R. Srinivasan, Mr.R.Rajagopalachari, and Mrs. Vandana Walvekar. Mr. Ajay I. Thakore is the Chairman.

The Remuneration Committee was constituted in January, 2002 and met once.

6. Directors' Remuneration

The details of remuneration paid to whole-time directors for the year 2001-02 are as follows:

Name / Designation	Salary	HRA and other allowances	Contribution to PF and other funds	Total	Tenure of appointment
T T Jagannathan Executive Chairman	1200000	600000	434000	2234000	5 years from 1 st July 1998
S. Ravichandran Managing Director	960000	347200	766363	2073563	5 Years from 5 th Feb 2002

Both the whole-time directors have drawn only minimum remuneration as calculated under the provisions of Schedule XIII to the Companies Act, 1956. Though the Executive Directors, subject to approval of Central Govt., are entitled to higher minimum remuneration in terms of their appointment, they have decided not to seek higher minimum remuneration over and above the minimum remuneration stipulated under the Act.

The company paid sitting fees of Rs.5,000/- per meeting attended to each of the non-executive directors during the Year 2001-02.

7. Particulars of Director s appointed/re-appointed.**1. Mrs. Padma Narasimhan.**

Mrs. Padma Narasimhan retires by rotation and is eligible for re-election.

Mrs. Padma Narasimhan is an arts graduate & has been a Partner of T.T. Krishnamachari & Co. for more than 23 years.

She has been on the Board of the company for the last 22 years. She is a Director of TTK Healthcare Limited & TTK Tantex Limited. Mrs. Padma Narasimhan has more than 22 years vast work experience in General Management

2. Mr. Ajay I. Thakore

Mr. Ajay I. Thakore retires by rotation and is eligible for re-election.

Mr. Ajay I. Thakore is a qualified Chartered Accountant and a practising Advocate & tax consultant. He has been on the Board of the company for the last 26 years.

He is the Chairman of Chandramouli Holding & Leasing (P) Ltd and Director of Madhav Marbles & Granites Ltd.

Mr. Ajay I Thakore is the Chairman of Remuneration Committee, and a member of Audit Committee of the Company.

TTK PRESTIGE LIMITED**3. (Dr.) Mrs. Vandana Walvekar**

(Dr.) Mrs. Vandana Walvekar retires by rotation and is eligible for re-election.

(Dr.) Mrs. Vandana Walvekar is a Gynaecologist. She has been on the Board of the Company for the last 25 years.

She has been on the Board of Rutvij Chemicals Limited.

She is a member of Audit Committee & Remuneration Committee of the Company.

4. Mr. S. Ravichandran

Mr. S. Ravichandran is being re-appointed as Managing Director with effect from 5th February, 2002. Mr. S. Ravichandran is an experienced and qualified professional having qualified in the field of Mechanical Engineering from the Indian Institute of Technology, Chennai and is a Management Graduate from the Indian Institute of Management.

He has been on the Board of Softel Machines Limited.

8. Shareholders'/Investors' Grievance Committee

This committee consists of Mr. TT Jagannathan, Mr. S Ravichandran, Mrs. Latha Jagannathan and Mr K Shankaran. This committee is chaired by Mrs. Latha Jagannathan, a non-executive director. The committee's scope includes issue of duplicate share certificates, overseeing of process of redressal of investor grievances and the performance of the Registrars and Share Transfer Agents. The power to approve share transfers is delegated to Mr K Shankaran, Director and a few other executives of the company. Share transfers are approved on a weekly basis.

The Board has designated Mr. K. Shankaran, Director and Company Secretary, as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, was 92. Seven requests for dematerialisation were pending for approval as on 31st March, 2002 which were approved and dealt with by 1st week of April, 2002.

9. General Body Meetings

Location and time for last 3 Annual General Meetings were:

Year	Location	Date	Time
1998-99	NDK Kalyana Mandira, 13 th Main, HAL II Stage, Bangalore	15.9.1999	10.00 a.m.
1999-00	NDK Kalyana Mandira, 13 th Main, HAL II Stage, Bangalore	22.9.2000	10.00 a.m.
2000-01	NDK Kalyana Mandira, 13 th Main, HAL II Stage, Bangalore	20.9.2001	10.30 a.m.

- 10. a.** Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company. The Director interested contract, if any, is entered in the Register of Contracts and placed before the Board of Directors.

- b.** Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None

11. Means of Communication

While the Annual Report is sent to household address of shareholders, quarterly results are published in Economic Times(All India Edition) OR Business Standard (All India Edition), Indian Express & Kannada Prabha and are also available on Company's website ttk-prestige.com.

From the year 2001-02, we have started communicating the half-yearly results to the household address of the shareholders. All other communications of the company related to the developments of the company are communicated to Stock Exchanges, Press and also published on the website of the company.

12. General Shareholder Information.**12.1 Annual General Meeting**

- Date and Time September 23, 2002 at 10.30 a.m.
- Venue NDK Kalyana Mandira, 13th Main, HAL II Stage, Bangalore

12.2 Financial Calendar

Annual General Meeting	September 23, 2002
Quarterly Results - 30.6.2002	Last week of July, 2002
Quarterly Results - 30.9.2002	Last week of October, 2002
Quarterly Results - 31.12.2002	Last week of January, 2003
Quarterly Audited/Annual Results - 31.3.2003	Last week of June, 2003

12.3 Book Closure date

20th September 2002 to
23rd September 2002 for AGM

12.4 Dividend payment date

N.A

12.5 Listing of Equity Shares on the Stock Exchanges at

Bangalore, Mumbai, Chennai,
Ahmedabad, National Stock Exchange

12.6 (a) Stock Code

Trading Symbol Bombay Stock Exchange	- TTK PRESTIGE - 517506
Trading Symbol Bombay Stock Exchange (Demat Segment)	
Trading Symbol N.S.E	- TTKPRESTIG EQ
Trading Symbol N.S.E (Demat Segment)	

(b) Demat ISIN Numbers in ISIN No. INE690A01010

NSDL & CDSL for Equity Shares

12.7 Stock Market Data (National Stock Exchange)

Month	High	Low	Volume
April 2001	17.75	15.00	14323
May 2001	18.50	14.00	15481
June 2001	17.50	14.50	18404
July 2001	16.75	13.20	6756
August, 2001	20.00	13.05	16578
September 2001	15.90	10.00	39038
October 2001	15.50	11.20	13229
November 2001	14.90	12.10	26286
December 2001	14.45	11.10	18972
January 2002	13.35	11.10	51808
February 2002	15.30	12.00	54499
March 2002	17.95	13.15	156597