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## ANNUAL REPORT

2002-2003



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## **REQUEST TO MEMBERS**

1. **Members queries relating to the accounts may please be forwarded to the Company so as to reach the Registered Office of the Company on or before 30th July, 2003.**
  2. **Since the cost of paper has increased considerably, it would not be possible to distribute copies of the Annual Report at the Annual General Meeting. Members are, therefore, requested to bring with them the Annual Report being despatched to them.**
  3. **Members / their representatives are requested to bring the Attendance Slip duly filled in for attending the Annual General Meeting.**
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## **BOARD OF DIRECTORS**

**DR. ARJUN D. SEHGAL**  
Chairman

**DR. GAUTAM SEHGAL**  
Managing Director

**DR. (MRS.) VERSHA SEHGAL**

**MR. S. K. BHAYANA**

**DR. VIVEK SEHGAL**

**MRS. RADHIKA SEHGAL**  
(ALTERNATE TO DR. VIVEK SEHGAL)

**MR. RAVI KOHLI**

**MR. ANIL MITHAL**

**MR. GIRISH SAREEN** (w.e.f. 24.05.2003)

**VICE PRESIDENT - FINANCE &  
COMPANY SECRETARY**

**MR. N. L. GAYARI**

## **BANKERS**

**Bank of India**

## **AUDITORS**

**M/s KHATTAR KHANNA & ASSOCIATES,**  
**CHARTERED ACCOUNTANTS.**  
**M-261, GREATER KAILASH - II,**  
**NEW DELHI 110048.**

## **REGISTERED OFFICE**

**B-22, KAILASH COLONY,**  
**NEW DELHI 110048,**  
**INDIA.**  
**TEL: 26443053, 51633127**  
**FAX: 26475300**

## **CORPORATE OFFICE**

**114, SANT NAGAR,**  
**EAST OF KAILASH,**  
**NEW DELHI 110065.**  
**INDIA.**  
**TEL: 51620434**



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Wednesday, 6th August, 2003 at 11:00am at Sikand Hall, Delhi Tuberculosis Association, 9, Institutional Area, Lodhi Road, New Delhi 110003 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts for the year ended 31st March, 2003 together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. S. K. Bhayana who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Vivek Sehgal, who retires by rotation and being eligible offers himself for replacement.
4. To appoint Auditors to hold office from the conclusion of the Eighteenth Annual General Meeting till conclusion of the next annual general meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to approval of Central Government, Company hereby accord its approval to the reappointment of Dr. Gautam Sehgal as Managing Director of the Company to hold the said office for a period of three years commencing from 1st June, 2003 on the following terms and conditions :

Remuneration : Salary Re. 1/- per month

Perquisites : No perquisites

"Resolved further that the Board of Directors be and are hereby authorised to make or accept any variations in the above said terms of appointment, as may be permissible under the Companies Act, 1956."

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

"Resolved that pursuant to the Provisions of Section 257 of the Companies Act, 1956, Mr. Girish Sareen be and is hereby appointed Director of the Company, liable to retire by rotation."

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

"Resolved that pursuant to Section 163 and such other applicable provisions, if any, of the Companies Act, 1956, approval of the Company is hereby accorded to maintain the registers, index, returns and copies of certificates and documents under the Companies Act to which the provisions of Section 163 applies, at the Company's Corporate Office at 114, Sant Nagar, East of Kailash, New Delhi 110065, instead of being kept at the Registered Office and the same shall remain open for inspection between 11:00 AM to 1:00 PM during business hours of the Company."

8. To disclose the results of the postal ballot in respect of the special resolution under Section 17 of the Companies Act, 1956 for approval of amendment of the Object Clause of the Memorandum of Association.

Regd. Office:  
B-22, Kailash Colony,  
New Delhi - 110048.

By ORDER OF THE BOARD  
For ADS DIAGNOSTIC LIMITED

N. L. GAYARI  
Vice President - Finance &  
Company Secretary

Dated : 9th June, 2003



## NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy in order to be effective, must be received by the Company not less than 48 hours before the meeting. A blank proxy form is enclosed.
2. The Register of Member and Share Transfer Books of the Company shall remain closed from 1st August, 2003 to 6th August, 2003 (both days inclusive).
3. Members are requested to intimate the change of address, if any.
4. An amount of Rs. 61,517/- is lying in the Unpaid Dividend Account pertaining to the year 1995-96. The amount will be transferred to "Investors Education & Protection Fund" on due date.
5. Re-appointment / Appointment of Directors  
 Mr. S. K. Bhayana and Dr. Vivek Sehgal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The information to be provided under corporate governance code for the aforesaid Directors are as under :  
 Mr. S. K. Bhayana is one of the founder Directors of the Company. He is the Chairman of Bhayana Builders Private Limited and also on Board of other Companies. Mr. Bhayana is associated with the Company since the last 18 years. He is having more than 43 years of experience in the field of Construction and related Businesses.  
 Dr. Vivek Sehgal, MBBS, MD (Radiology) is one of the Promoter Directors of the Company. He is associated with the Company since the last 18 years. Dr. Vivek Sehgal is a Professor of Neuro Radiology at Wayne State University, USA. He is having more than 18 years of experience in the field of Medical Diagnostic Services. He is author of many articles published in the leading International Medical Journals.  
 Dr. Gautam Sehgal MBBS is also one of the Promoter Directors of the Company. He has more than 16 years of experience in medical and hospital services. He is also the promoter of two Private Limited Companies. Dr. Gautam Sehgal is the Managing Director of the Company since June, 2000.  
 Mr. Girish Sareen has done his B.Com (Hon) from Sriram College of Commerce, New Delhi. He is a Member of Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He started his career with Mansingh Hotel, Jaipur, a Welcom Group Hotel, as Finance Controller cum Company Secretary. Later on in 1981 he joined MEFCOMS Group, leading Merchant Bankers of North India, in the capacity of a Director and continued there up to 1986. Thereafter, he promoted his own Company, Sareen Consultants Private Limited and is managing the Public Issue of leading Companies and also acting as Merchant Banker for a number of Companies. Mr. Sareen has more than 25 years of experience in the field of Accounts, Finance and Merchant Banking.
6. "Postal Ballot Notice" along with Postal Ballot and postage paid envelope are being sent together and alongwith the Notice of AGM for your necessary exercise of vote on the proposed resolution therein. Please note that the Postal Ballots are to reach the Scrutinizer on or before 4th August, 2003. No Postal Ballots will be accepted on the date of the AGM.

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By ORDER OF THE BOARD  
 For ADS DIAGNOSTIC LIMITED

N. L. GAYARI  
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 Company Secretary

Dated : 9th June, 2003



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

### ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

- Item 5. The Board of Directors of the Company, by a resolution dated 24th May, 2003, reappointed Dr. Gautam Sehgal as Managing Director of the Company for a period of three years commencing from June 1, 2003 on the following terms and conditions:

#### Remuneration

- I. Salary : Re. 1/- (One) per month.  
II. Perquisites : No perquisites.

Keeping the interest of the Company and to cut down the expenses and improve the overall performance, Dr. Gautam Sehgal has accepted a token remuneration.

No Director of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Dr. Arjun D. Sehgal, Dr. (Mrs.) Versha Sehgal and Dr. Vivek Sehgal being relatives of Dr. Gautam Sehgal.

This explanatory statement may be treated as an abstract under section 302 of the Companies Act, 1956.

- Item 6. Mr. Girish Sareen was appointed Additional Director of the Company by the Board of Directors in their meeting held on 24th May, 2003. Mr. Sareen will hold office till the commencement of the ensuing AGM. The Company has received notice from the share holder along with a deposit of Rs. 500 proposing Mr. Sareen for appointment as Director of the Company.

The Board, therefore, recommends this resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution except Mr. Girish Sareen.

- Item 7. The Board of Directors at its meeting held on 9th June, 2003 decided to keep and maintain the Registers of the Members, Index of Members and all other Annual Returns together with copies of the Certificates and necessary Documents required to be annexed thereto at 114, Sant Nagar, East of Kailash, New Delhi 110065, the office so taken is spacious and also fully computerised for efficient working and rendering of services to the Shareholders of the Company. This office has been taken on a long term lease from the Directors of the Company. It is also within the territorial limits of the Registered Office of the Company.



## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Inspection of Documents: Copies of the Company's Memorandum and Articles of Association, Board Resolutions and all other requisite Documents would be kept open at the Registered Office of the Company between 11:00 AM to 1:00 PM on each working day before the date of the meeting.

The said Resolution as set out in the Notice is recommended to the Shareholders.

None of the Directors are concerned or interested in the said Resolution except to the extent of lease rent payable to them.

- Item 8. The company has sought the approval of the shareholders for altering the objects clause of its Memorandum of Association for certain new businesses. The approval has been sought by way of separate Postal Ballot Notice which is being posted together and alongwith this notice, so as to receive the consent or otherwise of the shareholders on or before 4<sup>th</sup> August 2003.

The Chairman shall in accordance with the Rules declare the results of the Postal Ballot in the Annual General Meeting.

The Directors of the company may be deemed to be interested in the results to the extent of their shareholdings in the company.

Regd. Office:  
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New Delhi - 110048.

By ORDER OF THE BOARD  
For ADS DIAGNOSTIC LIMITED

N. L. GAYARI  
Vice President - Finance &  
Company Secretary

Dated : 9th June, 2003





## DIRECTORS' REPORT

### TO THE MEMBERS

Your directors have pleasure in presenting the Eighteenth Annual Report together with the audited accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS	<u>2002-2003</u>	<u>2001-2002</u>
Operating Income	2,10,91,987.40	2,47,00,705.25
Profit before Interest & Depreciation	32,41,625.24	60,83,069.52
Less : a) Interest	17,58,223.00	16,44,402.35
b) Depreciation	44,75,525.39	42,85,739.59
Net Profit / (Loss) before Taxation	(29,92,123.15)	1,52,927.58
Provision for Income Tax	0.00	12,000.00
Provision for Deferred Tax	(8,89,771.00)	54,594.00
Net Profit / (Loss) after Taxation	(21,02,352.15)	86,333.58
Add : Balance of Profit Brought Forward from previous years:	60,19,800.41	1,24,33,466.83
Less : Transfer to General Reserve	0.00	65,00,000.00
Add : Excess Provision for Income Tax for Previous Years	16,788.00	0.00
Balance carried to Balance Sheet	39,34,236.26	60,19,800.41
	=====	=====

### OPERATIONS

The operational income of the Company has decreased from Rs. 247.00 Lacs to Rs. 210.92 Lacs due to the late commissioning of the New MRI Machine coupled with stiff competition from new Diagnostic Centers that have come up in the last 1-2 years in Delhi as well as in Faridabad resulting in a loss of Rs. 29.92 Lacs.

The new MRI machine was commissioned on 1st January, 2003 and the gross revenue from this machine has reached Rs. 9 Lacs per month during the month of May, 2003.

Yours Directors are hopeful that by diversifying the area of business into the field of sale of medical disposable products and the servicing of medical equipments, your Company would be able to make a turn around.

### DIVIDEND

The Company has incurred a loss of Rs. 29.92 Lacs during the year under review. Also contingency on account of disputed demand of Rs. 40 Lacs of the Customs Department and Rs. 56.02 Lacs of the Directorate of Revenue Intelligence, which as on date are pending settlement, therefore, the Board expresses their inability to recommend any dividend for the year 2002-2003.





## DIRECTORS' REPORT

As per the provisions of Section 205A of Companies Act, 1956 the amount lying in the unclaimed dividend account would be transferred to the "Investor Education and Protection Fund" on the due date.

### LISTING

The Shares of your Company are listed on The Delhi Stock Exchange Association Limited and The Stock Exchange, Mumbai. The Listing Fee in respect of both the Stock Exchanges has been paid for the year 2003-2004 in the month of May, 2003.

### SHAREHOLDERS BENEFIT SCHEME

In order to continue the benefit to the Shareholders, the Company has decided to extend the facility of free MRI, Color Doppler, Echo Cardio, X-ray and ECG except the cost of Medicines, films etc. used in the tests. The relatives and friends of the Shareholders will be entitled to 25% concession on scanning charges of all tests/procedures, except the cost of material, films/professional charge and medicines etc. This scheme is valid till 30th September, 2004 and the concessional coupons are attached herewith.

### DIRECTORS

Board of Directors of your Company regret to inform that Mr. Dhan Raj Sondhi, Director expired on 28th April, 2003. Board paid Homage to the departed soul in their meeting held on 24th May, 2003 and placed on record their appreciation for the services rendered by late Shri Dhan Raj Sondhi during his tenure as Director of the Company.

Dr. Vivek Sehgal and Mr. S. K. Bhayana, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Girish Sareen was appointed Additional Director of the Company by the Board in their meeting held on 24th May, 2003 and will hold the office till the commencement of the Eighteenth Annual General Meeting. The notices under Section 257 of the Companies Act, 1956, has been received from the shareholder along with a deposit of Rs. 500/- for proposing the appointment of Mr. Girish Sareen, as Director of the Company.

The Board of Directors reappointed Dr. Gautam Sehgal as the Managing Director of the Company for a further period of three years commencing from 1st June, 2003. The approval of the members is sought to the reappointment of Dr. Gautam Sehgal as Managing Director, on terms set out in the notice and explanatory statement thereto.

The Board recommends the shareholders for appointment of the above mentioned Directors.



## DIRECTORS' REPORT

### AUDITORS' REPORT AND RE-APPOINTMENT OF AUDITOR

The Auditors M/s. Khattar Khanna & Associates, Chartered Accountants, New Delhi hold office till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. They have furnished a certificate to the effect that their reappointment, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956.

The observations of Auditors and Notes on Accounts are self-explanatory.

### FIXED DEPOSITS

The Company has not accepted any deposits under Section 58A of Companies Act, 1956 during the financial year under review.

### CORPORATE GOVERNANCE

The Company has set up three committees of Board of Directors in accordance with Clause 49 of the Listing Agreement, namely "The Audit Committee", "The Remuneration Committee" and "The Investors' Grievance Committee". All the Committees are headed by Independent Directors respectively.

### BOARD OF DIRECTORS

Composition of Board of Directors as on 31st March, 2003:

Categories:	No. of Directors	(%)
1. Promoters and Founder Directors / Managing Director	4	50%
2. Non Executive Independent Directors	4	50%

Attendance of each director at the Board of Directors Meeting and Last AGM

S. No.	Director	Nos. of Board Meetings held	Nos. of Board Meetings attended	Last AGM Attended Yes / No
1	Dr. Arjun D. Sehgal	6	6	Yes
2	Dr. (Mrs.) Versha Sehgal	6	6	Yes
3	Dr. Vivek Sehgal	6	3	No
4	Dr. Gautam Sehgal	6	5	Yes
5	Mr. S.K. Bhayana	6	2	No
6	Mr. D.R. Sondhi	6	2	No
7	Mr. Ravi Kohli*	4	4	No
8	Mr. Anil Mithal*	4	4	No
9	Mrs. Radhika Sehgal** (alternate to Dr. Vivek Sehgal)	6	6	Yes

\* Appointed Directors with effect from 21.06.2002.

\*\* 3 Meetings As Special Invitee.