

DEVAKI HOSPITAL LIMITED

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Seventh Annual Report 1996-97



DEVAKI HOSPITAL LIMITED

ANNUAL REPORT 1996 - 97

BOARD OF DIRECTORS

Dr. K. Chockalingam

Chairman & Managing Director
(Upto 10.03.1997)

Mrs. Chitra Chockalingam

Chairperson & Managing Director

Dr. A. Venugopal

Dr. M. Mahudeswaran

(upto 20.05.1997)

Dr. Deepa Chockalingam

Ms. Preetha Chockalingam

Dr. C.R. Sundararajan

Mrs. Geetha Rajkumar Menon

Mr. K. Kulothungan

Dr. P.C. Thomas

AUDITORS

M/s. CHINNIAH & CO

Chartered Accountants, Pudukottai

BANKERS

Indian Bank

Bank of Madura Ltd.

REGISTERED OFFICE & HOSPITAL

148, Luz Church Road,
Mylapore,
Chennai 600004.

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**NOTICE**

Notice is hereby given that the Seventh Annual General Meeting of the Shareholders of the Company will be held on Tuesday, the 23rd December 1997 at 11.00 am at 'IMAGE' Auditorium, Opp. Chettinad Vidyashram, M.R.C. Nagar, R.A. Puram, Chennai - 600 028 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31st March '97 and to consider the Report of the Directors' and the Auditors' thereon.
2. To elect a Director in place of Ms.Preetha Chockalingam who retires by rotation and being eligible, offers herself for re-election.

Mrs.Chitra Chockalingam, Managing Director and Dr.Deepa Chockalingam, Director are concerned and interested in this business.

3. To appoint the Auditors and fix their remuneration. M/s.Chinniah & Co., Chartered Accountants, Pudukottai, retire at the conclusion of the Seventh Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To appoint Mrs.Chitra Chockalingam as Managing Director of the Company for a period of five years and to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in terms of Article 103 of the Articles of Association of the Company and in pursuance of Sec 198, 269, 309 and other applicable provisions (if any) of the Companies Act 1956, Consent of the Members be and is hereby accorded to the appointment of Mrs. Chitra Chockalingam who fulfils the conditions specified in Parts I and II of Schedule XIII to the Companies Act 1956 as Managing Director of the Company for a period of five years effective from 20.05.97 under the following terms and conditions :

1. SALARY

Rs.20,000/- (Rupees Twenty thousand only) per mensem

2. COMMISSION AND PERQUISITES

Commission and Perquisites as per limits laid down in Part II of Schedule XIII to the Companies Act 1956. The value of the perquisites will be restricted to an amount equivalent to the annual salary or Rs.4,50,000/- p.a. whichever is less.

Ms.Preetha Chockalingam and Dr.Deepa Chockalingam, Directors are interested and concerned in this business.



DEVAKI HOSPITAL LIMITED

NOTICE (Contd..)

5. To consider and appoint Mrs.Geetha Rajkumar Menon as a Director and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mrs.Geetha Rajkumar Menon be and is hereby appointed as a Director of the Company whose period of Office will be subject to determination by retirement by rotation".

Mrs. Geetha Rajkumar Menon Director is interested in the above resolution.

6. To consider and approve the payment of additional lease rentals of Rs.2 per sq.ft. to the existing Lessors viz M/s. Eskeycee Medical Foundations Private Ltd. and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Consent of the Members be and approval is hereby accorded to the payment of additional lease rentals of Rs. 2 per sq.ft. to M/s. Eskeycee Medical Foundations Private Ltd. effective from 1st January 1998".

Mrs. Chitra Chockalingam Managing Director, Dr.Deepa Chockalingam & Ms.Preetha Chockalingam Directors are interested in the above resolution.

**By Order of the Board
for DEVAKI HOSPITAL LIMITED**

Place : Chennai - 600 004.

Date : 19th Nov. 1997

Mrs.Chitra Chockalingam
Chairperson & Managing Director

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 and such proxy need not be a Member of the Company. The instrument appointing the proxy, duly stamped and executed should be sent, so as to reach the Regd. Office of the Company at No.148, Luz Church Road, Mylapore, Chennai 600004, not less than 48 hours before the commencement of the Meeting in order to be valid.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16 Dec. 1997 to 23rd Dec. 1997 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Regd. Office of the Company.
4. Members/Proxies must bring the original Attendance Slip sent herewith, duly filled in and signed and hand it over at the entrance of the Meeting Hall.
5. Members desirous of seeking clarification, if any, on the audited accounts may please send the requirements to the Regd. Office of the Company one week in advance before the Meeting date by mentioning their shareholding particulars such as Folio No., Certificate No. etc.
6. Members are requested to bring their copies of the Annual Report sent to them to the Meeting.



DEVAKI HOSPITAL LIMITED

NOTICE (Contd..)**EXPLANATORY STATEMENT PURSUANT TO SEC.173(2) OF THE COMPANIES ACT 1956****ITEM NO. 4**

Since Dr.K.Chockalingam has resigned from the position of Chairman & Managing Director of the Company on personal grounds and ceased to be the Director of the Company with effect from 10.03.97, the Board considered and thought fit and proper to appoint Mrs.Chitra Chockalingam, hitherto, the Joint Managing Director as Chairperson and Managing Director of the Company for a period of five years as she is having rich experience in the running of the Hospital.

She was earlier appointed as Joint Managing Director of the Company and the said appointment was approved by the Members at the Third Annual General Meeting held on 27.09.93.

The remuneration and perks fixed for the Managing Director are within the Guidelines laid down in Schedule XIII of the Companies Act 1956. The terms set out in the Resolution and the details of perquisites are furnished in the Annexure.

No other Director except Mrs.Chitra Chockalingam, Ms.Preetha Chockalingam & Dr.Deepa Chockalingam are concerned and interested in the above subject.

The Explanatory Statement together with the accompanying notice is and should be treated as an abstract of the terms of service of Mrs.Chitra Chockalingam and Memorandum of interest required to be sent to the shareholders under Sec.302 of the Companies Act 1956.

ITEM NO. 5

Mrs.Geetha Rajkumar Menon was appointed by the Board as Additional Director on 28.11.96 in view of her interest in the associated lines of activities. Notice has been received from a member proposing the candidature of Mrs.Geetha Rajkumar Menon for the Office of Director at the Seventh Annual General Meeting. Her association with the Company would benefit the Hospital. The Board therefore recommends her appointment to the Members.

No other Director except Mrs.Geetha Rajkumar Menon is interested in the above subject.

ITEM NO. 6

Members are aware that the Hospital has taken on lease the existing building premises at the rate Rs.2 per Sq.ft. in the year 1991 from M/s.Eskeycee Medical Foundations Private Ltd. In view of the inflationary trend the Lessor has requested for increase in lease rental to commensurate with the present prevailing market rate. The prevailing market rate in and around Luz Area is about Rs.12 per Sq.ft. and therefore, the Board feels that the lease rentals may be increased by Rs.2 per sq.ft. effective from 1st January 1998. Even with this increase, the rentals payable would be Rs.4 per Sq.ft. as against the prevailing market rate of Rs.12 per Sq.ft. The Board therefore recommends to the members the approval of the increase in lease rentals.

No other Director except Mrs.Chitra Chockalingam, Ms.Preetha Chockalingam & Dr.Deepa Chockalingam are concerned and interested in the resolution.

By Order of the Board
for DEVAKI HOSPITAL LIMITED

Place : Chennai - 600 004.
Date : 19th Nov. 1997

Mrs.Chitra Chockalingam
Chairperson & Managing Director



DEVAKI HOSPITAL LIMITED

NOTICE (Contd..)

ANNEXURE

DETAILS OF COMMISSION AND PERQUISITES REFERRED TO IN THE EXPLANATORY STATEMENT

I. COMMISSION :

Based on the net profits of the Company, commission will be allowed subject to the overall ceiling laid down in Sec. 198 and Sec. 309 of the Companies Act, 1956.

II. PERQUISITES :

CATEGORY "A"

I. Housing:

- (i) The expenditure by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary over and above 10% payable by her.
- (ii) The expenditure incurred by the Company on gas, electricity and water will be evaluated as per Income-tax Rules 1962. This will, however, be subject to a ceiling of 10% of the salary.
- (iii) Wherever the Company does not provide accommodation, House Rent Allowance may be paid in accordance with (i) above.
- (iv) Where accommodation in a Company-owned house is provided, the Company will charge 10% of her salary by way of rent.

II. Medical reimbursement for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of 3 years.

III. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.

IV. Fees of Clubs, subject to a maximum of Two Clubs, excluding admission and life membership fee.

V. Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.4,000/-.

Explanation: "Family" means the spouse, dependent children and dependent parents of the appointee.

CATEGORY "B"

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together are not taxable under the Income-tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

Encashment of Leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY "C"

Provision of Car for use on Company's business and Telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.



DEVAKI HOSPITAL LIMITED

DIRECTORS' REPORT 1996-97

Your Directors have pleasure in presenting the Seventh Annual Report with audited accounts for the year ended 31st March 1997.

FINANCIAL RESULTS :

	(Rs.in lakhs) year ended	
	31.03.1997	31.03.1996
Income	373.80	346.16
Profit/(Loss) subject to financial } expenses, Depreciation, Preliminary }	79.81	63.81
Expenditure, etc.}		
Financial Expenses	71.77	67.86
Depreciation	32.71	30.19
Preliminary, Public Issue and }		
Deferred Revenue Expenditure }	5.29	5.29
Income-tax	Nil	Nil
Net profit/(Loss)	(29.96)	(39.53)
Balance of loss of previous year	94.22	54.69
Loss carried to Balance Sheet	124.18	94.22

REVIEW OF ACCOUNTS :

It may be observed that the Gross Income for the year ended 31st March 1997, has increased by 8% when compared to the previous year's income. The Net Loss has also decreased by 24.2% as compared with the last year. The Net Loss could have been reduced further but for the increase in Financial Expenses and Depreciation. However during the year, the company has generated cash profit to the extent of Rs.8.00 lakhs. Every effort is being taken by your Management to secure finance comparatively at a cheaper rate from outside sources mainly to reduce the high interest burden so that income from the Hospital could be increased.

DIVIDEND :

In view of the accumulated losses, your Directors regret their inability to recommend any dividend.

SUBSEQUENT PERFORMANCE :

The Company has completed Computerisation of the Pharmacy so that Pharmacy expenses are controlled/ reduced and sales are improved. In order to reduce the expenditure and to cut down the unnecessary wastages, your company has taken effective steps which has resulted in substantial reduction in hospital operating and administrative expenditure. Further with more consultants joining the hospital, the occupancy rate has also gone up.

In order to reduce the interest burden which at present takes away 20-25% of hospital income, your Company is making all out efforts to repay high interest bearing loans and it is expected by early 1998, these loans would be liquidated. Further, the company has also had serious discussions with Industrial Development Bank of India to fund the interest charged by them without interest and also to reschedule the repayment of principal from April 1998. Your Company is hopeful of getting these concessions.