

DEVAKI HOSPITAL LIMITED



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TWELFTH ANNUAL REPORT 2001 - 02



DEVAKI HOSPITAL LIMITED

ANNUAL REPORT 2001 - 02

BOARD OF DIRECTORS

Mrs. Chitra Chokalingam
 Dr. A. Venugopal
 Dr. C.R. Sundararajan
 Dr. T.J. Cherian
 Dr. Deepa Chockalingam
 Ms. Preetha Chockalingam
 Dr. A. Rathnasabapathy
 Mrs. Geetha Rajkumar Menon
 Dr. Alfred Rajan

Chairperson & Managing Director
 upto 14.11.2002

upto 24.05.2002

upto 16.11.2001

AUDITORS

M/s. Varma & Varma
 Chartered Accountants
 Chennai

BANKERS

Indian Bank
 Punjab National Bank
 The Dhanalakshmi Bank Ltd

REGISTERED OFFICE & HOSPITAL

No.148, Luz Church Road,
 Mylapore, Chennai - 600 004.

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NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Thursday, the 19th day of December, 2002 at 10.00 A.M at Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006 to transact the following business:

ORDINARY BUSINESS

01. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and Directors' thereon:
02. (a) To elect a Director in the place of Dr. C.R. Sundararajan who retires by rotation and being eligible, offers himself for re-election.
- (b) To elect a Director in the place of Dr. Deepa Chockalingam who retires by rotation and being eligible, offers herself for re-election.
03. To confirm and approve the Interim Dividend paid by the Company for the year ended 31.03.2002
04. To appoint Auditors and fix their remuneration. M/s. Varma & Varma, Chartered Accountants, Chennai, retires at the conclusion of this Annual General Meeting and offers themselves for re-appointment.

SPECIAL BUSINESS:

05. **Re-appointment of Mrs. Chitra Chokalingam as Managing Director of the Company.**

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 (including any modifications or re-enactments thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mrs. Chitra Chokalingam as Managing Director of the Company for a further period of five years with effect from 20.5.2002 on such remuneration as has been fixed by the Remuneration Committee with effect from the said date".

06. **Appointment of Dr. A. Rathnasabapathy as a Director under Sec.257 of the Companies Act, 1956.**

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

"RESOLVED THAT Dr.A.Rathnasabapathy who was appointed as an Additional Director by the Board and whose period of office of Director expires at this Annual General Meeting and in respect of whom, the Company has received a Notice under Sec.257 of the Companies Act, 1956 proposing the candidature of Dr.A.Rathnasabapathy for the office of the Director, be and is hereby appointed as a Director of the Company whose period of office is liable to determination by retirement by rotation".

**DEVAKI HOSPITAL LIMITED****Notice (Contd....)****07. Appointment of Dr.K.Chockalingam as a Director under Sec. 257 of the Companies Act, 1956.**

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

"RESOLVED THAT Dr.K.Chockalingam in respect of whom, the Company has received a Notice under Sec.257 of the Companies Act, 1956 proposing the candidature of Dr.K.Chockalingam for the office of the Director, be and is hereby appointed as a Director of the Company whose period of office is liable to determination by retirement by rotation".

Place : Chennai - 600 004.

Date : 14.11.2002

**By Order of the Board
for Devaki Hospital Ltd**

**Chitra Chokalingam
Managing Director**

NOTES:

01. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE VALID, THE INSTRUMENT APPOINTING THE PROXY, DULY STAMPED AND EXECUTED SHOULD BE SENT SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY AT NO.148, LUZ CHURCH ROAD, MYLAPORE, CHENNAI - 600 004 NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
02. The Register of Members and Share Transfer Books of the Company will remain closed from 17.12.2002 to 19.12.2002 (both days inclusive)
03. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out in the Notice is annexed hereto.
04. Members are requested to notify immediately any change in their address to the Registered Office of the Company.
05. Members desirous of seeking any clarification on the accounts, are requested to send their requirements to the Registered Office of the Company atleast a week in advance before the Meeting date by mentioning their Folio No. and the Number of Shares held.
06. Members / Proxies must bring the original attendance slip sent herewith duly filled in and signed and handover the same at the entrance of the Meeting Hall before the commencement of the Meeting.
07. Members are requested to bring their copies of the Annual Report sent to them, to the Meeting.
08. Members who have not encashed their Dividend Warrants (Interim Dividend) are requested to make their claim to the Company.
09. Shareholders are entitled to make Nomination in respect of the shares held by them and those shareholders desirous of making Nomination are requested to take up the same with the Company.

**Notice (Contd....)**

10. The Company has obtained the approval u/s. 166 (1) of the Companies Act, 1956 from the Registrar of Companies, Tamilnadu at Chennai for extension of time to hold the Annual General Meeting of the Company on or before 20.12.2002.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**ITEM NO. 05**

At the Seventh Annual General Meeting held on 23.12.1997, Mrs. Chitra Chokalingam was, appointed as the Managing Director of the Company for a period of five years with effect from 20.5.1997. Her term of office as Managing Director expired on 19.5.2002. Hence at the Board Meeting held on 30.4.2002, her reappointment as Managing Director for a further period of five years from 20.5.2002 was consented subject to the approval of the Shareholders.

The Remuneration Committee under the Chairmanship of Dr. A. Rathnasabapathy was constituted in terms of Notification No. GSR 36 (E) dated 16.01.2002 issued by the Department of Company Affairs, Govt. of India, New Delhi with Dr.A.Venugopal as one of the Members. Due to the resignation of Dr. A. Venugopal from the Board and the Committee, the said Committee has been reconstituted by inducting Dr. Alfred Rajan as a Member, in his place.

The reconstituted Remuneration Committee keeping in mind, inter alia, the Company's performance, under her managerial ability and skill, future prospects of the Company, the need for motivation and present market trend, and also after discussion with the appointee, reviewed the remuneration already fixed by the Remuneration Committee and reaffirmed her Salary at Rs. 90,000/- per month besides perks in terms of sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act and the Government Guidelines in this regard.

In view of the above, the resolution for re-appointment of Mrs. Chitra Chokalingam as Managing Director is recommended to the Members for approval.

None of the Directors is interested or concerned in this Resolution except Mrs.Chitra Chokalingam and Dr.Deepa Chockalingam.

The Explanatory Statement together with the accompanying Notice is and should be treated as an abstract of the terms of service of Mrs. Chitra Chokalingam and Memorandum of Interest required to be sent to the Shareholders in terms of Sec. 302 of the Companies Act, 1956.

ITEM NO. 06

Dr. A. Rathnasabapathy was appointed as an Additional Director of the Company at the Board Meeting held on 30.4.2002 and he holds the office till the conclusion of this Annual General Meeting.

A Notice has been received from a Member proposing the candidature of Dr. A. Rathnasabapathy for the office of the Director under Section 257 of the Companies Act, 1956. Dr.A.Rathnasabapathy is a M.D and has varied professional experience. He was a Professor of Medicine in Madras Medical College and acted as a Member of Governing Council and Finance Committee of Tamil Nadu Dr.M.G.R. Medical University. Also he is a Fellow of International College of Angiology and Fellow of Indian College of Chest Physician to mention a few. He also served as a personal Physician to the Governor of Tamil Nadu during the period 1994 - 2001. Considering his rich experience, the Board is of the opinion that his appointment will be of immense help to the Company.



DEVAKI HOSPITAL LIMITED

Notice (Contd....)

The resolution is therefore recommended to the Members for their approval.

None of the Directors other than Dr.A. Rathnasabapathy is interested or concerned in this resolution.

ITEM NO.07

A Notice has been received from a Member proposing the candidature of Dr.K.Chockalingam for the office of the Director under Section 257 of the Companies Act, 1956. No Introduction is necessary for Dr.K.Chockalingam as he is an eminent Trauma Surgeon known internationally. Considering his high professional qualification and rich experience, the Board is of the opinion that his appointment will be immensely helpful to the Company.

The resolution is therefore recommended to the Members for their approval.

Besides Dr. K. Chockalingam, Mrs. Chitra Chokalingam and Dr. Deepa Chockalingam are interested or concerned in this resolution.

Place : Chennai - 600 004

Date : 14.11.2002

**By Order of the Board
for Devaki Hospital Ltd**

**Chitra Chokalingam
Managing Director**

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**DIRECTORS' REPORT**

To
The Shareholders,

The Board of Directors of Your Company is happy to present the Twelfth Annual Report with the Audited Accounts for the year ended 31st March 2002.

01 FINANCIAL HIGHLIGHTS

		Rs. in lakhs Year ended	
	31.03.2002		31.03.2001
Total Income	920.60		821.13
Profit before Interest, Depreciation and Tax	199.20		192.03
Financial Expenses	62.48		20.21
Depreciation	62.93		48.93
Profit before Tax	73.79		122.89
Provision for Taxation	8.04		8.39
Deferred Tax Liability	<u>17.58</u>	25.62	
Profit for the year	48.16		114.50
Appropriated as follows			
Dividend	24.47		
Corporate Dividend Tax	2.50		
Profit carried to Balance Sheet	<u>21.19</u>	48.16	98.15

02 REVIEW OF ACCOUNTS:

During the year under review, the Company has achieved the total collection of Rs.907.14 Lakhs, registering an increase of 17% compared to the previous year. Further, the Company, as promised earlier, has purchased in its name the immovable property bearing Door No.149, Luz Church Road, Chennai - 600 004, thereby fulfilling its long term wish. Also the Company under the stewardship of the Chairperson and Managing Director, Mrs.Chitra Chokalingam has declared and paid for the first time in the Company's history, a modest dividend of 5% on its paid up capital for the year 2001-02 after fully wiping out all its accumulated losses. Lower profit figure in the current year is on account of Deferred Tax Liability (to be provided as per AS-22 from 2001-02) and also non availability of exceptional income which arose in 2000-01.

03 SUBSEQUENT PERFORMANCE

Your Board is pleased to state that your Hospital, besides being enroled as an Authorised Hospital by various Embassies for carrying out Immigration Medical Checkup has recently been registered under the Central Government Health Scheme (CGHS) to treat the present as well as ex-employees of the Central Government and their dependants.

Your Company has successfully conducted Medical and Health Checkup camps both in the city as well as outside the city which has witnessed overwhelming response from the patient / public alike.



Directors' Report (Contd...)

With a view to provide modern and latest available facilities and services to the patient / public, Your Company has added sophisticated medical equipments such as ETO Gas Steriliser, Monitors, Ventilators, Anaesthesia Machine, Multi Channel ECG Machine, 250 KVA Generator, KG Khosla Air Compressor, E-Merck's Automated Analyser for lab, Hydro Extractor for laundry besides relaying major electrical installations and updating of EDP System and also installed a new second lift within its premises.

Your Company is pleased to state that it is exploring various options to expand its activities such as opening branches at different parts of the city to offer specialty services to the patient / public, tie-up with other Hospitals etc. In furtherance of this objective, the Company is holding discussions with several eminent doctors and other Hospitals. It is also looking out for suitable places in the city in this regard.

04 DIVIDEND

The Board of Directors, as promised, had declared and paid Maiden (Interim) Dividend @ 5% on the Paid up Share Capital of the Company for the year 2001-02. In view of the mandatory requirement of keeping a sizeable portion of profits as reserve towards Deferred Tax (as per AS22) and the proposed expansion and modernisation programmes, the Directors thought it prudent to conserve the available resources and decided not to recommend any further dividend for the year. Hence the Interim Dividend is treated as Dividend for the year 2001-02 and requests the Members to confirm and approve the same.

05 DEPOSITS

The Company has a sum of Rs. 3,80,000/- under its Fixed Deposits Scheme and no deposit which has matured has remained unpaid or unclaimed during the year under review.

06 DIRECTORS

During the period under review, Dr. C. R. Sundararajan and Dr. Deepa Chockalingam retire by rotation and being eligible, offer themselves for re-election at this Annual General Meeting. Dr. A. Rathnasabapathy appointed by the Board under Sec. 260 of the Companies Act, 1956 shall hold office upto this Annual General Meeting. Notice has been received from a Member proposing the candidature of Dr. A. Rathnasabapathy for appointment as a Director under Sec. 257 of the Companies Act, 1956. Notice has also been received from a Member proposing the candidature of Dr. K. Chockalingam for appointment as a Director under Sec. 257 of the Companies Act, 1956. The Board recommends their appointment in view of their rich experience in their respective fields. Dr. A. Venugopal, Ms. Preetha Chockalingam and Mrs. Geetha Rajkumar Menon have resigned from the Board of the Company on account of their preoccupation. The Board places on record the invaluable guidance and advice rendered by them during their respective tenure. Dr. Alfred Rajan appointed as an Alternate Director to Ms. Preetha Chockalingam ceased to be the Director consequent to the resignation of Ms. Preetha Chockalingam. However he has been subsequently inducted as an Additional Director by the Board and shall hold such office till the conclusion of this Annual General Meeting.

07 AUDITORS

Owing to the resignation of M/s. N.C. Rajagopal & Co., Chartered Accountants appointed as Statutory Auditors of the Company at the Eleventh Annual General Meeting before the expiry of their term, the Members of the Company at the Extraordinary General Meeting held on 24.08.2002 have appointed M/s. Varma & Varma, Chartered Accountants as Statutory Auditors who hold the office till the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. A Certificate under Sec.224 (1B) of the Companies Act, 1956 has been received from them indicating that if appointed, their appointment would be within the prescribed limits. Their appointment is recommended by the Board to the Shareholders.



DEVAKI HOSPITAL LIMITED

Directors' Report (Contd...)**08. PARTICULARS OF EMPLOYEES UNDER SEC. 217 (2A) OF THE COMPANIES ACT, 1956.**

During the year under review, there was no employee who came under the purview of Sec. 217 (2A) of the Companies Act, 1956.

09. DUES TO SSIs

During the year under review, there are no outstanding dues amounting to or exceeding Rs. 1,00,000/- to any Small Scale Industrial Unit by the Company.

10. DIRECTORS' RESPONSIBILITY STATEMENT UNDER SEC. 217 (2AA) OF THE COMPANIES ACT, 1956.

In compliance with the provisions of Sec. 217 (2AA) of the Companies Act, 1956, your Directors wish to place on record that:

- (i) In preparing the Annual Accounts, all the applicable accounting standards have been followed;
- (ii) The accounting policies adopted are consistently followed and the judgement and the estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss Account of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for detecting and preventing fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts on a going concern basis.

11. EXPLANATION TO AUDITORS' COMMENTS

- a. As far as the discrepancies on the stocks are concerned which have been pointed out in para 5 of the Annexure to the Auditors' Report, we confirm that variations had arisen on one or two occasions due to defective software system and the same has been rectified and verified by the Internal Auditor.
- b. As regards para 13 of the Annexure to the Auditors' Report, unsecured loan was brought in by the Director on account of bank's stipulation in its terms of Term Loan sanction that the Promoter Directors were to bring in some margin money. This amount is however exempted under Rule 2(b) (xi) of the Companies (Acceptance of Deposits) Rules, 1975.
- c. As regards para 17 of the Annexure to the Auditors' Report, the arrears of PF dues as on March 31, 2002 were remitted duly with the appropriate authorities in the subsequent month i.e., April 2002. The delay was mainly because during the month of March 2002, Your Company had to incur a huge expense of around Rs.65.00 Lacs on account of Stamp Duty and charges for registering the property bearing Door No. 149, Luz Church Road, Chennai 600 004 in the Company's name. Therefore the company could not deposit the PF dues in March 2002 but the arrears were cleared in the very next month.